

FRIENDS OF THE ORPHANS, CANADA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Unaudited - See Notice to Reader)

FRIENDS OF THE ORPHANS, CANADA

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YEAR ENDED DECEMBER 31, 2018

(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, 2018 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
March 11, 2019

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF THE ORPHANS, CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

(Unaudited - See Notice to Reader)

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 380,841	\$ 255,690
Short term investments	100,314	100,000
Accounts receivable	19,331	14,148
Prepaid expenses	<u>22,816</u>	<u>13,298</u>
	523,302	383,136
CAPITAL ASSETS (note 4)	<u>16,650</u>	<u>29,028</u>
	<u>\$ 539,952</u>	<u>\$ 412,164</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,126	\$ 11,731
Unremitted funds - general	<u>32,447</u>	<u>50,258</u>
	<u>35,573</u>	<u>61,989</u>
NET ASSETS		
RESTRICTED - SPECIAL PROJECTS (page 6)	<u>627,851</u>	<u>530,759</u>
UNRESTRICTED (page 5)	<u>(123,472)</u>	<u>(180,584)</u>
	<u>\$ 539,952</u>	<u>\$ 412,164</u>

FRIENDS OF THE ORPHANS, CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unaudited - See Notice to Reader)

	2018	2017
REVENUE		
Specified donations	\$ 211,995	\$ 218,229
Unspecified donations	107,240	73,459
Interest and other	20,874	1,224
In memoriams	<u>17,655</u>	<u>33,348</u>
	<u>357,764</u>	<u>326,260</u>
EXPENSES		
Funds transferred to aid children	211,995	218,229
General and office	54,323	74,405
Promotion	15,209	24,758
Amortization	14,220	14,423
Professional fees	3,680	3,640
Transportation and travel	<u>1,225</u>	<u>3,735</u>
	<u>300,652</u>	<u>339,190</u>
REVENUE OVER EXPENDITURES for the year	57,112	(12,930)
NET DEFICIT, beginning of year	<u>(180,584)</u>	<u>(167,654)</u>
NET DEFICIT, end of year	<u>\$ (123,472)</u>	<u>\$ (180,584)</u>

FRIENDS OF THE ORPHANS, CANADA
STATEMENT OF RESTRICTED FUNDS - SPECIAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited - See Notice to Reader)

	2018	2017
REVENUE		
Donations	\$ 520,744	\$ 406,512
Fundraising	<u>463,681</u>	<u>141,400</u>
	<u>984,425</u>	<u>547,912</u>
EXPENDITURES		
Humanitarian aid	627,131	209,614
Travel and accommodation	225,162	309,292
Fundraising costs	<u>35,040</u>	<u>44,624</u>
	<u>887,333</u>	<u>563,530</u>
REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) for the year	97,092	(15,618)
NET ASSETS, beginning of year	<u>530,759</u>	<u>546,377</u>
NET ASSETS, end of year	<u>\$ 627,851</u>	<u>\$ 530,759</u>

FRIENDS OF THE ORPHANS, CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unaudited - See Notice to Reader)

1. GENERAL

Friends of the Orphans, Canada is a registered charitable organization and was incorporated by Letters Patent without share capital under the Canada Corporations Act and continued under the Canada Not-for-Profit Corporations Act. 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 2018	Net 2017
Office equipment	\$ 13,725	\$ 7,539	\$ 6,186	\$ 7,733
Computer	4,030	1,957	2,073	723
Leasehold improvements	<u>60,902</u>	<u>52,511</u>	<u>8,391</u>	<u>20,572</u>
	<u>\$ 78,657</u>	<u>\$ 62,007</u>	<u>\$ 16,650</u>	<u>\$ 29,028</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.