
FH CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024



**FOOD FOR
THE HUNGRY**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of FH Canada

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of FH Canada (the "Organization"), which comprise the statement of financial position as at September 30, 2024, and the statements of changes in net assets, operations 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 September 30, 2024, and the results of its operations and 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 charitable organizations, the Organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donation revenues was limited to the amounts recorded in the records of the Organization and we were unable to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended September 30, 2024 and 2023, total assets as at September 30, 2024 and 2023, and net assets at both the beginning and end of September 30, 2024 and 2023. Our audit opinion on the financial statements for the year ended September 30, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

- 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 auditors' 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 auditors' 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.

Manning Elliott LLP

MANNING ELLIOTT LLP

Chartered Professional Accountants

Abbotsford, British Columbia

January 15, 2025

FH CANADA
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 506,982	\$ 621,933
Investments (Note 3)	719,161	657,700
Accounts receivable	16,880	16,169
Prepaid expenses	104,562	113,448
Fair value of foreign exchange contracts (Note 4)	-	15,105
	1,347,585	1,424,355
CAPITAL ASSETS (Note 5)	85,434	130,009
	\$ 1,433,019	\$ 1,554,364
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 157,657	\$ 209,231
Deferred contributions (Note 6)	12,437	135,269
Fair value of foreign exchange contracts (Note 4)	17,265	-
	187,359	344,500
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	62,209	93,313
	249,568	437,813
NET ASSETS	1,183,451	1,116,551
	\$ 1,433,019	\$ 1,554,364

CONTRACTUAL OBLIGATIONS (Note 8)

Approved by the Board:


 _____ Director


 _____ Director

FH CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 1,116,551	\$ 2,146,772
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	66,900	(1,030,221)
NET ASSETS - END OF YEAR	\$ 1,183,451	\$ 1,116,551

FH CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024	2023
REVENUE		
Donations (Notes 6, 7, 9)	\$ 9,875,134	\$ 8,050,430
Gifts in kind	3,368,555	5,386,929
Investment and other income (Note 10)	168,812	113,394
	13,412,501	13,550,753
EXPENSES		
Programs (Note 13)	10,037,777	11,302,445
Public awareness and education (Note 13)	294,613	293,954
Investment and other expenses (Note 10)	35,756	42,006
	10,368,146	11,638,405
SUPPORT		
Fundraising (Notes 11, 13)	1,591,475	1,802,919
Administration (Note 13)	1,385,980	1,139,650
	2,977,455	2,942,569
	13,345,601	14,580,974
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 66,900	\$ (1,030,221)

FH CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 66,900	\$ (1,030,221)
Items not affecting cash:		
Amortization of capital assets	45,818	17,696
Amortization of deferred capital contributions	(31,104)	-
Change in the cash surrender value of life insurance	-	8,992
Loss on disposal of capital assets	1,036	559
(Gain) loss on disposal of investments	(316)	637
Change in unrealized foreign exchange contracts	32,370	184,480
Unrealized gain on investments	(113,967)	(49,002)
	737	(866,859)
Changes in non-cash working capital:		
Accounts receivable	(711)	45,589
Prepaid expenses	8,886	(12,135)
Accounts payable and accrued liabilities	(51,574)	(53,850)
Deferred contributions	(122,832)	(47,864)
	(166,231)	(68,260)
	(165,494)	(935,119)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,279)	(113,578)
Proceeds from disposal of investments	52,822	699,377
Deferred capital contributions received	-	93,313
	50,543	679,112
CHANGE IN CASH DURING THE YEAR	(114,951)	(256,007)
CASH - BEGINNING OF YEAR	621,933	877,940
CASH - END OF YEAR	\$ 506,982	\$ 621,933

FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NATURE OF OPERATIONS

FH Canada (the "Organization") is incorporated under the Canada Not-for-profit Corporations Act, is registered as a charity under the Income Tax Act (Canada), and accordingly is exempt from income taxes on its operations. The purpose of FH Canada is to provide sustainable development and disaster relief to the needy and destitute of the world, and to provide educational programs and information in Canada to enhance public understanding of the issues surrounding poverty.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in accordance with Canadian generally accepted accounting principles (GAAP), and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Cash

Cash includes cash and cash equivalents. Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Cash equivalents are short-term deposits with maturity dates of less than 90 days.

(b) Capital assets

Capital assets are stated at cost less accumulated amortization. The following asset categories are amortized on the declining balance basis over the estimated useful life of the assets at the following annual rates:

Computer hardware	40%
Furniture and fixtures	20%

Computer software and website is amortized on the straight-line basis over three years. Leasehold improvements are amortized on the straight-line basis over the term of the lease.

