

WORLD NEIGHBOURS CANADA SOCIETY

JUNE 30, 2016



KEMP HARVEY HUNT WARD INC.

**Chartered Professional Accountants
A Member of Kemp Harvey Group Inc.**

Associated offices in Burnaby, Grand Forks, Osoyoos, Penticton, Coquitlam, Vernon, Terrace

WORLD NEIGHBOURS CANADA SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2016

WORLD NEIGHBOURS CANADA SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2016

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STRENGTH IN NUMBERS

INDEPENDENT AUDITORS REPORT

To the members of World Neighbours Canada Society

We have audited the accompanying financial statements of World Neighbours Canada Society, which comprise the statement of financial position as at June 30, 2016, and the statement of operations and changes in net assets and cash flows, 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 World Neighbours Canada Society as at June 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Kelowna, BC
December 06, 2016

Kemp Harvey Hunt Ward Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

**WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016**

STATEMENT A

	2016	2015 (UNAUDITED)
REVENUES		
Donations	\$ 176,983	\$ 81,198
Other Revenue	<u>349</u>	<u>450</u>
	177,332	81,648
DIRECT EXPENSES		
Burkina Faso, Africa costs	41,500	23,962
Honduras costs	30,000	5,003
Nepal costs	<u>67,636</u>	<u>37,007</u>
	139,136	65,972
	38,196	15,676
EXPENDITURES		
Insurance	715	715
Office	2,211	1,938
Professional fees	7,408	1,260
Transportation and travel	<u>5,919</u>	<u>1,911</u>
	16,253	5,824
EXCESS OF REVENUES OVER EXPENDITURES	\$ 21,943	\$ 9,852
NET ASSETS		
OPENING BALANCE	\$ 58,352	\$ 48,500
EXCESS OF REVENUES OVER EXPENDITURES	<u>21,943</u>	<u>9,852</u>
ENDING BALANCE	\$ 80,295	\$ 58,352

See accompanying notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

STATEMENT B

	2016	2015 (UNAUDITED)
ASSETS		
CURRENT ASSETS		
Cash	\$ 87,591	\$ 80,552
Restricted cash - Note 5	<u>4,619</u>	<u>-</u>
	\$ 92,210	\$ 80,552
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 7,296	\$ 1,200
Deferred revenue - Note 5	<u>4,619</u>	<u>21,000</u>
	11,915	22,200
NET ASSETS		
UNRESTRICTED NET ASSETS	80,295	58,352
	\$ 92,210	\$ 80,552

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

See accompanying notes to financial statements

**WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

STATEMENT C

	2016	2015 (UNAUDITED)
OPERATIONS		
Receipts from revenues	\$ 160,951	\$ 102,649
Payments to suppliers for goods and services	<u>(149,294)</u>	<u>(71,796)</u>
CASH PROVIDED	11,657	30,853
INCREASE IN CASH	11,657	30,853
BEGINNING CASH	<u>80,553</u>	<u>49,700</u>
ENDING CASH	<u>\$ 92,210</u>	<u>\$ 80,553</u>
CASH REPRESENTED BY:		
Cash	\$ 87,591	\$ 80,553
Restricted cash	<u>4,619</u>	<u>-</u>
ENDING CASH	<u>\$ 92,210</u>	<u>\$ 80,553</u>

See accompanying notes to financial statements

Note 1 PURPOSE OF THE ORGANIZATION

World Neighbours Canada Society is a non-profit organization incorporated without share capital under the Society Act of British Columbia. The principal activity is providing funding to organizations in various countries for projects to improve the wellbeing of the local community. The Society is a registered charity and is, therefore, exempt from income taxes by virtue of paragraph 149(1)(f) of the Canadian Income Tax Act.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

a) Revenue and Expenditures

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Expenditures are recorded according to the accrual basis of accounting. Pledges are not recognized until collected, as the Organization cannot make a reasonable estimate of the amount that will be collected and collection is not reasonably assured.

b) Capital assets

The average annual revenues recognized in the statement of operations for the current and preceding period of the Organization, and any entities it controls, was less than \$500,000. Since the Organization meets the criteria for small not-for-profit organizations, it does not record the acquisition of tangible capital assets and intangible assets. These acquisitions are expensed at the date of acquisition. No assets have been expensed by the organization in prior years. \$ NIL in tangible capital assets and \$ NIL in intangible assets were expensed in the statement of operations for the current year.

c) Contributed services

In its day-to-day operation, the Organization uses the services of many volunteers. Given the difficulty of determining fair value for these services and the overall number of hours donated, contributed services are not recognized in the financial statements.

d) Use of estimates

When preparing financial statements, according to Canadian generally accepted accounting principles, estimates and assumptions are made relating to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may differ from those estimates.

e) Basis of presentation

The financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

f) Comparative figures

Comparative figures were prepared under a compilation engagement and were not audited.

Note 3 FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash and cash equivalents and payables. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, interest rate, liquidity, or market risks arising from these financial instruments.

The Organization is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk as at June 30, 2016.

Interest rate risk

The Organization is exposed to interest risk with respect to the following financial instruments:
 Cash and cash equivalents

Changes in interest rates can affect the fair value of the cash flows related to interest income and expense.

Note 4 ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective July 1, 2015, the Organization adopted the Canadian accounting standards for not-for-profit organizations (ASNPO). Previously, the financial statements were presented in accordance with Canadian generally accepted accounting principles (GAAP) as issued in the Handbook — Accounting Part V Pre-changeover standards. On adoption of ASNPO, an organization is permitted to selectively elect certain exemptions and choose accounting policies that may differ from the previously presented financial statement information. This can result in adjustments to the opening net assets at the transition date, which is the first day of the period for which comparative information is presented. As the Organization made no changes to the previously presented financial statements, an opening statement of financial position at the date of transition has not been presented as it would not provide any further meaningful information. As a result, reconciliations are not needed for any changes to the net assets or net income in the comparative period.

Note 5 DEFERRED CONTRIBUTIONS

The Organization received a \$100,000.00 contribution in 2016 (2015 - NIL) from the Department of Foreign Affairs, Trade and Development for implementation of the project entitled Maternal- Child Health Project in Burkina Faso, Honduras and Nepal.

The Organization received NIL (2015 - \$46,000.00) in contributions from various donors to provide earthquake relief in Nepal.

	2016	2015
Beginning balance	\$ 21,000	\$ -
Contributions received in the year	100,000	46,000
Related expenditures incurred in the year	<u>(116,381)</u>	<u>(25,000)</u>
Ending balance	<u>\$ 4,619</u>	<u>\$ 21,000</u>