

CHILDREN'S JOY FOUNDATION

FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2017



CHILDREN'S JOY FOUNDATION

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REVIEW ENGAGEMENT REPORT

To the Members:

I have reviewed the balance sheet of Children's Joy Foundation as at December 31, 2017 and the statements of collections and disbursements and fund balance, and cash flows for the year then ended, 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many charitable organizations, Children's Joy Foundation derives revenues from donations. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether all cash collections are accurately recorded in the books. The effects on the financial statements have not been determined.

Qualified Conclusion

Based on my review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, in accordance with Canadian generally accepted accounting standards for not-for-profit enterprises.

Surrey, BC
October 5 , 2018



CHILDREN'S JOY FOUNDATION

BALANCE SHEET

(Unaudited)

DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current		
Cash	\$ 113,779	\$ 27,348
Receivables - government remittances	566	-
Prepaid expenses	-	1,836
	<u>114,345</u>	<u>29,184</u>
Equipment (note 2)	14,276	20,395
	<u>\$ 128,621</u>	<u>\$ 49,579</u>
<u>Liabilities</u>		
Current		
Payables and accruals		
Government remittances	-	53
Trade	7,572	6,271
Wages	-	1,303
Finance contract, payable in monthly installments of \$358, secured by equipment	18,992	23,292
	<u>26,564</u>	<u>30,919</u>
<u>Fund Balance</u>		
Balance	102,057	18,660
	<u>\$ 128,621</u>	<u>\$ 49,579</u>

ON BEHALF OF THE BOARD:

_____ Director

_____ Director

See accompanying notes to financial statements

CHILDREN'S JOY FOUNDATION

STATEMENT OF COLLECTIONS AND DISBURSEMENTS AND FUND BALANCE

(Unaudited)

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Income		
Received donations	\$ 329,849	\$ 549,278
Non-receipted donations	604,247	52,161
Foreign exchange gain	10,205	8,342
	<u>944,301</u>	<u>609,781</u>
Expenses		
Accounting and legal	27,401	17,987
Advertising and promotion	2,439	1,573
Contract for services	692,131	481,907
Depreciation	6,119	6,880
Grants awarded	22,190	8,876
Insurance, permits, and licenses	5,939	5,757
Interest and bank charges	36,472	6,574
Meals and entertainment	1,086	3,249
Office, postage, and sundry	9,100	12,191
Rent	16,685	16,440
Supplies	8,024	3,751
Telephone and utilities	5,846	4,312
Travel	5,503	505
Vehicle	1,413	1,040
Wages and benefits	20,556	26,559
	<u>860,904</u>	<u>597,601</u>
Excess (deficiency) of collections over disbursements	83,397	12,180
Fund balance, beginning of year	18,660	6,480
Fund balance, end of year	<u>\$ 102,057</u>	<u>\$ 18,660</u>

See accompanying notes to financial statements

CHILDREN'S JOY FOUNDATION

STATEMENT OF CASH FLOWS
(Unaudited)

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Operating activities		
Excess of collections over disbursements	\$ 83,397	\$ 12,180
Item not affecting cash - depreciation	6,119	6,880
	<u>89,516</u>	<u>19,060</u>
Changes in non-cash working capital		
Government remittances	(619)	887
Prepaid expenses	1,836	(1,036)
Trade payables	1,302	(4,326)
Wages payable	(1,304)	1,303
	<u>90,731</u>	<u>15,888</u>
Financing activities		
Long term loan repayments	(4,300)	(4,299)
Investing activities		
Purchase of equipment	-	(568)
Increase in cash flows	86,431	11,021
Cash and equivalents, beginning of year	27,348	16,327
Cash and equivalents, end of year	<u>\$ 113,779</u>	<u>\$ 27,348</u>

See accompanying notes to financial statements

CHILDREN'S JOY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2017

1. Description of organization

Children's Joy Foundation was established on January 21, 2013. It exists to support the charitable activities carried out in third world countries in Asia particularly in the Philippines. It is a registered charity with the Canadian Revenue Agency.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian standards for not-for-profit enterprises.

Financial instruments

Financial instruments comprise cash and short term investments, receivables, payables, and long-term debt. Fair value is estimated to equal book value. It is the Board's position that the Foundation is not exposed to material credit or liquidity risks related to these financial statements.

Equipment and depreciation

Equipment is recorded at cost. Depreciation is provided on the diminishing balance basis at annual rate of 30% (reduced by half in the year of acquisition).

Income and expense recognition

General fund contributions are recognized as donation when received.

Volunteers contribute significantly to assist the Foundation in achieving its goals. The value of donated services is not recorded in the financial statements.

Use of estimates

The preparation of financial statements necessarily involves the use of estimates and assumptions. Management believes its estimates to be appropriate; however, actual results could differ from these estimates.

CHILDREN'S JOY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2017

3. Equipment

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Auto	31,421	18,335	13,086	18,695
Furniture and fixtures	2,000	810	1,190	1,700
	<u>\$ 33,421</u>	<u>\$ 19,145</u>	<u>\$ 14,276</u>	<u>\$ 20,395</u>

4. Contract for Services

In January 2014, Children's Joy Foundation entered into a contract for services with [REDACTED] to operate its charitable services in the Philippines. [REDACTED] is a non-profit organization registered under the Corporate Code of the Philippines [REDACTED]

In 2017 [REDACTED] was retained to build basketball court in the residential home care facility in Davao, to construct a road network in that facility compound, and to provide food and nutrition to about 300 children living in its six residential care facilities across Philippines. Estimated total cost of these projects is \$790,000.

The contract requires Children's Joy Foundation to reimburse costs for services performed totalling \$692,000 which is reported as contract for services in the Statement of Collections and Disbursements. No liabilities are recorded in the books for any amounts owing to complete this contract.

