

**FOCUS HUMANITARIAN ASSISTANCE
CANADA**

Financial Statements

Year Ended December 31, 2015

FOCUS HUMANITARIAN ASSISTANCE CANADA

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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Focus Humanitarian Assistance Canada

We have audited the accompanying financial statements of Focus Humanitarian Assistance Canada, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Focus Humanitarian Assistance Canada as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chan Tejani LLP

Markham, Ontario
May 26, 2016

Chartered Professional Accountants

FOCUS HUMANITARIAN ASSISTANCE CANADA

Statement of Financial Position


December 31, 2015

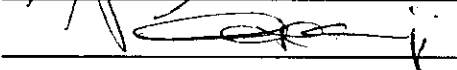
	2015	2014
ASSETS		
Current		
Cash and bank balances	\$ 4,735,435	\$ 3,741,643
Investments (Note 2)	3,759,888	3,593,106
Receivable from FOCUS units (Note 3)	291,793	469,893
Harmonized sales tax recoverable	20,502	17,159
Prepaid and other receivables	77,562	128,924
Receivables from AKDN affiliates (Note 4)	2,975,600	2,820,493
	<u>11,860,780</u>	<u>10,771,218</u>
Investments (Note 2)	3,444,243	4,192,878
Capital assets (Note 5)	18,951	8,739
	<u>3,463,194</u>	<u>4,201,617</u>
	<u>\$ 15,323,974</u>	<u>\$ 14,972,835</u>

LIABILITIES AND NET ASSETS

Current		
Accounts payable and accrued liabilities	\$ 64,637	\$ 171,813
Payable to FOCUS units (Note 6)	1,105,617	470,445
Deferred contributions (Note 7)	4,946,456	6,309,373
	<u>6,116,710</u>	<u>6,951,631</u>
Net assets		
Internally restricted (Note 8)	18,951	8,739
Unrestricted	9,188,313	8,012,465
	<u>9,207,264</u>	<u>8,021,204</u>
	<u>\$ 15,323,974</u>	<u>\$ 14,972,835</u>

ON BEHALF OF THE BOARD

→  Director

→  Director

The accompanying notes are an integral part of these financial statements.

FOCUS HUMANITARIAN ASSISTANCE CANADA

Statement of Operations

Year Ended December 31, 2015

	2015	2014
Revenues		
Contributions (Note 9)	\$ 6,963,108	\$ 6,703,297
Grants (Note 10)	1,322,524	1,167,940
Investments and other income (Note 11)	136,616	209,115
Exchange gain (loss)	849,434	157,468
	9,271,682	8,237,820
Expenses		
Disaster Prevention, Mitigation and Preparedness	538,218	802,170
Disaster Response	487,044	854,821
Refugee and Internally Displaced Persons Assistance	3,884,253	4,279,527
Operational Strengthening	2,558,550	1,538,107
	7,468,065	7,474,625
General and administrative expenses (Note 12)	617,557	623,836
	8,085,622	8,098,461
Excess of revenues over expenses for the year	\$ 1,186,060	\$ 139,359

The accompanying notes are an integral part of these financial statements.

FOCUS HUMANITARIAN ASSISTANCE CANADA

Statement of Changes in Net Assets

Year Ended December 31, 2015

	Internally Restricted	Unrestricted	2015	2014
Net assets - beginning of year	\$ 8,739	\$ 8,012,465	\$ 8,021,204	\$ 7,881,845
Investments in capital assets	18,044	(18,044)	-	-
Excess of revenues over expenses	(7,832)	1,193,892	1,186,060	139,359
Net assets - end of year	\$ 18,951	\$ 9,188,313	\$ 9,207,264	\$ 8,021,204

The accompanying notes are an integral part of these financial statements.

