



HUMAN CONCERN INTERNATIONAL

Financial Statements
For the years ended March 31, 2013,
March 31, 2012 and as at April 1, 2011

Human Concern International
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Independent Auditor's Report

To the Members of Human Concern International

Report on the Financial Statements

We have audited the accompanying financial statements of Human Concern International, which comprise the statements of financial position as at March 31, 2013, March 31, 2012, and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012 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 of our qualified audit opinion.

Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising 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. Our audit opinion on the financial statements for the year ended March 31, 2012 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenses for the years ended March 31, 2013 and 2012, assets as at March 31, 2013, March 31, 2012 and as at April 1, 2011, and net assets at both the beginning and end of the March 31, 2013 and 2012 years.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Human Concern International as at March 31, 2013 March 31, 2012, and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, Canadian generally accepted accounting principles have been applied on a consistent basis.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

September 23, 2013

Ottawa, Ontario

Human Concern International Statements of Financial Position

	March 31 2013	March 31 2012	April 1 2011
Assets			
Current			
Cash (Note 2)	\$ 4,872,083	\$ 4,779,725	\$ 2,758,619
Accounts receivable (Note 3)	27,426	23,723	21,809
Prepaid expenses	9,139	9,253	10,678
	4,908,648	4,812,701	2,791,106
Investments (Note 4)	340,860	321,733	329,454
Tangible capital assets (Note 5)	320,930	333,748	348,536
	\$ 5,570,438	\$ 5,468,182	\$ 3,469,096

Liabilities and Net Assets

Current			
Accounts payable and accrued liabilities (Note 6)	\$ 56,156	\$ 42,191	\$ 28,856
Deferred contributions (Note 7)	4,401,744	4,699,195	2,594,011
	4,457,900	4,741,386	2,622,867
Net assets			
Net assets internally restricted for tangible capital assets (Note 5)	320,930	333,748	348,536
Net assets restricted for endowment purposes	6,000	6,000	-
Undistributed net assets	785,608	387,048	497,693
	1,112,538	726,796	846,229
	\$ 5,570,438	\$ 5,468,182	\$ 3,469,096

On behalf of the Board:

Director

Director

Human Concern International Statements of Changes in Net Assets

For the year ended March 31, 2013

	Internally Restricted for Capital Assets	Endowment	Undistributed	Total
Balance , beginning of year	\$ 333,748	\$ 6,000	\$ 387,048	\$ 726,796
Excess (deficiency) of revenue over expenses for the year	(28,718)	-	414,460	385,742
Investment in capital assets	15,900	-	(15,900)	-
Balance , end of year	\$ 320,930	\$ 6,000	\$ 785,608	\$ 1,112,538

For the year ended March 31, 2012

	Internally Restricted for Capital Assets	Endowment	Undistributed	Total
Balance, beginning of year	\$ 348,536	-	\$ 497,693	\$ 846,229
Deficiency of revenue over expenses for the year	(21,726)	-	(103,707)	(125,433)
Endowment contributions	-	6,000	-	6,000
Investment in capital assets	6,938	-	(6,938)	-
Balance , end of year	\$ 333,748	\$ 6,000	\$ 387,048	\$ 726,796

Human Concern International Statements of Operations

For the years ended March 31	2013	2012
Revenue		
Donations (Note 8)	\$ 9,940,094	\$ 7,877,143
Rental Income	27,188	27,515
Gain on foreign exchange	10,695	1,989
Investment Income	5,616	3,500
Other	-	3,459
Loss on disposal of investments	(675)	(2,045)
Unrealized investment gain (loss)	4,621	(15,063)
Loss on disposal of capital asset	(9,266)	-
	9,978,273	7,896,498
Donations disbursed (Schedule and Note 8)	8,808,708	7,292,796
	1,169,565	603,702
Expenses		
Amortization of tangible capital assets	19,452	21,726
Audit fees	7,000	7,000
Bad debt expense	-	6,054
Bank charges	61,008	54,190
Dues and subscriptions	1,341	530
Equipment leases	7,723	11,685
Fundraising and promotion	324,018	334,667
Insurance	13,213	12,022
Legal and consulting fees	14,811	2,983
Meetings and workshops	21,082	12,271
Office administration	257,325	208,810
Property taxes	3,995	2,862
Repairs and maintenance	22,587	21,411
Telephone and communications	8,842	10,650
Travel	1,221	-
Utilities	20,205	22,274
	783,823	729,135
Excess (deficiency) of revenue over expenses for the year	\$ 385,742	\$ (125,433)

Human Concern International Statements of Cash Flows

For the years ended March 31	2013	2012
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 385,742	\$ (125,433)
Adjustments for		
Amortization of tangible capital assets	19,452	21,726
Loss on disposal of capital asset	9,266	-
	414,460	(103,707)
Changes in non-cash working capital items		
Accounts receivable	(3,703)	(1,914)
Prepaid expenses	114	1,424
Accounts payable and accrued liabilities	13,965	13,336
Deferred revenue	(297,451)	2,105,184
	127,385	2,014,323
Cash flows from investing activities		
Purchase of tangible capital assets	(15,900)	(6,938)
Net decrease in short-term investments	(19,127)	7,721
Receipt of endowment contribution	-	6,000
	(35,027)	6,783
Increase in cash during the year	92,358	2,021,106
Cash, beginning of year	4,779,725	2,758,619
Cash, end of year	\$ 4,872,083	\$ 4,779,725

