Haiti Arise Ministries Society Canada

Financial Statements

For the year ended December 31, 2019

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Independent Auditor's Report

To the Members of
Haiti Arise Ministries Society Canada

Qualified Opinion

We have audited the financial statements of Haiti Arise Ministries Society Canada (the "Society"), which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 evidence. 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 donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, and current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of the 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 Consolidated 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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
September 11, 2020

Haiti Arise Ministries Society Canada
Statement of Financial Position

December 31	2019	2018
Assets		
Current		
Cash	$ 1,128,476	$ 975,297
Term deposits (Note 2)	324,650	341,863
Prepaid expenses	4,056	62,226
Goods and services tax recoverable	1,626	779
Advances to directors (Note 3)	-	516
Due from related party (Note 5)	34,931	-
	1,493,739	1,380,681
Equipment (Note 4)	4,154	5,218
	$ 1,497,893	$ 1,385,899
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$ 14,420	$ 33,063
Employee deductions payable	6,454	3,010
	20,874	36,073
Net assets	1,477,019	1,349,826
	$ 1,497,893	$ 1,385,899

Approved on behalf of the board:

Crystal Mathisson, Director

_______________, Director

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

Haiti Arise Ministries Society Canada
Statement of Changes in Net Assets

For the year ended December 31	2019	2018
Net assets, beginning of year	$ 1,349,826	$ 1,121,317
Excess of revenue over expenses for the year	127,193	228,509
Net assets, end of year	$ 1,477,019	$ 1,349,826

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

Haiti Arise Ministries Society Canada
Statement of Operations

For the year ended December 31	2019	2018
Revenue		
Donations	$ 1,123,453	$ 1,161,366
Ministry team fees	64,774	54,926
Fundraising	23,370	3,772
Interests	9,766	12,278
	1,221,363	1,232,342
Expenses		
Haiti program (Note 5)	890,452	892,711
Salaries and wages	91,082	65,549
Donor relations	23,804	21,318
Canadian office	22,098	18,825
Professional fees	9,561	8,800
Bank fees	6,714	6,415
Board meeting & travel	5,175	2,721
Amortization of equipment	1,326	2,571
	1,050,212	1,018,910
Excess of revenue over expenses before undernoted item	171,151	213,432
Other loss (income)		
Unrealized loss (gain) on foreign exchange	43,958	(15,077)
Excess of revenue over expenses for the year	$ 127,193	$ 228,509

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

Haiti Arise Ministries Society Canada
Statement of Cash Flows

For the year ended December 31	2019	2018
Cash flows from operating activities		
Excess of revenue over expenses for the year	$ 127,193	$ 228,509
Adjustments for non-cash items		
Amortization	1,326	2,571
Unrealized loss (gain) on foreign exchange	43,958	(15,077)
	172,477	216,003
Change in non-cash working capital items		
Decrease (increase) in prepaid expenses	58,170	(54,331)
Decrease (increase) in goods and services tax recoverable	(847)	235
Decrease in advances to directors	516	14,484
Decrease (increase) in due from related party	(34,931)	-
Increase (decrease) in accounts payable and accrued liabilities	(18,643)	14,146
Increase (decrease) in employee deductions payable	3,444	(4,073)
	180,186	186,464
Cash flows from investing activities		
Purchase of equipment	(262)	-
Purchase of term deposit	(324,650)	(341,863)
Proceeds on disposal of term deposit	324,650	250,000
	(262)	(91,863)
Foreign currency translation adjustment	(26,745)	15,077
Increase in cash during the year	153,179	109,678
Cash, beginning of year	975,297	865,619
Cash, end of year	$ 1,128,476	$ 975,297

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

Nature of operations

Haiti Arise Ministries Society Canada (the "Society") is a not-for-profit organization incorporated 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.

1. Summary of significant accounting policies

The Society applies the Canadian accounting standards for not-for-profit organizations.

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 expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when 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. Interest income is recognized as revenue when earned.

Donated material and services

The Society depends 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.

Cash

Cash includes cash in banks.

Equipment

Equipment are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the equipment over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Equipment	20%
Computer equipment	55%

Equipment are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

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

1. Summary of significant accounting policies (continued)

Investment income	The Society recognizes interest revenue as earned. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Unrealized gains and losses on available for sale financial instruments are recorded in other comprehensive income and recognized in net income when realized.
Financial instruments	The Society measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess of revenue over expenses when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost are tested for impairment when indicators of impairment exists. If impairment is identified, the amount of the write down is recognized as an impairment loss in excess of revenue over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures
Foreign currency transactions	The Society uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the rate of exchange in effect at year-end. Other assets and liabilities are translated at their historic rates. Items appearing in the income statement, except for the cost of inventories and amortization translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the income statement.
Use of estimates	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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Term deposits

The term deposit represents investments in guaranteed investment certificates with interest rate of 1.90% (2018 - 3.00%) maturing on December 31, 2020.

3. Related party transactions

During the year ended December 31, 2019, salaries totaling $92,816 (2018 - $103,000) were paid to directors who are also employees. Travel expenses of $26,291 (2018 - $15,812) were incurred by the directors. The transaction between the Society and related parties were made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

Advances to director as at December 31, 2018 were repaid on March 2019 as deduction from payroll due to the directors.

	2019	2018
Advances to directors	$ -	$ 516

4. Equipment

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	$ 12,429	$ 9,577	$ 12,166	$ 8,250
Computer equipment	3,992	2,690	3,992	2,690
	16,421	12,267	16,158	10,940
Net book value		$ 4,154		$ 5,218

5. Significant influence

The Society has significant influence over Haiti Arise Haiti (HAH), an agent of Grand-Goave in Haiti. Certain directors of the Society serve as board members of HAH. Program services in Haiti are carried out by HAH pursuant to the terms of Agency Agreements between the Society and HAH. Program expenses incurred under these agreements totaling $605,311 (2018: $597,975) are included in Haiti program expenses. The transaction between the Society and HAH were made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

As of December 31, 2019, there was a balance of $34,931 (2018: nil) owing to the Society. There were no amounts due to HAH (2018: $22,689) included in accounts payable and accrued liabilities.

6. Subsequent events

Subsequent to the year-end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, and resulted in a significant economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by Canadian and Haitian governments. The Society has shut down activities and projects in Haiti along with reducing non-essential expenses in response to COVID-19. It is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results in future periods.

In August 2020 the Society received a loan in total of $40,000 from the Canada Emergency Business Account (“CEBA”), made available by the federal government to help cover operating costs due to the Covid-19 pandemic. If the amount received is repaid on or before December 31, 2022 no interest is payable and 25% or $10,000 of the loan will be forgiven. Any remaining balances after December 31, 2022 will be converted to a three-year term loan with a fixed interest of 5% per annum. No payment is required until January 31, 2023, with all outstanding principle and interest required to be paid in full by December 31, 2025.

7. Financial instruments

The Society's financial instruments consists of cash, term deposits, accounts payable and accrued liabilities. 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 value, unless otherwise noted. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Foreign exchange risk
The Society is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Society, or that an obligation in a foreign currency was made by the Society, is different at the time of settlement than it was at time that the obligation was determined. The Society considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. In the opinion of management the foreign exchange risk exposure to the Society is low and is not material.

(b) Liquidity risk
The Society has a liquidity risk in the accounts payable and accrued liabilities. Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. In the opinion of management the liquidity risk exposure to the Society is low and is not material.

8. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.