FOCUS HUMANITARIAN ASSISTANCE CANADA

Statement of Cash Flows

Year Ended December 31, 2015

	2015	2014
Operating activities		
Excess of revenues over expenses for the year	\$ 1,186,060	\$ 139,359
Item not affecting cash:		
Amortization	7,833	12,050
	<u>1,193,893</u>	<u>151,409</u>
Changes in non-cash working capital:		
Receivable from FOCUS units	178,100	310,451
Prepaid and other receivables	51,362	(105,821)
HST payable (receivable)	(3,343)	(5,655)
Receivables from AKDN affiliates	(155,107)	(2,820,493)
Accounts payable and accrued liabilities	(107,177)	24,547
Payable to FOCUS units	635,172	469,854
Deferred contributions	(1,362,917)	(815,502)
	<u>(763,910)</u>	<u>(2,942,619)</u>
Cash flow from (used by) operating activities	<u>429,983</u>	<u>(2,791,210)</u>
Investing activities		
Purchase of capital assets	(18,044)	(2,587)
Investments	(166,782)	3,746,925
Long term Investments	748,635	1,652,163
	<u>563,809</u>	<u>5,396,501</u>
Cash flow from investing activities	<u>563,809</u>	<u>5,396,501</u>
Increase in cash flow	<u>993,792</u>	<u>2,605,291</u>
Cash - beginning of year	<u>3,741,643</u>	<u>1,136,352</u>
Cash - end of year	<u>\$ 4,735,435</u>	<u>\$ 3,741,643</u>

The accompanying notes are an integral part of these financial statements.

FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year Ended December 31, 2015

Purpose of the Corporation

Focus Humanitarian Assistance Canada (the "Corporation") was incorporated on April 22, 1994 under the Canada Corporations Act as a corporation without share capital and is registered as a charitable organization under the Income Tax Act. Accordingly, the Corporation is not subject to income taxes and is able to issue donations receipts for income tax purposes.

The Corporation is part of an international group of agencies established in Europe, North America and South and Central Asia, to complement and facilitate the provision of emergency relief, principally in the developing world. It helps people in need reduce their dependence on humanitarian aid and facilitates their transition to sustainable self-reliant long term development. The Corporation has entered into memoranda of agreement with Focus Humanitarian Assistance Europe Foundation, Focus Humanitarian Assistance USA, Focus Humanitarian Assistance Pakistan and Focus Humanitarian Assistance India to respond collaboratively to international humanitarian emergencies and other charitable activities through these related agencies. The Corporation is affiliated with the Aga Khan Development Network, a group of institutions working to improve opportunities and living conditions for people of all faiths and origins, in specific regions of the developing world.

1. Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

(a) Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Restricted contributions, such as grants for specific project expenses, are recognized as revenue in the year in which the related expenses are incurred and recorded. Donor restricted donations for specific purposes are recorded as deferred contributions when collected and subsequently recognized as revenue when these funds are utilized in accordance with donor restrictions.

Unrestricted contributions are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledged donations are recorded only when received.

(b) Investments

The majority of investments consist of government bonds, guaranteed investment certificates and term deposits. The investments are recorded at fair market value.

Market value of investments is determined based on bid prices or cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, is recorded on accrual basis as revenue in the statement of operations. Unrealised gains or losses resulting from change in fair market value of investments are recognized as income or loss in the statement of operations.

(continues)

FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year Ended December 31, 2015

1. Summary of significant accounting policies *(continued)*

(c) Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	3 years
Computer software	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

Capital assets acquired during the year but not placed into use are not amortized until they are placed into service. Additions during the year are amortized half the annual rates, while no amortization is provided in the year of disposal. The Corporation regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired for direct use in donor-funded projects are expensed in the year of acquisition as the Corporation is not entitled to ownership.

(d) Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

(e) Expenses allocation

The Corporation's expenses are recorded and reported by program and general and administrative expenses. There is no allocation of general and administrative expenses to programs, except for FOCUS Global Office expenses which are allocated to program or general and administrative expenses on a pro-rata basis, based on the relevant employees' time on these functions.

(f) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year Ended December 31, 2015

2. Investments

Investments consists of term deposits and guaranteed investment certificates, which are for terms greater than three months. The investments are recorded at fair market value. Unless otherwise noted, it is the Board of Directors' opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The investments are held for the account of the Corporation in interest bearing accounts with major Canadian financial institutions earning interest at rates ranging from 1.00% to 2.36% (2014: 1.00% to 2.85%) with varying maturity dates. Interest is received on maturity date however it is recorded by the Corporation on accrual basis.

3. Receivable from FOCUS units

	<u>2015</u>	<u>2014</u>
Focus Humanitarian Assistance Afghanistan	\$ 1,475	\$ 1,236
Focus Humanitarian Assistance India	1,126	710
Focus Humanitarian Assistance USA	<u>289,192</u>	<u>467,947</u>
	<u>\$ 291,793</u>	<u>\$ 469,893</u>

The amounts receivable from FOCUS units are non-interest bearing, have no set repayment terms and are unsecured.

