

**GLOBAL PEACE NETWORK**

**FINANCIAL STATEMENTS**

**January 31, 2019**

**(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, 2019, 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, 2019, 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.  
June 20, 2019

  
Chartered Professional Accountants



**GLOBAL PEACE NETWORK**  
STATEMENT OF FINANCIAL POSITION  
As at January 31, 2019  
(Unaudited)

	Operating Fund	Clinic Initiative Fund	Education Initiative Fund	Grant Initiatives Fund	Total January 31, 2019	Total January 31, 2018
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 1,179	\$ 677	\$ 5,872	\$ 1	\$ 7,729	\$ 51,588
		-	-	-	-	-
	<b>\$ 1,179</b>	<b>\$ 677</b>	<b>\$ 5,872</b>	<b>\$ 1</b>	<b>\$ 7,729</b>	<b>\$ 51,588</b>
<b>CURRENT LIABILITIES</b>						
Accrued expenses	3,150	-	-	-	3,150	3,150
	3,150	-	-	-	3,150	3,150
<b>FUND BALANCES</b>						
Restricted funds	-	677	5,872	1	6,550	49,129
Unrestricted funds	(1,971)	-	-	-	(1,971)	(691)
	(1,971)	677	5,872	1	4,579	48,438
	<b>\$ 1,179</b>	<b>\$ 677</b>	<b>\$ 5,872</b>	<b>\$ 1</b>	<b>\$ 7,729</b>	<b>\$ 51,588</b>

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

**Approved on behalf of the Board:**

*Brian R. Buford* Director  
*Dr. Dr.* Director



# **GLOBAL PEACE NETWORK**

## **STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**

For the year ended January 31, 2019

(Unaudited)

	Operating Fund		Clinic Initiative Fund		Education Initiative Fund		Grant Initiatives Fund	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>REVENUE</b>								
Donations and fundraising	\$ 3,190	\$ 5,665	\$ 2,758	\$ 193	\$ 3,676	\$ 15,533	\$ -	\$ -
Foreign exchange gain (loss)	-	-	-	-	-	-	456	(1,102)
Grant	-	-	-	-	-	-	-	20,429
Interest	4	1	-	-	13	11	3	1
	3,194	5,666	2,758	193	3,689	15,544	459	19,328
<b>EXPENSES</b>								
Return of grant (Note 3)	19,687	-	-	-	-	-	-	-
Accounting	788	1,575	787	-	788	788	787	787
Office	112	537	120	47	14	14	-	26
Student tuition and education	-	-	684	-	2,176	5,485	-	-
Solar water disinfection	-	-	-	-	-	-	-	2,422
Dispensary construction	-	-	-	1,200	-	-	-	-
Travel, boarding and lodging	-	1,491	8,365	5,185	266	1,197	9,374	4,824
Local project salaries and wages	-	-	-	1,662	-	-	-	-
Youth support	-	-	27	-	8,717	1,810	1,267	-
	20,587	3,603	9,983	8,094	11,961	9,294	11,428	8,059
<b>EXCESS (DEFICIENCY) OF REVENUE</b>								
<b>OVER EXPENSES</b>	(17,393)	2,063	(7,225)	(7,901)	(8,272)	6,250	(10,969)	11,269
<b>FUND BALANCES, BEGINNING OF YEAR</b>	(691)	(1,781)	257	1,749	18,358	14,028	30,514	22,761
<b>INTER-FUND TRANSFERS (Note 4)</b>	16,113	(973)	7,645	6,409	(4,214)	(1,920)	(19,544)	(3,516)
<b>FUND BALANCES, END OF YEAR</b>	\$ (1,971)	\$ (691)	\$ 677	\$ 257	\$ 5,872	\$ 18,358	\$ 1	\$ 30,514

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



**GLOBAL PEACE NETWORK****STATEMENT OF CASH FLOWS**

For the year ended January 31, 2019

(Unaudited)

