



HUMAN CONCERN INTERNATIONAL

Financial Statements

For the year ended March 31, 2010

Human Concern International
Financial Statements
For the year ended March 31, 2010

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Auditors' Report

To the Members of Human Concern International

We have audited the statement of financial position of Human Concern International as at March 31, 2010 and the statements of changes in net assets and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and undistributed net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations revenue, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

July 9, 2010

Human Concern International Statement of Financial Position

March 31 **2010** **2009**

Assets

Current

Cash (Note 1)	\$ 1,066,644	\$ 1,387,814
Accounts receivable (Note 2)	12,058	12,683
Prepaid expenses	<u>8,992</u>	<u>8,505</u>

	1,087,694	1,409,002
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Investments (Note 3)	293,938	192,727
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Capital assets (Note 4)	<u>345,243</u>	<u>351,083</u>
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	<u>\$ 1,726,875</u>	<u>\$ 1,952,812</u>
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 23,980	\$ 31,285
Deferred contributions (Note 5)	<u>856,789</u>	<u>1,067,240</u>

	<u>880,769</u>	<u>1,098,525</u>
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Net assets

Net assets internally restricted for capital assets (Note 4)	345,243	351,083
Undistributed net assets	<u>500,863</u>	<u>503,204</u>

	<u>846,106</u>	<u>854,287</u>
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	<u>\$ 1,726,875</u>	<u>\$ 1,952,812</u>
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On behalf of the Board:

_____ Director

_____ Director

Human Concern International Statement of Changes in Net Assets

For the year ended March 31	2010			2009	
	Internally Restricted for Capital Assets	Undistributed	Total		Total
Balance , beginning of year	\$ 351,083	\$ 503,204	\$ 854,287	\$	820,062
Excess (deficiency) of revenue over expenses for the year	(17,941)	9,760	(8,181)		34,225
Investment in capital assets	12,101	(12,101)	-		-
Balance , end of year	\$ 345,243	\$ 500,863	\$ 846,106	\$	854,287

Human Concern International Statement of Operations

For the year ended March 31	2010	2009
Revenue		
Donations (Note 6)	\$ 5,253,378	\$ 8,489,352
Rental Income	26,765	21,298
Gain (loss) on foreign exchange	(27,303)	4,576
Investment Income	4,758	7,133
Other (Note 7)	43,124	-
Loss on disposal of investments	-	(7,567)
Unrealized investment gain	46,511	-
	5,347,233	8,514,792
Donations disbursed (Schedule and Note 6)	4,755,230	7,931,193
	592,003	583,599
Expenses		
Amortization	17,941	15,910
Audit fees	7,400	6,048
Bank charges	24,402	23,711
Dues and subscriptions	130	330
Equipment leases	10,136	11,657
Fundraising and promotion	343,672	268,133
Insurance	8,739	7,358
Legal and consulting fees	1,582	4,675
Meetings and workshops	8,685	10,195
Office administration	118,436	104,689
Property taxes	3,612	4,225
Repairs and maintenance	18,894	16,714
Telephone and communications	11,881	12,417
Travel	4,776	5,657
Utilities	19,898	20,802
Unrealized investment loss	-	36,853
	600,184	549,374
Excess (deficiency) of revenue over expenses for the year	\$ (8,181)	\$ 34,225

Human Concern International Summary of Significant Accounting Policies

March 31, 2010

Nature of Business

Human Concern International is an international humanitarian organization raising and distributing funds to help relief victims in third-world countries. The organization is incorporated under the Canada Corporations Act as a not-for-profit organization, is a registered charity and is exempt from income taxes under the Income Tax Act.

There are separately incorporated not-for-profit entities in Pakistan and Lebanon that operate under the name "Human Concern International". The corporation uses these entities as agents and project managers for donations disbursed. These financial statements do not include the assets, liabilities, net assets, revenue and expenses of these foreign entities.

Changes in Accounting Standards

The Canadian Institute of Chartered Accountants (CICA) has revised certain Canadian generally accepted accounting principles for not-for-profit organizations as set out in CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations. These revisions relate to presentation and disclosure standards and hence have no impact on the organization's net financial position or its results of operations. In addition, the CICA has issued a new standard, CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations.

These sections are effective for fiscal periods commencing on or after January 1, 2009, and, accordingly, the organization has adopted these changes for the March 31, 2010 fiscal year's financial statements. The effects on the organization's financial statement presentation and disclosure of adopting these changes are set out below. These changes in disclosure and presentation standards are required on a retrospective basis and comparative amounts have been reclassified on a similar basis where practicable.

The changes impacted the following:

Presentation of Gross Revenues and Expenses

The potential impact on the organization's Statement of Operations is the requirement to present and recognize revenues and expenses on a gross basis when an organization is acting as a principal in transactions and on a net basis when an organization is acting in an agency capacity. There was no impact of adopting this change since the organization's presentation was consistent with these new standards in the current and prior fiscal year.

