

GLOBAL PEACE NETWORK

FINANCIAL STATEMENTS
January 31, 2020
(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Board of Directors of
Global Peace Network

We have reviewed the accompanying financial statements of Global Peace Network that comprise the statement of financial position as at January 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, as well as 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

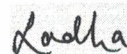
A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention causing us to believe that the financial statements do not present fairly, in all material respects, the financial position of Global Peace Network as at January 31, 2020, 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.

Vancouver, B.C.
April 10, 2020



Chartered Professional Accountants

GLOBAL PEACE NETWORK
STATEMENT OF FINANCIAL POSITION
 As at January 31, 2020
 (Unaudited)

	Operating Fund	Clinic Fund	Education Fund	Grant Fund	Total January 31, 2020	Total January 31, 2019
CURRENT ASSETS						
Cash and cash equivalents	\$ 664	\$ 22	\$ 10,335	\$ 64,319	\$ 75,340	\$ 7,729
	\$ 664	\$ 22	\$ 10,335	\$ 64,319	\$ 75,340	\$ 7,729
CURRENT LIABILITIES						
Accrued expenses	788	-	788	1,574	3,150	3,150
	788	-	788	1,574	3,150	3,150
FUND BALANCES						
Restricted funds	-	22	9,547	62,745	72,314	6,550
Unrestricted funds	(124)	-	-	-	(124)	(1,971)
	(124)	22	9,547	62,745	72,190	4,579
	\$ 664	\$ 22	\$ 10,335	\$ 64,319	\$ 75,340	\$ 7,729

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:

 Director

 Director

GLOBAL PEACE NETWORK
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the year ended January 31, 2020
(Unaudited)

	Operating Fund		Clinic Fund		Education Fund		Grant Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE								
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,838	\$ -
Donations and fundraising	4,430	3,190	-	2,758	7,727	3,676	-	-
Foreign exchange gain (loss)	-	-	-	-	-	-	(478)	456
Interest	-	4	-	-	8	13	161	3
	4,430	3,194	-	2,758	7,735	3,689	104,521	459
EXPENSES								
Accounting	788	788	-	787	788	788	1,574	787
Office and administration	932	112	-	120	57	14	80	-
Student tuition and education	-	-	926	684	3,287	2,176	-	-
Travel, boarding and lodging	-	-	-	8,365	-	266	15,200	9,374
Training program costs	-	-	-	-	-	-	12,598	-
Local project salary	-	-	-	-	-	-	7,339	-
Vehicle and transportation	-	-	-	-	684	-	4,822	-
Youth support	-	-	-	27	-	8,717	-	1,267
Return of grant	-	19,687	-	-	-	-	-	-
	1,720	20,587	926	9,983	4,816	11,961	41,613	11,428
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	2,710	(17,393)	(926)	(7,225)	2,919	(8,272)	62,908	(10,969)
FUND BALANCES, BEGINNING OF YEAR	(1,971)	(691)	677	257	5,872	18,358	1	30,514
INTER-FUND TRANSFERS (Note 4)	(863)	16,113	271	7,645	756	(4,214)	(164)	(19,544)
FUND BALANCES, END OF YEAR	\$ (124)	\$ (1,971)	\$ 22	\$ 677	\$ 9,547	\$ 5,872	\$ 62,745	\$ 1

The accompanying notes are an integral part of these financial statements.

GLOBAL PEACE NETWORK
STATEMENT OF CASH FLOWS
For the year ended January 31, 2020
(Unaudited)