	Operating Fund		Clinic Initiative Fund		Education Initiative Fund		Grant Initiatives Fund	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>SOURCES OF CASH</b>								
Donations and fundraising	\$ 3,190	\$ 5,665	\$ 2,758	\$ 193	\$ 3,676	\$ 15,533	\$ -	\$ -
Foreign exchange gain (loss)	-	-	-	-	-	-	456	(1,102)
Grant	-	-	-	-	-	-	-	20,429
Interest	4	1	-	-	13	11	3	1
	3,194	5,666	2,758	193	3,689	15,544	459	19,328
<b>USES OF CASH</b>								
<b>Operations</b>								
Return of grant (Note 3)	19,687	-	-	-	-	-	-	-
Accounting	788	1,575	787	-	788	788	787	787
Office	112	537	120	47	14	14	-	26
Student tuition and education	-	-	684	-	2,176	5,485	-	-
Solar water disinfection	-	-	-	-	-	-	-	2,422
Travel, boarding and lodging	-	1,491	8,365	5,185	266	1,197	9,374	4,824
Local project salaries and wages	-	-	-	1,662	-	-	-	-
Youth support	-	-	27	-	8,717	1,810	1,267	-
	20,587	3,603	9,983	6,894	11,961	9,294	11,428	8,059
<b>Financing</b>								
Cash transferred from (to) other funds (Note 4)	16,113	(973)	7,645	6,409	(4,214)	(1,920)	(19,544)	(3,516)
	16,113	(973)	7,645	6,409	(4,214)	(1,920)	(19,544)	(3,516)
<b>Investing</b>								
Dispensary construction	-	(1,200)	-	1,200	-	-	-	-
	-	(1,200)	-	1,200	-	-	-	-
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(1,280)</b>	<b>2,290</b>	<b>420</b>	<b>(1,492)</b>	<b>(12,486)</b>	<b>4,330</b>	<b>(30,513)</b>	<b>7,753</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,459</b>	<b>169</b>	<b>257</b>	<b>1,749</b>	<b>18,358</b>	<b>14,028</b>	<b>30,514</b>	<b>22,761</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,179</b>	<b>\$ 2,459</b>	<b>\$ 677</b>	<b>\$ 257</b>	<b>\$ 5,872</b>	<b>\$ 18,358</b>	<b>\$ -</b>	<b>\$ 30,514</b>

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



## **GLOBAL PEACE NETWORK**

### **NOTES TO THE FINANCIAL STATEMENTS**

**January 31, 2019**

**(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 Vancouver, BC.

#### **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 Initiative Fund (previously Dispensary Fund): This fund comprises of revenue received from charitable organizations and institutions for the sole purpose of constructing and operating a community medical dispensary. Post construction, the fund is used to assist with the running of the dispensary. Funds provided by philanthropic organizations generally have conditions as to their use and are termed as externally restricted funds.
- c. Education Initiative Fund (previously Youth Support Fund): This fund is an internally restricted fund created at the behest of GPN's board of directors. The fund was principally established to fund projects associated with access to education, delivery of shelter, medical care and food for street kids, orphans and other children in need.
- d. Grant Initiatives Fund: This a restricted fund created to carry out projects from approved grants.



## **GLOBAL PEACE NETWORK**

### **NOTES TO THE FINANCIAL STATEMENTS**

**January 31, 2019**

**(Unaudited)**

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

##### **Cash and cash equivalents**

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

##### **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.



## **GLOBAL PEACE NETWORK**

### **NOTES TO THE FINANCIAL STATEMENTS**

**January 31, 2019**

**(Unaudited)**

#### **Use of estimates (continued)**

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.

### **3. RETURN OF GRANT**

During the year, GPN returned excess grant funds to the donor organization which funded a water purification project. The funds were returned due to completion of the project below budgeted cost.

### **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:

	Operating Fund		Clinic Initiative Fund		Education Initiative Fund		Grant Initiatives Fund	
Transfers	2019	2018	2019	2018	2019	2018	2019	2018
To (from)	\$ 23,772	\$ (4,887)	\$ (839)	\$ 5,741	\$ (2,461)	\$ (3,582)	\$ (20,472)	\$ 2,728
To (from)	(6,009)	5,021	6,009	(18,052)	-	-	-	13,031
To (from)	(1,476)	(1,107)	-	18,720	1,476	1,662	-	(19,275)
To (from)	-	-	5,388	-	(5,388)	-	-	-
To (from)	(174)	-	(2,913)	-	2,159	-	928	-
	\$ 16,113	\$ (973)	\$ 7,645	\$ 6,409	\$ (4,214)	\$ (1,920)	\$ (19,544)	\$ (3,516)

### **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.



## **GLOBAL PEACE NETWORK**

### **NOTES TO THE FINANCIAL STATEMENTS**

**January 31, 2019**

**(Unaudited)**

#### **5. FINANCIAL INSTRUMENTS *(continued)***

##### **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.

##### **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. SUBSEQUENT EVENT**

Subsequent to year-ended January 31, 2019, GPN was awarded a three-year grant from an overseas organization, totalling US \$225,125, under an agreement to support the establishment of a National Network of Musculoskeletal Rehabilitation Facilities in Tanzania. In March 2019, GPN received the first installment of US \$79,225 towards the grant. The remaining grant will be disbursed as follows:

March 2020	US \$74,450
March 2021	US \$71,450