Human Concern International Summary of Significant Accounting Policies

March 31, 2010

**Changes in
Account Standards
(continued)**

Net Assets Invested in Capital Assets

The impact on the organization's financial statements relate to the presentation of the organization's Statement of Financial Position and Statement of Changes in Fund Balances whereby the requirement to treat net assets invested in capital assets as a separate component of net assets is no longer required but rather can be presented as a category of internally restricted net assets when the organization chooses to do so.

Since the organization has chosen to do so, amounts previously presented as net assets invested in capital assets are unchanged but are now categorized as internally restricted net assets.

Presentation of Allocated Expenses

This change establishes disclosure standards for an organization that chooses to classify some or all of its expenses by functional category and allocates a function's expenses to a number of functions to which the expenses relate. These disclosures include the organization's policy for the allocation of general support and fundraising expenses to other functions including the nature of the expenses being allocated, the basis on which such allocations have been made and the amounts allocated. However, since the organization has not made any significant allocations among functional categories in the current or prior fiscal year, there was no impact of adopting this change. Should the organization adopt such a policy of allocating function expenses among functional categories in the future, the above noted disclosures would be required.

Financial Instruments

The accounting standards for financial instruments require that all financial assets and financial liabilities be classified according to their characteristics, management's intentions, or the choice of category in certain circumstances. When initially recognized, all financial assets and financial liabilities are recorded at fair value. In subsequent periods, financial assets and financial liabilities will be measured at fair value, except for those financial instruments with long-term maturities and for which the organization has the intent and ability to hold these financial instruments to maturity which will be measured at amortized cost using the effective interest rate method. Gains or losses arising from a change in the fair value of a financial asset or financial liability are recognized in operations as they occur.

CICA Handbook Section 3862, Financial Instruments - Disclosures and CICA Handbook Section 3863 Financial Instruments - Presentation replaced CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation for certain entities. Sections 3862 and 3863 revised and enhanced the disclosure requirements, and carried forward unchanged the presentation requirements. These new Sections would provide additional information to enable users of the financial statements to evaluate the significance of financial instruments for an entity's

Human Concern International Summary of Significant Accounting Policies

March 31, 2010

Financial Instruments
(continued)

financial position and performance, the nature and extent of risks arising from financial instruments to which the entity is exposed, and how the entity manages those risks. The adoption of Sections 3862 and 3863 is optional for not-for-profit organizations. As a result, the organization has opted to continue to disclose and present financial instruments under the CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation in these financial statements instead of the more onerous CICA Handbook Sections 3862 and 3863.

The organization's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values, unless otherwise noted. Investments are recorded at fair value based on brokers' statements.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or credit risks arising from these financial instruments.

Financial Risk Management

The organization manages its investment portfolio to earn dividend income and invests only in low risk investments. The organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Building	30 years straight-line basis
Building improvements	5 years straight-line basis
Computer equipment	3 years straight-line basis
Furniture and equipment	5 years straight-line basis

Revenue Recognition

The organization 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.

Unrestricted investment income is recognized as revenue when earned. Fair value changes for investments are recorded as investment income or loss and recognized as revenue or expense in the statement of operations.

Human Concern International Summary of Significant Accounting Policies

March 31, 2010

Foreign Currency	Transactions during the year in U.S. dollars have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in U.S. dollars have been converted to Canadian dollars at the exchange rates in effect at March 31, 2010. Losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.
Donated Services	The work of the organization is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.
Donations in Kind	Donations received in kind are recorded at fair market value, as agreed upon by donors and management. When the supplies donated are distributed, they are recorded as donations disbursed at equivalent value.
Internally Restricted for Capital Assets	Net assets internally restricted for capital assets represents net assets that have been used to purchase capital assets.
Undistributed Net Assets	Undistributed net assets represent unspent non-designated contributions accumulated over the life of the organization.
Statement of Cash Flows	A statement of cash flows is not presented since the cash flow information is readily apparent from the other financial statements or is adequately disclosed in the notes to the financial statements.

Human Concern International Notes to Financial Statements

March 31, 2010

1. **Cash**

The organization's bank accounts are held at one chartered bank. Bank balances include \$668,481 (2009 - \$8,216) denominated in U.S. dollars.

2. **Accounts Receivable**

	<u>2010</u>	<u>2009</u>
GST receivable	\$ 5,979	\$ 5,134
Other	6,079	7,549
	<u>\$ 12,058</u>	<u>\$ 12,683</u>

3. **Investments**

	<u>2010</u>	<u>2009</u>
Islamic Co-operative Housing Corporation Ltd.	\$ 84,280	\$ 79,580
Investia Financial	46,402	41,499
Investors Group	111,911	71,648
BMO Nesbitt Burns	51,345	-
	<u>\$ 293,938</u>	<u>\$ 192,727</u>

The organization's investments with Investia Financial, Investors Group and BMO Nesbitt Burns consists of units in various mutual funds. During the year, there were additions of \$50,000 with no disposals.

