

THE CALL OF THE POOR INC.

Financial Statements
For the year ended December 31, 2021

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THE CALL OF THE POOR INC.

Financial Statements

For the year ended December 31, 2021

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Independent Auditor's Report

To the Directors of The Call of the Poor Inc.

Qualified Opinion

We have audited the accompanying financial statements of The Call of the Poor Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in fund balance 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, 2021, 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 not-for-profit organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

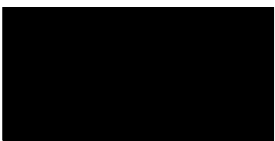
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.



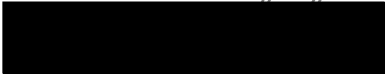
Auditor's Responsibilities for the Audit of the Financial Statements

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:

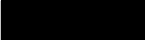
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.



Chartered Professional Accountants

Winnipeg, Manitoba



THE CALL OF THE POOR INC.
Statement of Financial Position

December 31	2021		2020	
	Relief and Development Fund	Stabilization Fund	Total	Total
Assets				
Current Assets				
Cash	\$ 976,628	\$ 418,015	\$ 1,394,643	\$ 953,887
Accounts receivable	0	119	119	121
Prepaid expenses	0	775	775	764
	976,628	418,909	1,395,537	954,772
Investments (Note 2)	15,914	13,414	29,328	30,482
Capital assets (Note 3)	0	305	305	505
	\$ 992,542	\$ 432,628	\$ 1,425,170	\$ 985,759

Liabilities and Fund Balances

Liabilities				
Accounts payable	\$ 0	\$ 50	\$ 50	\$ 0
Deferred revenue (Note 4)	15,500	0	15,500	15,500
	15,500	50	15,550	15,500
Fund balances	977,042	432,578	1,409,620	970,259
	\$ 992,542	\$ 432,628	\$ 1,425,170	\$ 985,759

Approved on behalf of the Board:

_____ Director

_____ Director

THE CALL OF THE POOR INC.
Statement of Operations and Changes in Fund Balance
Relief and Development Fund

For the year ended December 31	2021	2020
Revenues		
Donations - unrestricted	\$ 976,686	\$ 684,272
Interest and other income	2,024	737
	<u>978,710</u>	<u>685,009</u>
Expenses		
Funding of relief and development programs in Third World countries		
Social services	193,670	145,500
Education and training	170,160	155,400
Medical services	101,900	47,600
Agricultural programs	48,270	15,000
Infrastructure development	16,000	5,000
	<u>530,000</u>	<u>368,500</u>
Excess of revenues over expenses for the year	448,710	316,509
Fund balance, beginning of year	<u>528,332</u>	<u>211,823</u>
Fund balance, end of year	<u>\$ 977,042</u>	<u>\$ 528,332</u>

The notes are an integral part of these financial statements.

THE CALL OF THE POOR INC.
Statement of Operations and Changes in Fund Balance
Stabilization Fund

For the year ended December 31	2021	2020
Revenues		
Interest and other income	\$ 4,211	\$ 6,218
Donations - restricted	3,597	2,547
Loss on cash surrender value of life insurance	(5,160)	(9,327)
	<u>2,648</u>	<u>(562)</u>
Expenses		
Professional and other fees	5,504	5,220
Postage	2,109	2,292
Printing and stationery	1,713	1,657
Telephone	732	802
Property insurance	597	610
Security system	481	481
Amortization of capital assets	200	212
Office supplies and equipment repair	659	208
Bank charges	2	28
	<u>11,997</u>	<u>11,510</u>
Deficiency of revenues over expenses for the year	(9,349)	(12,072)
Fund balance, beginning of year	441,927	453,999
Fund balance, end of year	\$ 432,578	\$ 441,927

The notes are an integral part of these financial statements.

THE CALL OF THE POOR INC.
Statement of Cash Flows

For the year ended December 31	2021	2020
Cash Flows from Operating Activities		
Excess of revenues over expenses for the year	\$ 439,361	\$ 304,437
Adjustment for items not affecting cash		
Amortization of capital assets	200	212
	<u>439,561</u>	<u>304,649</u>
Changes in non-cash working capital balances		
Accounts receivable	2	142
Prepaid expenses	(11)	28
Accounts payable	50	(50)
	<u>41</u>	<u>120</u>
Cash Flows from Investing Activities		
Purchase of capital assets	0	(372)
Net decrease in investments	1,154	21,547
	<u>1,154</u>	<u>21,175</u>
Net increase in cash and bank during the year	440,756	325,944
Cash and bank, beginning of year	953,887	627,943
Cash and bank, end of year	\$ 1,394,643	\$ 953,887

The notes are an integral part of these financial statements.