	Operating Fund		Clinic Fund		Education Fund		Grant Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
SOURCES OF CASH								
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,838	\$ -
Donations and fundraising	4,430	3,190	-	2,758	7,727	3,676	-	-
Foreign exchange gain (loss)	-	-	-	-	-	-	(478)	456
Interest	-	4	-	-	8	13	161	3
	<u>4,430</u>	<u>3,194</u>	<u>-</u>	<u>2,758</u>	<u>7,735</u>	<u>3,689</u>	<u>104,521</u>	<u>459</u>
USES OF CASH								
Operations								
Accounting	3,150	788	-	787	-	788	-	787
Office and administration	932	112	-	120	57	14	80	-
Student tuition and education	-	-	926	684	3,287	2,176	-	-
Travel, boarding and lodging	-	-	-	8,365	-	266	15,200	9,374
Training program costs	-	-	-	-	-	-	12,598	-
Local project salary	-	-	-	-	-	-	7,339	-
Vehicle and transportation	-	-	-	-	684	-	4,822	-
Youth support	-	-	-	27	-	8,717	-	1,267
Return of grant	-	19,687	-	-	-	-	-	-
	<u>4,082</u>	<u>20,587</u>	<u>926</u>	<u>9,983</u>	<u>4,028</u>	<u>11,961</u>	<u>40,039</u>	<u>11,428</u>
Financing								
Cash transferred from (to) other funds	(863)	16,113	271	7,645	756	(4,214)	(164)	(19,544)
	<u>(863)</u>	<u>16,113</u>	<u>271</u>	<u>7,645</u>	<u>756</u>	<u>(4,214)</u>	<u>(164)</u>	<u>(19,544)</u>
NET INCREASE (DECREASE) IN CASH	(515)	(1,280)	(655)	420	4,463	(12,486)	64,318	(30,513)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,179	2,459	677	257	5,872	18,358	1	30,514
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 664	\$ 1,179	\$ 22	\$ 677	\$ 10,335	\$ 5,872	\$ 64,319	\$ 1

The accompanying notes are an integral part of these financial statements.

GLOBAL PEACE NETWORK
NOTES TO THE FINANCIAL STATEMENTS
January 31, 2020
(Unaudited)

1. NATURE OF OPERATIONS

Global Peace Network ('GPN') is a registered Canadian charity. It is also a federally incorporated entity (without share capital) under the *Canada Not-for-profit Corporations Act*. GPN is exempt from federal and provincial corporate income taxes under paragraph 149(1)(f) of the *Income Tax Act*.

GPN assists displaced and homeless children in rural Tanzania, providing them with shelter, education, food aid, and medical care. GPN's head office is in Toronto, Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Foreign Exchange Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenue and expenses are translated into Canadian currency at rates of exchange prevailing on the transaction dates. All the exchange gains or losses resulting from these transactions are recognized in the statement of operations.

Fund accounting

GPN follows the restricted fund method of accounting for all contributions. Funds received for a specific purpose are segregated and used for the purpose for which they were provided. The funds have been classified as follows:

- a. Operating Fund: Revenues from donations and fundraising activities as well as expenses relating to delivery of services and administration are reported in the operating fund.
- b. Clinic Fund: (previously Clinic Initiative Fund): This fund comprises of revenue and donations used to assist with the operating expenses of community medical clinics.
- c. Education Fund (previously Education Initiative Fund): This fund is an internally restricted fund created to fund projects associated with access to education, delivery of shelter, medical care and food and supplies for children most in need.
- d. Grant Fund (previously Grant Initiatives Fund): This is a restricted fund created to carry out projects from approved grants.

Cash and cash equivalents

Cash and cash equivalents consist of cash held at Canadian banks in Canadian and US dollar accounts.

GLOBAL PEACE NETWORK
NOTES TO THE FINANCIAL STATEMENTS
January 31, 2020
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

Revenue is recognized as revenue of the respective segregated fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured. Specifically,

- a. Donations and funding from institutions and charitable organizations are recognized as revenue upon receipt in the year they are received or receivable. Revenue having restrictions as to its use is recognized as revenue of a separately designated fund account.
- b. Donations and funds received from fundraising events are recorded in the operating account, when received, on net basis (cash receipts, net of event expenses).
- c. Interest earned on fund balances is recognized as revenue in the fund that earned and received the interest.

Financial instruments

GPN initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of revenue and expenses.

Financial liabilities measured at amortized cost include accruals. The estimated fair value of the accruals approximates the cost due to the relatively short-term nature of the accruals.