There is no quoted market value for the shares in the Islamic Co-operative Housing Corporation Ltd. therefore this investment is recorded at cost.

Human Concern International Notes to Financial Statements

March 31, 2010

4. Capital Assets

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 200,000
Building	306,117	173,080	133,037	306,117	162,876	143,241
Building improvements	11,935	6,435	5,500	5,059	4,048	1,011
Computer equipment	67,564	63,551	4,013	63,487	59,634	3,853
Furniture and equipment	41,540	38,847	2,693	40,392	37,414	2,978
	\$ 627,156	\$ 281,913	\$ 345,243	\$ 615,055	\$ 263,972	\$ 351,083

5. Deferred Contributions

Deferred contributions represent amounts received during the year restricted for specific projects that will be spent in the subsequent year.

	2010	2009
Haiti - Projects and Relief Assistance	\$ 214,303	\$ -
Kashmir - Projects and Relief Assistance	375,413	420,870
Palestine - Projects and Relief Assistance	264,293	587,370
Other projects	2,780	59,000
	\$ 856,789	\$ 1,067,240

6. Non-Cash Donations

Donation receipts and donations disbursed include \$1,838,993 of donations received in kind. The goods received were valued at amounts agreed upon between the donors and management as being the fair market value of the goods, and the subsequent disbursement of the goods was recorded at the same value.

Human Concern International Notes to Financial Statements

March 31, 2010

7. Other Revenue

During the year, the organization determined that the cash balance at March 31, 2009 was understated by approximately \$43,000 resulting from accrued expenses from the year ended March 31, 2008 not being properly accounted for as a reduction of expenses in the March 31, 2009 fiscal year. Because the amount is not considered material, the correction has been accounted for prospectively as other revenue in the current year's statement of operations.

8. Commitments

The organization has leased office equipment at an annual rental of \$6,052 expiring between October 2010 and April 2013.

The minimum annual lease payments for the next three years are as follows:

2011	\$ 5,570
2012	5,088
2013	3,060

9. Capital Disclosures

The organization defines capital as its undistributed net assets and the organization's objectives when managing capital are to maintain flexibility between:

- a) enabling it to operate efficiently;
- b) providing liquidity and access to net assets for contribution opportunities; and
- c) generating predictable cash flows for the continuing operations of the organization.

The organization manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria; but rather promotes year over year sustainable surpluses in order to maintain operations. The organization is not subject to any externally imposed capital requirements.

10. Comparative Amounts

In certain instances, 2009 amounts presented for comparative purposes have been restated to conform to the financial statement presentation adopted for the current year.

Human Concern International Schedule of Donations Disbursed

For the year ended March 31	2010	2009
Azerbaijan - Projects and Relief Assistance	\$ 12,139	\$ -
Afghanistan - Projects and Relief Assistance	38,358	37,283
Bangladesh - Projects and Relief Assistance	193,020	48,256
Chechnya - Projects and Relief Assistance	-	7,986
Djibouti - Projects and Relief Assistance	-	903,164
Ethiopia - Projects and Relief Assistance	31,476	5,438
Egypt - Projects and Relief Assistance	37,993	6,250
Guyana & Caribbean - Projects and Relief Assistance	1,120,801	122,570
Haiti - Projects and Relief Assistance	81,642	-
India - Projects and Relief Assistance	355,890	202,691
Indonesia - Projects and Relief Assistance	85,356	22,391
Iraq - Projects and Relief Assistance	18,941	64,113
Kashmir - Projects and Relief Assistance	55,051	106,554
Kenya - Projects and Relief Assistance	31,029	68,273
Lebanon - Projects and Relief Assistance	73,328	302,545
Liberia - Projects and Relief Assistance	-	2,500
Myanmar - Projects and Relief Assistance	3,783	29,385
Morocco - Projects and Relief Assistance	104,474	-
Pakistan - Projects and Relief Assistance	1,368,440	1,023,438
Palestine - Projects and Relief Assistance	384,728	2,370,263
Somalia - Projects and Relief Assistance	120,343	1,932,340
Sri-Lanka - Projects and Relief Assistance	28,396	6,054
Sudan - Projects and Relief Assistance	66,614	87,019
South Africa - Projects and Relief Assistance	3,027	-
Yemen - Projects and Relief Assistance	-	14,555
Higher Education Literacy Program	18,784	16,435
Public Education Program	8,450	12,920
Child Sponsorship Program	431,438	500,512
Canada Relief Fund and Local Education Projects	47,546	14,100
Social Assistance - Canada	15,050	19,222
Social Assistance - USA	19,133	4,936
	\$ 4,755,230	\$ 7,931,193