

HAITI ARISE MINISTRIES SOCIETY

Financial Statements

December 31, 2018

HAITI ARISE MINISTRIES SOCIETY
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Year Ended December 31, 2018

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Tel: 403-266-5608
Fax: 403-233-7833
www.bdo.ca

BDO Canada LLP
903 - 8th Avenue SW, Suite 620
Calgary AB T2P 0P7 Canada

INDEPENDENT AUDITOR'S REPORT

To the Directors of Haiti Arise Ministries Society

Qualified Opinion

We have audited the financial statements of Haiti Arise Ministries Society (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2018, and current assets and net assets as at December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Society for the year ended December 31, 2017 were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed an unmodified opinion on those statements on May 24, 2018.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Directors of Haiti Arise Ministries Society *(continued)*

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
August 14, 2019

HAITI ARISE MINISTRIES SOCIETY
Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 975,297	\$ 865,619
Term deposit (Note 3)	341,863	250,000
Prepaid expenses	62,226	7,895
Goods and services tax receivable	779	1,014
Advances to directors (Note 5)	516	15,000
	<u>1,380,681</u>	<u>1,139,528</u>
Equipment (Note 4)	<u>5,218</u>	<u>7,789</u>
	<u>\$ 1,385,899</u>	<u>\$ 1,147,317</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 33,063	\$ 18,917
Employee deductions payable	3,010	7,083
	<u>36,073</u>	<u>26,000</u>
Net assets	<u>1,349,826</u>	<u>1,121,317</u>
	<u>\$ 1,385,899</u>	<u>\$ 1,147,317</u>

On behalf of the Board

Lisa Deme Honorat Director

Crystal Mathieson Director

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

HAITI ARISE MINISTRIES SOCIETY
Statement of Operations
For the Year Ended December 31, 2018

	2018	2017
Revenue		
Donations	\$ 1,161,366	\$ 1,206,996
Ministry Team Fees	54,926	84,153
Other Revenue	12,278	3,616
Fundraising	3,772	-
	<u>1,232,342</u>	<u>1,294,765</u>
Expenses		
Haiti Program expenses	<u>939,681</u>	<u>1,227,806</u>
Canadian Administration		
Salaries and wages	27,549	22,247
Canadian office expenses	18,510	19,491
Donor relations	12,348	13,823
Professional fees	8,800	8,000
Bank fees	6,415	5,865
Board meeting and travel	2,721	14,391
Amortization	2,571	2,321
Memberships	315	60
	<u>79,229</u>	<u>86,198</u>
	<u>1,018,910</u>	<u>1,314,004</u>
Excess (deficiency) of revenue over expenses from operations	213,432	(19,239)
Unrealized gain (loss) on foreign exchange	<u>15,077</u>	<u>(11,405)</u>
Excess (deficiency) of revenue over expenses	\$ 228,509	\$ (30,644)

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

HAITI ARISE MINISTRIES SOCIETY
Statement of Changes in Net Assets
For the Year Ended December 31, 2018

	2018	2017
Net assets - beginning of year	\$ 1,121,317	\$ 1,151,961
Excess (deficiency) of revenue over expenses	<u>228,509</u>	<u>(30,644)</u>
Net assets - end of year	<u>\$ 1,349,826</u>	<u>\$ 1,121,317</u>

HAITI ARISE MINISTRIES SOCIETY
Statement of Cash Flows
For the Year Ended December 31, 2018

	2018	2017
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 228,509	\$ (30,644)
Item not affecting cash:		
Amortization	2,571	2,321
	<u>231,080</u>	<u>(28,323)</u>
Changes in non-cash working capital:		
Prepaid expenses	(54,331)	19,947
Goods and services tax receivable	235	(65)
Advances to directors	14,484	(15,000)
Accounts payable and accrued liabilities	14,146	1,069
Employee deductions payable	(4,073)	(1,110)
	<u>(29,539)</u>	<u>4,841</u>
Cash flows from (used by) operating activities	<u>201,541</u>	<u>(23,482)</u>
Investing activities		
Purchase of equipment	-	(3,992)
Proceeds on disposal of term deposit	250,000	250,000
Purchase of term deposit	(341,863)	(250,000)
	<u>(91,863)</u>	<u>(3,992)</u>
Cash flow used by investing activities	<u>(91,863)</u>	<u>(3,992)</u>
Increase (decrease) in cash flows	109,678	(27,474)
Cash - beginning of year	<u>865,619</u>	<u>893,093</u>
Cash - end of year	\$ 975,297	\$ 865,619

HAITI ARISE MINISTRIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2018

1. Purpose of the Society

Haiti Arise Ministries Society (the "Society") is incorporated provincially under the Societies Act of Alberta. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The purpose of the Society is to strengthen the Haitian people spiritually while expanding their skill base practically to influence positive change around them.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Ministry team fees and other revenue are recognized in the period they are received.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates:

Equipment	20%
Computer equipment	55%

The Society regularly reviews its equipment to eliminate obsolete items.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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HAITI ARISE MINISTRIES SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

2. Significant accounting policies (continued)

Financial instruments policy

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 unrealized 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.

Financial instruments are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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.

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 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.

3. Term deposit

Term deposit represents investments in guaranteed investments certificates with interest rate of 3.00% per annum (2017 - 1.54%) maturing on December 31, 2019.

4. Equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 12,166	\$ 8,251	\$ 3,915	\$ 4,895
Computer equipment	3,992	2,689	1,303	2,894
	\$ 16,158	\$ 10,940	\$ 5,218	\$ 7,789

HAITI ARISE MINISTRIES SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

5. Related party transactions

	<u>2018</u>		<u>2017</u>
Advances to directors	\$ 516	\$	15,000

During the year ended December 31, 2018 salaries totaling \$103,000 (2017 - \$88,000) were paid to directors who are also employees. Travel expenses of \$15,812 (2017 - \$15,337) were incurred by the directors.

Advances to directors as at December 31, 2017 were repaid on January 31, 2018 as deductions from the annual bonuses due to the directors from the Society in their capacity as employees.

6. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to related party. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

(a) Currency risk

Currency risk is the risk to the Society's earnings and expenses that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on cash held in U.S. dollars. Total US dollar deposits are \$750,594 (2017 - \$122,216). The Society does not use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

7. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on the prior year deficiency of revenue over expenses.
