



# Financial Statements

Focus Humanitarian Assistance Canada

December 31, 2022

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## Independent Auditor's Report

To the Members of  
Focus Humanitarian Assistance Canada

### Opinion

We have audited the financial statements of Focus Humanitarian Assistance Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

# Independent Auditor's Report (continued)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
Licensed Public Accountants

# Focus Humanitarian Assistance Canada

## Statement of Financial Position

December 31

2022

2021

### Assets

#### Current

Cash	\$ 3,287,841	\$ 8,054,062
Short-term investments (Note 3)	8,738,513	3,972,732
Receivable from FOCUS units (Note 4)	3,440,512	1,409,658
Other receivables	134,176	121,381
Harmonized sales tax recoverable	34,759	23,837
Prepaid expenses	66,977	57,374

15,702,778 13,639,044

#### Capital assets (Note 5)

2,368 5,019

\$ 15,705,146 \$ 13,644,063

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 1,737,157	\$ 2,081,823
Payable to AKDN affiliates, net (Note 6)	1,062,554	1,280,326
Deferred contributions (Note 7)	553,190	1,056,634

3,352,901 4,418,783

### Net assets

#### Invested in capital assets

2,368 5,019

#### Unrestricted

12,349,877 9,220,261

12,352,245 9,225,280

\$ 15,705,146 \$ 13,644,063

On behalf of the Board

Chairman

Treasurer

# **Focus Humanitarian Assistance Canada** **Statement of Operations**

Year ended December 31

**2022**

**2021**

## **Revenue**

Contributions	\$ 12,636,648	\$ 12,436,913
Grants (Note 8)	3,642,838	3,757,211
Investment income	137,754	8,277
	<u>16,417,240</u>	<u>16,202,401</u>

## **Expenses**

Direct contributions to other affiliates and FOCUS units	10,195,639	9,506,212
Disaster prevention, mitigation and preparedness	2,000,279	1,861,876
Refugee and internally displaced persons assistance	191,865	592,486
Operational strengthening	70,767	323,139
	<u>12,458,550</u>	<u>12,283,713</u>
General and administrative	760,942	500,875
Foreign exchange loss	70,783	31,390
	<u>13,290,275</u>	<u>12,815,978</u>

Excess of revenue over expenses

\$ 3,126,965      \$ 3,386,423

# **Focus Humanitarian Assistance Canada** **Statement of Changes in Net Assets**

Year ended December 31

	Invested in capital assets	Unrestricted	Total 2022	Total 2021
Net assets, beginning of year	\$ 5,019	\$ 9,220,261	\$ 9,225,280	\$ 5,838,857
Excess (deficiency) of revenue over expenses	<u>(2,651)</u>	<u>3,129,616</u>	<u>3,126,965</u>	<u>3,386,423</u>
Net assets, end of year	<u>\$ 2,368</u>	<u>\$ 12,349,877</u>	<u>\$ 12,352,245</u>	<u>\$ 9,225,280</u>

See accompanying notes to the financial statements.

# Focus Humanitarian Assistance Canada

## Statement of Cash Flows

Year ended December 31

2022

2021

Increase (decrease) in cash

### Operating

Excess of revenue over expenses	\$ 3,126,965	\$ 3,386,423
Item not affecting cash		
Amortization of capital assets	<u>2,651</u>	<u>3,883</u>
	<b>3,129,616</b>	<b>3,390,306</b>
Change in non-cash working capital items		
Other receivables	(12,795)	182,590
Harmonized sales tax recoverable	(10,922)	3,763
Prepaid expenses	(9,603)	(12,165)
Accounts payable and accrued liabilities	(344,666)	1,856,567
Deferred contributions	<u>(503,444)</u>	<u>1,056,634</u>
	<b><u>2,248,186</u></b>	<b><u>6,477,695</u></b>

### Financing

Payable to AKDN affiliates, net	<u>(217,772)</u>	<u>1,280,326</u>
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### Investing

