

GAWAD KALINGA CANADA

Financial Statements

September 30, 2014

GAWAD KALINGA CANADA
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Year Ended September 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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Professional Corporation
Chartered Accountants

To the Directors of Gawad Kalinga Canada

We have audited the accompanying financial statements of Gawad Kalinga Canada, which comprise the statement of financial position as at September 30, 2014, September 30, 2013 and October 1, 2012 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended September 30, 2014 and September 30, 2013, 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 audits. We conducted our audits 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 for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Gawad Kalinga Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Gawad Kalinga Canada and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and changes in net assets.

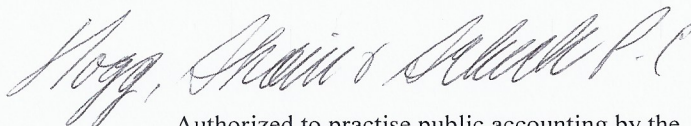
Qualified Opinion

In our opinion, except for the possible 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 Gawad Kalinga Canada as at September 30, 2014, September 30, 2013 and October 1, 2012 and the results of its operations and its cash flows for the years ended September 30, 2014 and September 30, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

Without qualification to our auditor's report, we would like to draw attention to Note 5 to the financial statements which states that the financial statements for the year ending September 30, 2013 were not subject to an audit engagement.

Toronto, Ontario
January 15, 2015



Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

404 - 2255 Sheppard Ave. East
Toronto, Ontario
Canada M2J 4Y1

Tel (416) 499-3100
Fax (416) 499-4449
Email consult@hss-ca.com
Web www.hss-ca.com

GAWAD KALINGA CANADA
Statement of Revenues and Expenditures
Year Ended September 30, 2014

	2014	2013
REVENUES		
Donations <i>(Note 5)</i>	\$ 458,743	\$ 44,124
Interest <i>(Note 5)</i>	1,053	270
	<u>459,796</u>	<u>44,394</u>
EXPENDITURES		
Advertising and promotion	1,460	1,222
Bank charges	1,634	1,130
Licenses	1,808	1,764
Professional fees	6,406	1,902
Programs	410,827	44,760
Recovered expenditures <i>(Note 4)</i>	(14,000)	-
Supplies	498	145
	<u>408,633</u>	<u>50,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 51,163</u>	<u>\$ (6,529)</u>

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Statement of Changes in Net Assets
Year Ended September 30, 2014

	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$(7,432)	\$(903)
Excess (deficiency) of revenues over expenditures	<u>51,163</u>	<u>(6,529)</u>
NET ASSETS - END OF YEAR	<u>\$ 43,731</u>	<u>\$(7,432)</u>

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Statement of Financial Position
September 30, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 47,243	\$ 7,611
Cash - restricted	4,760	93,669
Accounts receivable	489	652
	\$ 52,492	\$ 101,932
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Notes 4 and 5)</i>	\$ 4,001	\$ 15,695
Deferred revenue <i>(Note 3)</i>	4,760	93,669
	8,761	109,364
NET ASSETS		
FUND BALANCE	43,731	(7,432)
	\$ 52,492	\$ 101,932

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Statement of Cash Flow
Year Ended September 30, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 51,163	\$(6,529)
Changes in non-cash working capital:		
Accounts receivable	163	7,897
Inventory	-	222
Accounts payable and accrued liabilities	(11,694)	(5,123)
Deferred revenue	(88,909)	65,154
	<u>(100,440)</u>	<u>68,150</u>
Cash flow from (used by) operating activities	<u>(49,277)</u>	<u>61,621</u>
FINANCING ACTIVITY		
Advances from directors	-	(1,300)
INCREASE (DECREASE) IN CASH FLOW	<u>(49,277)</u>	<u>60,321</u>
CASH - BEGINNING OF YEAR	<u>101,280</u>	<u>40,959</u>
CASH - END OF YEAR	<u>\$ 52,003</u>	<u>\$ 101,280</u>
CASH CONSISTS OF:		
Cash	\$ 47,243	\$ 7,611
Cash - restricted	4,760	93,669
	<u>\$ 52,003</u>	<u>\$ 101,280</u>

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Notes to Financial Statements
Year Ended September 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gawad Kalinga Canada is incorporated without share capital under the Canada Corporations Act. The organization's mission is to relieve poverty in the Philippines through the provision of basic amenities and the necessities of life to persons in need. It also promotes the advancement of education in the Philippines through the provision of scholarships, after-school support programs and other educational programs.

Basis of presentation

These statements have been prepared in accordance with the accounting standards for not-for-profit organizations using the deferral method of reporting restricted contributions.

Contributed services

The organization's programs benefit from services in the form of volunteer time. The financial statements do not reflect the value of these services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

Financial instruments

The organization measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Revenue recognition

The organization follows the deferral method of accounting for revenue. Restricted funds are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The Organization has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian generally accepted accounting principles. These financial statements are the first financial statements for which the Organization has applied Canadian generally accepted accounting principles for not-for-profit organizations.

The financial statements for the year ended September 30, 2014 were prepared in accordance with the accounting principles and provisions set out in FIRST TIME ADOPTION, Section 1501, for the first-time adopters of this basis of accounting.

The application of adopting this new financial reporting framework has no impact on the previously reported financial position as at October 1, 2012 and September 30, 2013 or to the previously reported excess of revenues over expenditures for the period ended September 30, 2013. Consequently, a reconciliation of previously reported excess of revenues over expenditures to deficiency of revenue over expenditures as reported using accounting standards for not-for-profit organizations was not prepared.

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GAWAD KALINGA CANADA
Notes to Financial Statements
Year Ended September 30, 2014

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (continued)

a) The statement of financial position at October 1, 2012 has been restated as follows:

	<i>October 1</i> 2012	Adjustment	Restated
ASSETS			
Cash	\$ 12,444	\$ -	\$ 12,444
Cash - restricted	28,515	-	28,515
Accounts receivable	8,549	-	8,549
Inventory	222	-	222
	\$ 49,730	\$ -	\$ 49,730
LIABILITIES			
Accounts payable and accrued liabilities	\$ 20,818	\$ -	\$ 20,818
Deferred revenue	28,515	-	28,515
Advances from directors	1,300	-	1,300
	50,633	-	50,633
FUND BALANCE	(903)	-	(903)
	\$ 49,730	\$ -	\$ 49,730

3. DEFERRED REVENUE

	2014	2013
Beginning of year	\$ 93,669	\$ 28,515
Add: Receipts of revenue related to upcoming projects	-	92,819
	93,669	121,334
Less: Donation revenue recognized in the year	(88,909)	(27,665)
End of year	\$ 4,760	\$ 93,669

Restricted contributions received for expenses of future periods have been deferred and will be recognized as revenue in the same period as the related expenses are recognized. These receipts represent donations received in relation to upcoming projects.

The projects include, but are not limited to, the building of houses for the homeless located in various regions in the Philippines.

4. TRANSACTIONS WITH GAWAD KALINGA

The amounts that were owing to Gawad Kalinga Philippines and USA of \$2,000 and \$12,000, respectively, were forgiven in the current year.

GAWAD KALINGA CANADA
Notes to Financial Statements
Year Ended September 30, 2014

5. COMPARATIVE FIGURES

The prior year's comparative figures were prepared as a compilation engagement. Certain comparative figures have been reclassified to conform to the current year's presentation.
