Child Haven International

Financial Statements

December 31, 2022

Child Haven International

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Management's Responsibility

To the Board of Directors of Child Haven International:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 23, 2023

Independent Auditor's Report

To the To the Board of Directors of Child Haven International:

Qualified Opinion

We have audited the financial statements of Child Haven International (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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, of which both the completeness and classification is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2022 and December 31, 2021, assets as at December 31, 2022 and December 31, 2021, and fund balances as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of possible effects of this limitation in scope.

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 qualified 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.

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.

MNP LLP

Cornwall, Ontario
August 23, 2023

Chartered Professional Accountants
Licensed Public Accountants

Child Haven International
Statement of Financial Position
As at December 31, 2022

	General Fund	*Endowment Fund*	*2022*	*2021*
Assets				
Current				
Cash	**2,018,755**	**-**	**2,018,755**	1,785,227
Accounts receivable	**35,235**	**-**	**35,235**	27,083
Prepaid expenses and deposits	**4,151**	**-**	**4,151**	4,151
Investments	**4,363**	**-**	**4,363**	45,724
	2,062,504	**-**	**2,062,504**	1,862,185
Capital assets *(Note 5)*	**17,352**	**-**	**17,352**	22,429
Restricted assets	**-**	**1,610,066**	**1,610,066**	1,781,699
	2,079,856	**1,610,066**	**3,689,922**	3,666,313
Liabilities				
Current				
Accounts payable *(Note 7)*	**5,459**	**-**	**5,459**	4,964
Fund Balances				
Net assets	**2,074,397**	**1,610,066**	**3,684,463**	3,661,349
	2,079,856	**1,610,066**	**3,689,922**	3,666,313

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Child Haven International
Statement of Financial Activities
For the year ended December 31, 2022

	General Fund	*Endowment Fund*	*2022*	*2021*
Revenue				
Contributions				
Donations	**1,551,425**	**1,000**	**1,552,425**	1,690,766
Fundraising revenue - dinner	**24,946**	**-**	**24,946**	5,696
Donations-in-kind	**206,857**	**-**	**206,857**	304,819
	1,783,228	**1,000**	**1,784,228**	2,001,281
Investment Income				
Dividend and interest income	**1,194**	**48,175**	**49,369**	60,675
Gain (loss) on disposal of investments	**(2,733)**	**-**	**(2,733)**	28,619
Unrealized gain (loss)	**-**	**(125,097)**	**(125,097)**	206,895
	(1,539)	**(76,922)**	**(78,461)**	296,189
Foreign exchange (loss) gain	**16,202**	**-**	**16,202**	(3,588)
Total revenue	**1,797,891**	**(75,922)**	**1,721,969**	2,293,882
Administrative expenses				
Wages, benefits and contract services	**193,174**	**-**	**193,174**	162,635
Office	**62,523**	**-**	**62,523**	43,407
Professional fees	**6,300**	**-**	**6,300**	10,238
Bank charges	**6,950**	**-**	**6,950**	9,414
Travel	**21,555**	**-**	**21,555**	8,749
Utilities	**6,226**	**-**	**6,226**	7,300
Automotive	**5,303**	**-**	**5,303**	5,523
Insurance	**2,061**	**-**	**2,061**	1,903
	304,092	**-**	**304,092**	249,169
Fundraising and programming				
Fundraising	**6,727**	**-**	**6,727**	10,246
Projects	**18,181**	**-**	**18,181**	22,123
Donations to other agencies	**-**	**-**	**-**	9,000
	24,908	**-**	**24,908**	41,369
Other expenses				
Amortization	**5,076**	**-**	**5,076**	4,312
Expired public service bodies rebate	**-**	**-**	**-**	7,020
Investment fees	**-**	**30,460**	**30,460**	28,153
	5,076	**30,460**	**35,536**	39,485
Total expenses	**334,076**	**30,460**	**364,536**	330,023
Excess (deficiency) of revenue over expenses before foreign transfers	**1,463,815**	**(106,382)**	**1,357,433**	1,963,859
Transfers to foreign organizations	**(1,334,319)**	**-**	**(1,334,319)**	(1,201,815)
Excess (deficiency) of revenue over expenses	**129,496**	**(106,382)**	**23,114**	762,044

The accompanying notes are an integral part of these financial statements

Child Haven International
Statement of Changes in Fund Balances
For the year ended December 31, 2022

	General Fund	*Endowment Fund*	*2022*	*2021*
Fund balances, beginning of year	**1,879,650**	**1,781,699**	**3,661,349**	2,899,305
Excess (deficiency) of revenue over expenses	**129,496**	**(106,382)**	**23,114**	762,044
Interfund transfer	**65,251**	**(65,251)**	**-**	-
Fund balance, end of year	**2,074,397**	**1,610,066**	**3,684,463**	3,661,349

The accompanying notes are an integral part of these financial statements

Child Haven International
Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**23,114**	762,044
Amortization	**5,076**	4,312
(Gain) or Loss on disposal of investments	**2,605**	(28,792)
Donations-in-kind of investments	**(206,857)**	(304,819)
Unrealized gain (loss) on fair value of investments	**171,850**	(177,031)
	(4,212)	255,714
Changes in working capital accounts		
Accounts receivable	**(84,588)**	(2,297)
Prepaid expenses and deposits	**-**	(4,151)
Accounts payable	**495**	(15,510)
	(88,305)	233,756
Investing		
Purchase of capital assets	**-**	(17,951)
Proceeds on disposal of investments	**245,397**	415,676
	245,397	397,725
Increase in cash resources	**157,092**	631,481
Cash resources, beginning of year	**1,785,227**	1,153,746
Cash resources, end of year	**1,942,319**	1,785,227

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Child Haven International (the "Organization") was incorporated without share capital and is a registered charity under the Income Tax Act and thus is exempt from income taxes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Organization's purpose is to assist any child of any nationality in Canada or in any country of the world, who needs in-country care or needs a private family home. The Organization works with other Organizations around the world to provide these services.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of the Canadian generally accepted accounting principles, and include the following significant policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and separately discloses the financial activities of the General Fund and the Endowment Fund.