4. Receivables from AKDN affiliates

	<u>2015</u>	<u>2014</u>
Aga Khan Foundation Geneva	\$ -	\$ 326,278
Aga Khan Foundation Pakistan	<u>2,975,600</u>	<u>2,494,215</u>
	<u>\$ 2,975,600</u>	<u>\$ 2,820,493</u>

The amounts receivable from AKDN affiliates units are non-interest bearing, have no set repayment terms and are unsecured.

5. Capital assets

	Cost	Accumulated amortization	<u>2015 Net book value</u>	<u>2014 Net book value</u>
Computer equipment	\$ 82,019	\$ 66,457	\$ 15,562	\$ 2,493
Computer software	14,089	14,089	-	-
Furniture and fixtures	52,982	51,646	1,336	918
Leasehold improvements	<u>16,373</u>	<u>14,320</u>	<u>2,053</u>	<u>5,328</u>
	<u>\$ 165,463</u>	<u>\$ 146,512</u>	<u>\$ 18,951</u>	<u>\$ 8,739</u>

FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year Ended December 31, 2015

6. Payable to FOCUS units

	<u>2015</u>	<u>2014</u>
Focus Humanitarian Assistance Europe Foundation	\$ 174,111	\$ 215,559
Focus Humanitarian Assistance Pakistan	<u>931,506</u>	<u>254,886</u>
	\$ 1,105,617	\$ 470,445

The amounts payable to FOCUS units are non-interest bearing, have no set repayment terms and are unsecured.

7. Deferred contributions

	Pakistan Floods	Syria Crisis	<u>2015</u>	<u>2014</u>
<u>Restricted donations</u>				
Beginning of the year	\$ 4,167,833	\$ 2,141,540	\$ 6,309,373	\$ 7,124,875
Received during the year	-	82,407	82,407	2,297,015
Released to income during the year	(20,523)	(1,424,801)	(1,445,324)	(3,112,517)
	<u>\$ 4,147,310</u>	<u>\$ 799,146</u>	\$ 4,946,456	\$ 6,309,373

8. Internally restricted net assets

The Board of Directors has internally restricted net assets invested in capital assets of \$18,951 (2014: \$8,739). This amount is not available for other purposes without approval of the Board of Directors.

9. Contributions

	<u>2015</u>	<u>2014</u>
Donations received during the year	\$ 5,517,784	\$ 3,590,780
Deferred contributions released during the year	<u>1,445,324</u>	<u>3,112,517</u>
	\$ 6,963,108	\$ 6,703,297

FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year Ended December 31, 2015

10. Grants

	<u>2015</u>	<u>2014</u>
The following is the break-down of grants recognized during the year:		
Focus Humanitarian Assistance Europe Foundation	\$ 352,117	\$ 304,680
Focus Humanitarian Assistance USA	<u>864,477</u>	<u>863,260</u>
Subtotal	1,216,594	1,167,940
Citizenship and Immigration Canada	<u>105,930</u>	<u>-</u>
	<u>\$ 1,322,524</u>	<u>\$ 1,167,940</u>

Grants include amounts receivable from FOCUS units in respect of their share of the agreed program related direct charitable expenditure incurred by the Corporation, and allocated based upon agreements reached by these units as follows:

Focus Humanitarian Assistance Europe Foundation	15.0%
Focus Humanitarian Assistance USA	42.5%

11. Investments and other income

	<u>2015</u>	<u>2014</u>
Interest from fixed income investments	\$ 136,616	\$ 206,855
Other Income	<u>-</u>	<u>2,260</u>
	<u>\$ 136,616</u>	<u>\$ 209,115</u>

12. General and administrative expenses

	<u>2015</u>	<u>2014</u>
General and administrative expenses	\$ 617,557	\$ 623,836
Expressed as a percentage of total revenues	6.7 %	7.6 %
Fundraising expenses, included in general and administrative expenses	193,950	129,694
Expressed as a percentage of total contributions	2.8 %	1.9 %

13. Contributed services

In addition to the contribution of time by the Directors and committees of the Board of Directors, other volunteers contribute a significant amount of time to the Corporation in providing professional and other services without remuneration during the year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year Ended December 31, 2015

14. Financial instruments

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as at year-end.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation has minimized its exposure to credit risk relating to bank balances and investments, as majority of these are in term deposits, government bonds or guaranteed investment certificates held for the accounts of the Corporation at major Canadian financial institutions.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.