Disposition of investments	285,276	1,000,000
Purchase of investments	(5,051,057)	(2,049,660)
Receivable from FOCUS units, net	(2,030,854)	(1,350,918)
Receivable from AKDN affiliates, net	-	1,808,811
Purchase of capital assets	<u>-</u>	<u>(4,236)</u>
	<b><u>(6,796,635)</u></b>	<b><u>(596,003)</u></b>

(Decrease) increase in cash

**(4,766,221)**      **7,162,018**

### Cash

Beginning of year	<u>8,054,062</u>	<u>892,044</u>
End of year	<b><u>\$ 3,287,841</u></b>	<b><u>\$ 8,054,062</u></b>

See accompanying notes to the financial statements.



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# Focus Humanitarian Assistance Canada

## Notes to the Financial Statements

December 31, 2022

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### 1. Nature of operations

Focus Humanitarian Assistance Canada (the "Organization") was incorporated on April 22, 1994 under the Canada Corporations Act as a corporation without share capital, and was continued under the Canada Not-for-profit Corporations Act on August 5, 2014, and is registered as a charitable organization under the Income Tax Act (Canada). Accordingly, the Organization is not subject to income taxes and is able to issue donations receipts for income tax purposes.

The Organization is part of an international group of agencies established in Europe, North America and South and Central Asia, to complement and facilitate the provision of emergency relief, principally in the developing world. The Organization helps people in need reduce their dependence on humanitarian aid and facilitates their transition to sustainable self-reliant long-term development. The Organization has entered into memoranda of agreement with Focus Humanitarian Assistance Europe Foundation and Focus Humanitarian Assistance USA (collectively, "FOCUS units") to respond collaboratively to international humanitarian emergencies and other charitable activities through these agencies. The Organization partners with the Aga Khan Development Network ("AKDN"), a group of institutions working to improve opportunities and living conditions for people of all faiths and origins, in specific regions of the developing world.

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### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions, such as grants for specific project expenses, are recognized as revenue in the year in which the related expenses are incurred and recorded. Donor restricted donations for specific purposes are recorded as deferred contributions when collected and subsequently recognized as revenue when these funds are utilized in accordance with donor restrictions.

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. Pledged donations are recorded only when received.

Investment income, which consists of interest, is recorded on accrual basis as revenue in the statement of operations. Unrealized gains or losses resulting from change in fair market value of investments are recognized as revenue or expenses in the statement of operations.

#### Investments

The majority of investments consist of guaranteed investment certificates and money market mutual funds. The investments are recorded at fair market value.

Market value of investments is determined based on bid prices or cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

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# Focus Humanitarian Assistance Canada

## Notes to the Financial Statements

December 31, 2022

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### 2. Significant accounting policies (continued)

#### Capital assets

Capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the asset as follows:

Furniture and fixtures	4 years
Computer equipment	3 years

Capital assets acquired during the year but not placed into use are not amortized until they are placed into service. The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Capital assets acquired for direct use in donor-funded projects are expensed in the year of acquisition as the Organization is not entitled to ownership.

#### Foreign currency transactions

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are recorded in the statement of operations.

#### Contributed materials and services

The Organization recognizes the contribution of materials at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would have been otherwise purchased.

Volunteers contribute many hours each year to assist the Organization in fundraising activities. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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# Focus Humanitarian Assistance Canada

## Notes to the Financial Statements

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December 31, 2022

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### 2. Significant accounting policies (continued)

#### Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument. The Organization's financial instruments are comprised of cash, short-term investments, accounts receivable, and accounts payable.

Financial assets and liabilities obtained in arms-length transactions are initially measured at their fair value. Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in excess of revenue over expenses when the transaction is in the normal course of operations, and in net assets when the transaction is not in the normal course of operations, subject to certain exceptions.

The Organization subsequently measures all financial instruments at cost or amortized cost except for investments with actively traded markets which are recorded at fair value. Unrealized gains or losses are reflected in the statement of operations as investment income.

Transaction costs incurred on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenue over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Amounts subject to significant estimates and assumptions include the carrying value of capital assets and accrued liabilities. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of operations in the year in which they become known. Actual results could differ from these estimates.