Contributed services

Members of the board of directors of GPN and others contribute undetermined voluntary hours to the organization's administrative and operational functions. Because of the difficulty in determining the fair value of their contribution, contributed services are not recognized in the financial statements, unless paid out as honorariums, in which case the payments would be recorded as such. None of the members of the board of directors receive honorariums or any other remuneration.

Use of estimates

The preparation of financial statements according to ASNPO requires management to make estimates and assumptions that affect the application of accounting policies and:

- a. Reported amounts of income and expenses;
- b. Reported amounts of assets and liabilities; and
- c. Disclosure of contingent assets and liabilities.

Management's estimates and assumptions are based on number of factors, including availability of information from its field offices and nature of transactions entered at the field offices. Actual results could differ from those estimates. Items subject to such estimates and assumptions include determination of exchange rates for translating foreign currency transactions and allocation of expenses between funds.

GLOBAL PEACE NETWORK
NOTES TO THE FINANCIAL STATEMENTS
January 31, 2020
(Unaudited)

3. ALLOCATION OF EXPENSES

GPN engages in medical, educational and grant-specified projects. These projects are supported by specific financial resources provided to the respective projects and by resources provided to the operating fund. GPN incurs certain shared operating expenses which are allocated to specific projects by identifying the appropriate basis of allocating these expenses and applies that basis consistently each year. For the year ended January 31, 2020 the cost of external accounting has been allocated from the operating fund to the education and grant-specified projects based on the project activities.

4. INTER-FUND TRANSFERS

Transfers between the funds are made as and when necessary to ensure that adequate resources are available in the respective funds to carry out project work. Transfers during the year were as follows:

Transfers	Operating Fund		Clinic Fund		Education Fund		Grant Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
To (from)	(2,325)	\$ 23,772	\$ -	\$ (839)	\$ 2,325	\$ (2,461)	\$ -	\$ (20,472)
To (from)	(663)	(6,009)	663	6,009	-	-	-	-
To (from)	3,851	(1,476)	(934)	-	(3,081)	1,476	164	-
To (from)	-	-	-	5,388	-	(5,388)	-	-
To (from)	-	(174)	-	(2,913)	-	2,159	-	928
	\$ 863	\$ 16,113	\$ (271)	\$ 7,645	\$ (756)	\$ (4,214)	\$ 164	\$ (19,544)

5. FINANCIAL INSTRUMENTS

GPN uses risk management to monitor and manage its risk arising from financial instruments. These risks include currency risk, credit risk, liquidity risk, and interest rate risk.

Currency risk

Currency risk arises from transacting and holding currencies that are denominated in foreign currencies. GPN reduces its exposure to currency fluctuations by maintaining a US dollar bank account from which it funds all its foreign charitable work.

Credit risk

Credit risks arise from the potential that a counter party will fail to perform its obligations. Exposure to credit risks associated with GPN's cash resources is limited by holding the cash at a reputable bank.

Liquidity risk

Liquidity risk exposure is dependent on GPN's ability to fulfill its financial obligations to its charitable endeavours, given the adequacy of its cash resources and timely receipt of donations and institutional funds each year. GPN manages its liquidity risk by monitoring its expenditures and funding commitments based on available cash at any given time.

GLOBAL PEACE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2020

(Unaudited)

5. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk refers to the risk of interest rate fluctuations to financial instruments such as cash in bank and finance loans. GPN is not exposed to the interest rate risk as it does not rely on interest income from its cash reserves or borrowing to fund its operations.

6. COMMITMENTS

During the year GPN subscribed to an internet-based clinical training service to enable front-line health care workers in rural Tanzania to upgrade their health care education through classroom and online events and e-learning programs. The terms of the service provide for a 36-month subscription at an annual cost of \$7,290 ending in May 2022.

6. SUBSEQUENT EVENTS

During the year, GPN received US \$79,225, the first installment of a three-year grant totalling US \$225,125 awarded from an overseas organization under an agreement to support the establishment of a National Network of Musculoskeletal Rehabilitation Facilities in Tanzania. The second installment of US \$74,450 was received on March 21, 2020 and the final installment of US \$71,450 is expected in March 2021.