The Organization's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the Organization's value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenues and expenses are not reversed.

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FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred contributions represent restricted contributions that have not been utilized for related expenses.

Deferred capital contributions include contributions that are restricted for the purchase of capital assets. These contributions are amortized and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

Service income is recognized when services have been rendered.

Income from investments is recorded as earned, including gains and losses based on quoted fair values, whether realized or unrealized.

(d) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenue and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of the useful lives of capital assets used for the calculation of amortization, measurement of deferred contributions and deferred capital contributions, the determination of the amounts recorded as accrued liabilities, and the fair value of gifts in kind.

(e) Foreign currency translation

Monetary assets and liabilities in currencies other than the Canadian dollar are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Revenue, expenses and non-monetary balances are translated at the rate of exchange prevailing at the transaction dates.

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FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Contributed services and materials

The Organization benefits from contributed services in the form of volunteer time and contributed materials. Contributed services are not recognized in the financial statements due to the difficulty of determining their fair value. Contributed materials are recognized as gifts in kind only when their fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Gifts in kind represent donated food containers and medicines shipped to various areas of need around the world in accordance with the Organization's purpose and objectives. Food containers and medicines donated to the Organization are shipped directly from the donors' premises.

Other donations in kind include gifts of publicly traded equities.

(g) Allocation of expenses

The Organization incurs a number of general support expenses that are common to the administration of the Organization and its programs. Where shared or indirect costs relate to more than one activity, such as the administration of these programs, the Organization allocates these costs to all of the activities. These costs include administrative personnel, occupancy costs, and other operating expenses not directly attributable to specific activities. These expenses are allocated by applying a percentage to direct costs of each activity. The percentages provided by management are based on estimates from ongoing analysis and monitoring of the level of support applicable to each program.

(h) Financial instruments

i) Measurement

The Organization's financial instruments consist of cash, investments, accounts receivable, foreign exchange contracts, and accounts payable.

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in equity instruments and foreign exchange contracts or options that are quoted in an active market, which are measured at fair value. Changes in fair value of equity and foreign exchange hedging instruments carried at fair value are recognized in net income.

ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in excess (deficiency) of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the period in which it is determined.

FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. FINANCIAL INSTRUMENTS RISKS

The Organization's financial instruments are described in Note 1(h). In management's opinion, the Organization is not exposed to significant credit, liquidity, market, currency, interest or other price risks arising from these financial instruments, except as described below. In addition, the Organization is not exposed to any material concentrations of risk and there have been no significant changes in the risk exposures from the prior year.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through its accounts receivable. The Organization's accounts receivable consist primarily of amounts due from the Canada Revenue Agency for goods and services tax refunds and therefore the risk associated with accounts receivable is minimal. At September 30, 2024 and 2023, an allowance for doubtful accounts was not considered necessary by management.

b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk arising primarily from its accounts payable. The Organization's ability to meet obligations depends on the receipt of funds from its donors. The Organization manages liquidity risk through its budgeting process and its regular operating activities.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and other price risk.

d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization receives donations largely in Canadian funds from donors, which are then remitted to the beneficiary countries in US dollars to fund program activities. Currency risk arises as a result of the possibility of the cost of program activities fluctuating because of changes in foreign exchange rates. As at September 30, 2024, the Organization also has cash of \$63,471 (USD \$46,939) denominated in foreign currencies and thus is exposed to the financial risk arising from changes in foreign exchange rates and the degree of volatility of these rates. The Organization manages this risk through forward currency contracts.

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to interest rate risk.

f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in publicly traded securities expose the Organization to market risk as such investments are subject to price changes in the open market. The Organization manages exposure to this risk by utilizing professional investment advisors and adhering to a low risk investment policy.

FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

3. INVESTMENTS

	2024	2023
Marketable securities	\$ 719,161	\$ 657,700

The above investments consist of equity instruments, which are quoted on an active market and measured at fair value.

4. FOREIGN EXCHANGE CONTRACTS

The Organization has entered into forward contracts with a notional amount of US dollars \$1,710,000 (2023 - \$420,000) with the Bank of Montreal. The forward contracts require the Organization to purchase US dollars at fixed exchange rates at 1.35 to 1.37 (2023 - 1.32). These contracts will mature between October 1, 2024 and September 2, 2025 (2023 - October 3, 2023 and December 1, 2023).

The fair value of the contracts is estimated to be a loss of \$17,265 (2023 - \$15,105 gain) based on mark to market reports prepared by the contract issuers and will fluctuate with changes in the exchange rate until the contracts mature.