THE CALL OF THE POOR INC.

Notes to Financial Statements

For the years ended December 31, 2021

1. Nature of the Organization and Summary of Significant Accounting Policies

a. Nature of the Organization

The corporation is a non-profit Organization incorporated under The Corporations Act of Manitoba and is registered as a private foundation with the Canada Revenue Agency. Its purpose is to bring relief to the destitute and the starving of the Third World, to help the needy become self-sufficient, and to provide care and dignity for the sick, the abandoned and the dying. The corporation is exempt from income tax under section 149 of the *Income Tax Act*.

b. Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

c. Fund Balances and Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Contributions are included in revenue in the year in which they are received and are considered to be available for unrestricted use, with the exception of those contributions where the donor has imposed a restriction on the use of the donation.

The Call of the Poor Inc. maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objectives specified.

The Relief and Development Fund accounts for all unrestricted contributions which are used for the funding of relief and development programs in Third World countries.

The Stabilization Fund accounts for all contributions where the donors have specified that their donation should be used for paying current operating expenses as well as establishing a reserve from which monies can be used to pay future operating expenses and, when deemed necessary, to fund relief and development projects in Third World countries.

d. Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their fair market value as at the date of donation. Amortization based on the estimated useful life of the asset is calculated as follows:

Office equipment	40 % declining balance method
Office furniture	20 % declining balance method

THE CALL OF THE POOR INC.

Notes to Financial Statements

For the years ended December 31, 2021

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

e. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs for the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. Investments

	2021	2020
Cash value of life insurance policies (Note 5)	\$ 13,414	\$ 14,977
Term deposits - endowment funds	15,500	15,500
Shares at market value	409	0
Share - ██████████	5	5
	\$ 29,328	\$ 30,482

The investments represent gifts from donors. Term deposits bear interest rates between 1.10% and 1.30% and have a maturity date between January 2022 and September 2022.

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 6,257	\$ 5,958	\$ 299	\$ 498
Office furniture	845	839	6	7
	\$ 7,102	\$ 6,797	\$ 305	\$ 505

THE CALL OF THE POOR INC. Notes to Financial Statements

For the year ended December 31, 2021

4. Deferred Revenue

Several donors have established endowment (memorial) funds with the restrictions that:

- (a) their donation be invested;
- (b) the principal amount of the donation remain intact permanently; and
- (c) the annual income generated by the invested principal be used for the Organization's charitable work.

These endowment funds have been accounted for using the deferral method, with the contributions recorded in the financial statements as deferred revenue.

5. Life Insurance Policies

The Organization is owner and beneficiary of two life insurance policies which were gifted by donors. These donors continue to make deposits into the policies, and a donation is recorded for the amount of the deposit. When the combination of deposits by donors and the income generated by the policies for a given year is greater than the cost of insurance for the year, there is a net increase in the cash surrender value of the policy. On the other hand, when the deposits and income are less than the cost of insurance, there is a net loss in the cash surrender value.

6. Financial Instrument Risk

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization is exposed to fluctuations in equity markets on its investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments which potentially subject the Organization to interest risk consist of investments.

7. Uncertainty Due to COVID-19 Issue

The global pandemic continues to have adverse impacts in Canada and on the global economy. The Directors are actively monitoring the effect on the Organization's financial condition, liquidity and operations. The Organization is not able to estimate fully the effects at this time.

THE CALL OF THE POOR INC.
Notes to Financial Statements

For the year ended December 31, 2021

8. Allocation of Expenses

	<u>2021</u>	<u>2020</u>
Funding of relief and development programs in third world countries	\$ 530,000	\$ 368,500
Fundraising	3,822	3,949
Management and Administration	8,175	7,561
	<u>\$ 541,997</u>	<u>\$ 380,010</u>

For the fiscal years ending December 31, 2021 and December 31, 2020, no supported organization received more than 10% of the donations received in that year.

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