Human Concern International Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

Nature of Business	<p>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.</p> <p>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.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The organization's estimates relate to provision for doubtful receivables and estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Financial Instruments	<p>Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.</p> <p><i>Measurement of financial instruments</i></p> <p>The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.</p> <p>The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.</p> <p>Financial assets and financial liabilities measured at amortized cost include cash, investments not traded in an active market, accounts receivable, accounts payable and accrued liabilities.</p>

Human Concern International Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

Financial Instruments
(continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it 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 operations.

Transaction costs

The organization recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Tangible Capital Assets

Tangible 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
Vehicle	3 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. Endowment contributions are recognized as direct increases in net assets. 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. Investment income earned on endowments is unrestricted. Fair value changes for investments are recorded as investment income or loss and recognized as revenue or expense in the statement of operations.

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, 2013. Losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.

Human Concern International Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

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 Tangible Capital Assets	Net assets internally restricted for capital assets represents net assets that have been used to purchase capital assets.
Restricted for Endowment	Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently.
Undistributed Net Assets	Undistributed net assets represent unspent non-designated contributions accumulated over the life of the organization.

Human Concern International

Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

1. Impact of the Change in the Basis of Accounting

The organization has elected to apply the Canadian accounting standards for not-for-profit organizations of Part III of the CICA Accounting Handbook. These financial statements are the first financial statements for which the organization has applied Canadian generally accepted accounting standards for not-for-profit organizations, hereafter referred to as "ASNPO".

The financial statements for the year ended March 31, 2013 were prepared in accordance with ASNPO set out in FIRST-TIME ADOPTION, Section 1501, for first-time adopters of this basis of accounting.

The organization has not elected to use any of the exemptions relating to the initial application of ASNPO under Section 1501.

The adoption of ASNPO did not result in any changes to net assets at the date of transition (April 1, 2011) and the previously issued financial statements for the year ended March 31, 2012. As a result, no reconciliations were prepared.

2. Cash

The organization's bank accounts are held at one chartered bank. Bank balances include \$231,588 (2012 - \$104,789) denominated in U.S. dollars.

3. Accounts Receivable

	March 31 2013	March 31 2012	April 1 2011
GST/HST receivable	\$ 26,714	\$ 23,473	\$ 15,755
Other	712	250	6,054
	\$ 27,426	\$ 23,723	\$ 21,809

Human Concern International Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

4. Investments

	March 31 2013	March 31 2012	April 1 2011
Islamic Co-operative Housing Corporation Ltd.	\$ 95,980	\$ 92,480	\$ 88,980
Investia Financial	49,467	49,233	54,374
Investors Group	117,735	116,632	130,890
Scotiabank GIC	10,000	-	-
BMO Nesbitt Burns	67,678	63,388	55,210
	\$ 340,860	\$ 321,733	\$ 329,454

The organization's investments with Investia Financial, Investors Group and BMO Nesbitt Burns consists of units in various mutual funds and are measured at fair value. The investment with Scotiabank is a GIC earning 0.900% interest.

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

5. Tangible Capital Assets

	March 31, 2013		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 200,000	\$ -	\$ 200,000
Building	306,117	203,692	102,425
Building improvements	19,617	18,204	1,413
Computer equipment	78,011	72,031	5,980
Furniture and equipment	55,974	44,862	11,112
	\$ 659,719	\$ 338,789	\$ 320,930

Human Concern International Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

5. Tangible Capital Assets (continued)

	March 31, 2012		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 200,000	\$ -	\$ 200,000
Building	306,117	193,488	112,629
Building improvements	19,617	14,281	5,336
Computer equipment	73,242	70,138	3,104
Furniture and equipment	44,843	41,430	3,413
Vehicle	15,442	6,176	9,266
	\$ 659,261	\$ 325,513	\$ 333,748
	April 1, 2011		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 200,000	\$ -	\$ 200,000
Building	306,117	183,284	122,833
Building improvements	19,617	10,358	9,259
Computer equipment	69,607	66,886	2,721
Furniture and equipment	41,540	40,171	1,369
Vehicle	15,442	3,088	12,354
	\$ 652,323	\$ 303,787	\$ 348,536

6. Accounts Payable and Accrued Liabilities

	March 31 2013	March 31 2012	April 1 2011
Trade payables and salary accruals	\$ 53,672	\$ 40,197	\$ 28,671
Government remittances payable	2,484	1,994	185
	\$ 56,156	\$ 42,191	\$ 28,856

