

FRIENDS OF THE ORPHANS, CANADA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited - See Notice to Reader)

FRIENDS OF THE ORPHANS, CANADA

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YEAR ENDED DECEMBER 31, 2017

(Unaudited - See Notice to Reader)

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Chartered
Professional
Accountants

NOTICE TO READER

On the basis of information provided by management, we have compiled the statement of financial position of Friends of the Orphans, Canada as at December 31, 2017 and the statements of operations and restricted funds for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

A handwritten signature in black ink that reads "RLB LLP".

Guelph, Ontario
April 6, 2018

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF THE ORPHANS, CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

(Unaudited - See Notice to Reader)

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 255,690	\$ 227,977
Short term investments	100,000	125,000
Accounts receivable	14,148	11,515
Prepaid expenses	<u>13,298</u>	<u>21,907</u>
	383,136	386,399
CAPITAL ASSETS (note 4)	<u>29,028</u>	<u>43,450</u>
	<u>\$ 412,164</u>	<u>\$ 429,849</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,731	\$ 5,011
Unremitted funds - general	<u>50,258</u>	<u>46,115</u>
	<u>61,989</u>	<u>51,126</u>
NET ASSETS		
RESTRICTED - SPECIAL PROJECTS (page 6)	<u>530,759</u>	<u>546,377</u>
UNRESTRICTED (page 5)	<u>(180,584)</u>	<u>(167,654)</u>
	<u>\$ 412,164</u>	<u>\$ 429,849</u>

FRIENDS OF THE ORPHANS, CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited - See Notice to Reader)

	2017	2016
REVENUE		
Specified donations	\$ 218,229	\$ 200,027
Unspecified donations	73,459	72,468
In memoriams	33,348	3,428
Interest and other	<u>1,224</u>	<u>1,565</u>
	<u>326,260</u>	<u>277,488</u>
EXPENSES		
Funds transferred to aid children	218,229	200,027
General and office	74,405	99,543
Promotion	24,758	22,785
Amortization	14,423	15,038
Transportation and travel	3,735	11,971
Legal and audit	<u>3,640</u>	<u>3,372</u>
	<u>339,190</u>	<u>352,736</u>
EXPENSES OVER REVENUE for the year	(12,930)	(75,248)
NET DEFICIT, beginning of year	<u>(167,654)</u>	<u>(92,406)</u>
NET DEFICIT, end of year	<u>\$ (180,584)</u>	<u>\$ (167,654)</u>

FRIENDS OF THE ORPHANS, CANADA
STATEMENT OF RESTRICTED FUNDS - SPECIAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited - See Notice to Reader)

	2017	2016
REVENUE		
Donations	\$ 406,512	\$ 786,003
Fundraising	<u>141,400</u>	<u>371,203</u>
	<u>547,912</u>	<u>1,157,206</u>
EXPENDITURES		
Travel and accommodation	309,292	370,022
Humanitarian aid	<u>209,614</u>	<u>736,669</u>
Fundraising costs	44,624	45,355
	<u>563,530</u>	<u>1,152,046</u>
(EXPENDITURES OVER REVENUE) REVENUE OVER EXPENDITURES for the year	(15,618)	5,160
NET ASSETS, beginning of year	<u>546,377</u>	<u>541,217</u>
NET ASSETS, end of year	<u>\$ 530,759</u>	<u>\$ 546,377</u>

FRIENDS OF THE ORPHANS, CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited - See Notice to Reader)

1. GENERAL

Friends of the Orphans, Canada is a registered charitable organization and was incorporated by Letters Patent under the Canada Not-for-Profit Corporations Act without share capital. The organization's mandate is to solicit donations from the general public in order to provide financial aid to orphanages in Mexico, Central and South America.

2. ACCOUNTING POLICIES

a) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

b) PLEDGES

Pledges are not recorded as revenue until collected.

c) DONATIONS

Donations in kind are recorded at their fair market value.

d) CAPITAL ASSETS

Amortization is taken on assets at the following rates:

Office equipment	- 20% declining balance basis
Computer	- 30% declining balance basis
Leasehold improvements	- 5 years straight line basis

Amortization is taken at 50% of the above rates in the year of addition.

3. INCOME TAX STATUS

The organization is a registered charity and is exempt from income taxes.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2017	Net 2016
Office equipment	\$ 13,725	\$ 5,992	\$ 7,733	\$ 9,666
Computer	2,187	1,464	723	1,032
Leasehold improvements	<u>60,902</u>	<u>40,330</u>	<u>20,572</u>	<u>32,752</u>
	<u>\$ 76,814</u>	<u>\$ 47,786</u>	<u>\$ 29,028</u>	<u>\$ 43,450</u>

5. RESTRICTED FUNDS - SPECIAL PROJECTS

The Special Projects division of the organization is responsible for handling the receipt and expenditure of donations received which are designated for specific building programs in Mexico, Central and South America.