Subsequent to year end, the Organization has not entered into any further forward contracts.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer hardware	\$ 103,150	\$ 79,951	\$ 23,199	\$ 36,664
Computer software	2,743	2,743	-	-
Furniture and fixtures	5,500	5,474	26	32
Leasehold improvements	19,515	19,515	-	-
Website	93,313	31,104	62,209	93,313
	\$ 224,221	\$ 138,787	\$ 85,434	\$ 130,009

The website upgrade was completed during the year, accordingly amortization began in the current year.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represents donations that were designated by supporters and will be disbursed in the future for ongoing programs. When project funding requirements have been fully met, the board of directors has the right to redirect the funds to another project.

	2024	2023
Balance, beginning of year	\$ 135,269	\$ 183,132
Restricted income received during the year	788	281,411
Restricted income spent during the year	(123,620)	(329,274)
Balance, end of year	\$ 12,437	\$ 135,269

Amounts recognized during the year are included in donations revenue.

FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions that have been used to purchase capital assets. These contributions are amortized and recognized as donations revenue at the same rate as the underlying capital asset.

	2024	2023
Balance, beginning of year	\$ 93,313	\$ -
Restricted income received during the year	-	93,313
Amounts recognized as revenue during the year	(31,104)	-
Balance, end of year	\$ 62,209	\$ 93,313

The contributions received relate to the website which was put in to use on during the year, accordingly amortization of the deferred capital contributions began in the current year.

8. CONTRACTUAL OBLIGATIONS

The Organization has an operating lease for the use of its premises with an end date of May 31, 2025. Under the terms of the lease, the minimum annual lease payments required over the next fiscal year is \$76,157.

9. DONATIONS

	2024	2023
Sponsorships	\$ 5,087,512	\$ 4,263,149
Donations	4,787,622	3,787,281
	\$ 9,875,134	\$ 8,050,430

10. INVESTMENT AND OTHER INCOME (EXPENSE)

	2024	2023
Investment and other income:		
Foreign exchange gain	\$ 23,623	\$ 16,782
Gain on disposal of investments	316	-
Other income	30,906	47,610
Unrealized gain on investments	113,967	49,002
	168,812	113,394
Investment and other expense:		
Loss on disposal of capital assets	(1,036)	(559)
Loss on disposal of investments	-	(637)
Unrealized loss on foreign exchange	(34,720)	(40,810)
	(35,756)	(42,006)

FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

11. FUNDRAISING EXPENSES

As required under Section 7(2) of the Charitable Fundraising Act Regulation of Alberta, the Organization discloses that the expenses incurred for the purpose of soliciting contributions includes expenses and fees of \$334,998 (2023 - \$578,513) for artists and fundraising businesses to solicit contributions on the Organization's behalf. The amounts paid as remuneration to employees of the Organization whose principal duties involve fundraising was \$922,394 (2023 - \$710,260).

The Organization supported overseas charitable activities by forwarding funding of \$5,979,147 (2023 - \$4,970,315) and shipped goods valued at \$3,378,418 (2023 - \$5,542,484).

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification does not have any effect on the previously stated total assets, total liabilities, net assets and deficiency of revenue over expenses.

FH CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

13. ALLOCATION OF EXPENSES

	Programs	Public awareness and education	Fundraising	Administration	2024	2023
Direct international program payments	\$ 5,977,889	\$ -	\$ 1,258	\$ -	\$ 5,979,147	\$ 4,970,315
Commodities sent to the field	3,378,418	-	-	-	3,378,418	5,542,484
Wages and benefits	420,603	230,835	661,398	829,049	2,141,885	1,932,867
Media and events	23	24,254	532,942	8,070	565,289	941,525
Office and miscellaneous	8,817	6,125	164,469	178,774	358,185	206,784
Dues and fees	33,225	2,359	41,883	118,799	196,266	219,891
Travel	46,933	11,580	23,651	59,261	141,425	127,669
Commodity shipping and other costs	129,719	-	-	-	129,719	149,466
Occupancy	23,588	14,433	33,506	46,548	118,075	113,677
Postage and delivery	12,461	1,180	91,990	731	106,362	171,356
Data processing and communications	2,812	1,638	2,939	93,991	101,380	90,921
Amortization of capital assets	2,957	1,515	35,726	5,620	45,818	17,696
Insurance	-	-	-	20,875	20,875	19,938
Meals and entertainment	332	694	1,713	17,318	20,057	27,703
Repairs and maintenance	-	-	-	6,944	6,944	6,426
Grants to qualified donees	-	-	-	-	-	250
Total expenses	\$ 10,037,777	\$ 294,613	\$ 1,591,475	\$ 1,385,980	\$ 13,309,845	\$ 14,538,968