Human Concern International Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

7. Deferred Contributions

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

March 31, 2013				
	Balance Beginning of Year	Additions	Transfer to Revenue	Balance End of Year
Pakistan Flood - Projects and Relief Assistance	\$ 1,659,506	\$ 35,345	\$ (229,784)	\$ 1,465,067
Kashmir - Projects and Relief Assistance	130,817	-	(130,817)	-
Libya - Projects and Relief Assistance	139,960	50,414	(32,676)	157,698
Palestine - Projects and Relief Assistance	4,832	139,150	(139,635)	4,347
Somalia - Projects and Relief Assistance	2,416,000	237,469	(468,338)	2,185,131
Syria - Projects and Relief Assistance	348,080	2,678,576	(2,437,155)	589,501
	\$ 4,699,195	\$ 3,140,954	\$ (3,438,405)	\$ 4,401,744

March 31, 2012				
	Balance Beginning of Year	Additions	Transfer to Revenue	Balance End of Year
Pakistan Flood - Projects and Relief Assistance	\$ 2,091,846	\$ -	\$ (432,340)	\$ 1,659,506
Haiti - Projects and Relief Assistance	101,457	-	(101,457)	-
Kashmir - Projects and Relief Assistance	257,824	-	(127,007)	130,817
Libya - Projects and Relief Assistance	-	248,841	(108,881)	139,960
Palestine - Projects and Relief Assistance	78,503	-	(73,671)	4,832
Somalia - Projects and Relief Assistance	-	3,167,014	(751,014)	2,416,000
Syria - Projects and Relief Assistance	-	824,501	(476,421)	348,080
Tunisia - Projects and Relief Assistance	36,537	-	(36,537)	-
Other projects	27,844	-	(27,844)	-
	\$ 2,594,011	\$ 4,240,356	\$ (2,135,172)	\$ 4,699,195

8. Non-Cash Donations

Donation receipts and donations disbursed include \$2,447,570 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, 2013, March 31, 2012 and April 1, 2011

9. Commitments

The organization has leased office equipment through various operating leases that will expire in October 2015.

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

2014	\$1,398
2015	\$1,398
2016	\$ 699

10. Risk and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at March 31, 2013, March 31, 2012 and April 1, 2011.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to this credit risk mainly in respect of its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and government remittances payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to currency and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to this risk mainly in respect of cash held in U.S. dollars as disclosed in Note 2.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Given the current composition of the organization's investments being fixed-rate instruments, as set out in Note 3 to these financial statements, the organization is subject to a fair value risk.

Human Concern International Schedule of Donations Disbursed

For the year ended March 31	2013	2012
Afghanistan - Projects and Relief Assistance	\$ 100,218	\$ 138,796
Bangladesh - Projects and Relief Assistance	174,766	90,798
Bosnia - Projects and Relief Assistance	-	25,766
Burundi- Projects and Relief Assistance	12,500	-
Egypt - Projects and Relief Assistance	64,469	41,407
Eritrea - Projects and Relief Assistance	-	400
Ethiopia - Projects and Relief Assistance	7,580	6,755
Guyana & Caribbean - Projects and Relief Assistance	66,325	179,972
Haiti - Projects and Relief Assistance	18,422	117,230
India - Projects and Relief Assistance	530,709	453,032
Indonesia - Projects and Relief Assistance	25,086	15,298
Iraq - Projects and Relief Assistance	-	13,000
Japan - Projects and Relief Assistance	-	13,256
Jordan - Projects and Relief Assistance	30,025	6,000
Kashmir - Projects and Relief Assistance	153,179	167,425
Kenya - Projects and Relief Assistance	174,086	114,819
Kyrgystan - Projects and Relief Assistance	-	6,131
Lebanon - Projects and Relief Assistance	105,129	162,340
Libya - Projects and Relief Assistance	32,676	109,151
Malaysia - Projects and Relief Assistance	10,178	-
Morocco - Projects and Relief Assistance	2,536,673	23,940
Myanmar - Projects and Relief Assistance	132,048	-
Pakistan - Projects and Relief Assistance	559,347	153,190
Pakistan Flood Victims- Projects and Relief Assistance	229,784	548,257
Palestine - Projects and Relief Assistance	139,635	119,692
Philippines - Projects and Relief Assistance	10,000	-
Somalia - Projects and Relief Assistance	468,338	1,469,874
Sri-Lanka - Projects and Relief Assistance	20,120	22,583
Sudan - Projects and Relief Assistance	53,575	96,671
Syria - Projects and Relief Assistance	2,258,223	477,421
Trinidad & Tobago - Project and Relief Assistance	37,520	-
Tunisia - Projects and Relief Assistance	67,269	1,801,647
Turkey - Projects and Relief Assistance	-	20,746
Yemen- Projects and Relief Assistance	4,210	-
Higher Education Literacy Program	16,613	6,840
Public Education Program	10,000	20,310
Child Sponsorship Program	722,451	801,284

Human Concern International
Schedule of Donations Disbursed (continued)

For the year ended March 31	2013	2012
Canada Relief Fund and Local Education Projects	11,069	41,389
Food Bank - BC Canada	-	10,423
Social Assistance - Canada	10,212	11,907
Social Assistance - USA	6,273	5,046
First Nation Program	10,000	-
	\$ 8,808,708	\$ 7,292,796