The General Fund reports the Organization's assets, liabilities, revenues and expenses that support the Organization's main purpose.

The Endowment Fund reports the Organization's endowment investment fund that is externally managed. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund. Gains and losses on disposals of investments and investment management fees are reflected in the Endowment Fund. Annual distributions for general use are transferred to the General Fund.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the Endowment Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue in the Endowment Fund when received or receivable.

Restricted investment income is recognized in the Endowment Fund depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue in the General Fund when earned.

Contributions are recognized as revenue of the General Fund based on donor intentions and timing of receipt.

Cash

Cash include balances held at banks and investment institutions. Cash subject to restrictions that prevent its use for current purposes are included in restricted cash.

Investments

Investments are measured at fair value. Any changes in fair value are recorded immediately in the excess of revenue over expenses.

Contributed services

Due to the difficulty in determining the fair value of volunteer hours contributed, these contributed services are not recognized in the financial statements.

2. Significant accounting policies *(Continued from previous page)*

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenue over expenses for the current period.

Capital assets

Purchased capital assets are recorded at cost.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives as follows:

	Method	Rate
Vehicles	declining balance	30 %
Computer equipment	declining balance	25 %
Equipment	declining balance	20 %

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has elected to measure all investments at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment which is not considered temporary is included in the current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of allowance for doubtful accounts receivable and estimated useful lives of capital assets.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenue over expenses in the year in which they become known.

3. Cash

	2022	*2021*
Cash held in operating accounts	**1,813,297**	987,118
Cash held in investment accounts	**180,502**	697,801
Cash held in online donation collection accounts	**24,956**	100,308
	2,018,755	1,785,227

4. Investments

Investments consists of equities recorded at fair value, and includes $nil (2021 - $19,881) that are held in Canadian companies, and $1,001 (2021 - $22,480) held in American companies. Investments are recorded as short-term due to the ability of the Organization to dispose of the investments at any time.

5. Capital assets

	Cost	***Accumulated amortization***	***2022 Net book value***	*2021 Net book value*
Vehicles	**22,126**	**18,966**	**3,160**	4,515
Computer equipment	**18,535**	**16,457**	**2,078**	2,771
Equipment	**42,542**	**30,428**	**12,114**	15,143
	83,203	**65,851**	**17,352**	22,429

As at December 31, 2021 the cost and accumulated amortization of capital assets was $83,203 and $60,774 respectively.

6. Restricted assets

Restricted assets consist of funds held as investments within an endowment fund managed by an external management firm. The principal balance is not available for use. As at December 31, 2022 the principal balance not available for use was $1,483,187 (2021 - $1,482,187). Annual distributions for use are received based on the internal investment returns realized within the fund and are recorded as a transfer between the endowment fund and the general fund.

7. Accounts payable

	2022	*2021*
Trades payable	**2,089**	1,595
Government remittances payable	**3,370**	3,370
	5,459	4,965

8. Interfund transactions

During the year, the Organization transferred $65,251 of investment income earned from the Endowment Fund to the Organization's General Fund to further the operational needs of the Organization.

9. Transfers to foreign organizations

Amounts included below are to various organizations within the country listed.

	2022	*2021*
India	**903,185**	707,287
Nepal	**426,167**	469,187
Bangladesh	**-**	15,818
Bhutan	**-**	5,623
Afghanistan	**-**	3,900
Tibet in China	**4,967**	-
	1,334,319	1,201,815

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the collection of accounts and raising funds to meet commitments and sustain operations. Management is of the opinion that there has been no change to the risk exposure from 2021. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and holding assets that can be readily converted to cash.

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 credit risk regarding the financial assets recognized in the statement of financial position. The Organization is exposed to credit risk on the accounts receivable from its donors and its restricted assets.

The Organization does not have a significant exposure to any individual, company or related party. Management is of the opinion that credit risk is not a significant risk and there has been no change to the risk exposures from 2021. The maximum exposure to credit risk is the carrying value of accounts receivable and restricted assets on the statement of financial position. Management believes concentrations of credit risk with respect to amounts receivable is limited due to the nature of receivables.

Restricted assets are held as an endowment fund by a third party who is responsible for the investment of the respective funds. The third party organization currently holds sufficient assets to minimize the credit risk associated with the restricted asset.

10. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is exposed to interest rate cash flow risk with respect to its interest-bearing assets that consist of restricted assets, which include fixed income investments.

Foreign currency risk

Currency risk is the risk to the Organization's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency risk on its U.S. dollar bank account, US dollar investments, and transfers to foreign organizations in various foreign currencies.

Approximately 77% (2021 - 79%) of the Organization's expenses are transfers to foreign organizations and transactions in foreign currencies. Consequently, some assets are exposed to foreign exchange fluctuations.

As at December 31, 2022, the Organization held U.S. dollar financial assets including $240,516 (2021 - $255,621) in cash and $739 (2021 - $nil) in investments. U.S. dollar financial assets are converted into Canadian dollars at the year-end exchange rate of 1.3544 (2021 - 1.2678).

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in publicly-traded securities exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

Management is of the opinion that there has been no change to the risk exposure from 2021.