# Focus Humanitarian Assistance Canada

## Notes to the Financial Statements

December 31, 2022

### 3. Short-term investments

	<u>2022</u>	<u>2021</u>
Guaranteed Investment Certificates	\$ 8,738,513	\$ 3,878,456
Money market mutual funds	-	94,276
	<u>\$ 8,738,513</u>	<u>\$ 3,972,732</u>

The investments are held by the Organization with major Canadian financial institutions. Guaranteed investment certificates earn interest between 1.70% and 5.12% (2021 - 0.50% and 1.00%) with a maturity date between June 2023 and December 2023 (2021 - June 2022 and December 2022). Interest is received on the maturity date, however, it is recorded by the Organization on an accrual basis.

### 4. Receivable from Focus units

	<u>2022</u>	<u>2021</u>
Focus Humanitarian Assistance USA	\$ 2,831,526	\$ 867,142
Focus Humanitarian Assistance Europe Foundation	<u>608,986</u>	<u>542,516</u>
	<u>\$ 3,440,512</u>	<u>\$ 1,409,658</u>

The amounts receivable from FOCUS units are non-interest bearing, have no set repayment terms and are unsecured.

### 5. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u>
Furniture and fixtures	\$ 1,615	\$ 1,615	\$ -	\$ -
Computer equipment	<u>17,371</u>	<u>15,003</u>	<u>2,368</u>	<u>5,019</u>
	<u>\$ 18,986</u>	<u>\$ 16,618</u>	<u>\$ 2,368</u>	<u>\$ 5,019</u>

# Focus Humanitarian Assistance Canada

## Notes to the Financial Statements

December 31, 2022

6. Payable to AKDN affiliates, net	2022	2021
Aga Khan Agency for Habitat	\$ 2,046,170	\$ 1,267,800
Aga Khan Foundation Syria	16,700	15,632
Aga Khan Development Network	(3,318)	(3,106)
Aga Khan Foundation Geneva	(996,998)	-
	<u>\$ 1,062,554</u>	<u>\$ 1,280,326</u>

The amounts payable to (receivable from) AKDN affiliates are non-interest bearing, have no set repayment terms and are unsecured.

### 7. Deferred contributions

	Balance, beginning of year	Received	Recognized	Balance, end of year
Aga Khan Foundation Canada - COVID project funding	<u>\$ 1,056,634</u>	<u>\$ -</u>	<u>\$ (503,444)</u>	<u>\$ 553,190</u>

### 8. Grants

The following is the breakdown of grants recognized during the year:

	2022	2021
Focus Humanitarian Assistance USA	\$ 2,556,528	\$ 2,165,175
Focus Humanitarian Assistance Europe Foundation	1,009,319	1,270,330
	<u>3,565,847</u>	<u>3,435,505</u>
Citizenship and Immigration Canada	76,991	321,706
	<u>\$ 3,642,838</u>	<u>\$ 3,757,211</u>

Grants include amounts receivable from FOCUS units in respect of their share of the agreed program-related direct charitable expenditure incurred by the Organization, and allocated based upon agreements reached by these units as follows:

	2022	2021
Focus Humanitarian Assistance USA	42.5%	42.5%
Focus Humanitarian Assistance Europe Foundation	15.0%	15.0%
	<u>57.5%</u>	<u>57.5%</u>

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## **Focus Humanitarian Assistance Canada**

### **Notes to the Financial Statements**

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December 31, 2022

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#### **9. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no changes in the assessment of risks from the prior year.

##### **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's main credit risks relate to its receivables. At December 31, 2022, the allowance for doubtful accounts is \$Nil (2020 - \$Nil).

##### **Currency risk**

Currency risk is the risk to the Organization that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to currency risk with respect to a portion of its cash balances held in US dollars in the amount of \$697,455 (2021 - \$61,782) and accounts receivable in the amount of \$3,440,512 (2021 - \$1,406,658). The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

##### **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 with respect to its accounts payable. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2021 - \$Nil).