

GAWAD KALINGA CANADA

Financial Statements

September 30, 2012

(Unaudited)

GAWAD KALINGA CANADA
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Year Ended September 30, 2012
(Unaudited)

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HOGG

SHAIN &

SCHECK

Professional Corporation
Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Directors of Gawad Kalinga Canada

We have reviewed the statement of financial position of Gawad Kalinga Canada as at September 30, 2012 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

The financial statements for the year ended September 30, 2011 were neither audited nor reviewed and are presented for comparative purposes only.

Hogg, Shain & Scheck PC

Toronto, Ontario
February 13 2013

Authorized to practice public accounting by
The Institute of Chartered Accountants of Ontario

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Independent Member Firm

GAWAD KALINGA CANADA
Statement of Revenues and Expenditures
Year Ended September 30, 2012
(Unaudited)

	2012	2011 <i>(Note 8)</i>
REVENUES		
Auction sales	\$ 990	\$ 2,022
Book sales	755	520
Donations	29,290	27,716
Raffle tickets	1,045	-
Registration fees	9,574	-
Sponsorships	64,630	16,000
T-shirt sales	744	255
Ticket sales	29,379	2,970
Miscellaneous income	547	-
	136,954	49,483
EXPENDITURES		
Bank charges	1,287	353
Conference and summit	120,076	11,267
Cost of books	583	-
Insurance	680	-
Licenses	6,958	-
Office	245	-
Professional fees	7,183	10,896
Program expenses	-	27,125
Supplies	144	543
	137,156	50,184
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$(202)	\$(701)

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Statement of Changes in Net Assets
Year Ended September 30, 2012
(Unaudited)

	2012	2011 <i>(Note 8)</i>
NET ASSETS - BEGINNING OF YEAR	\$(701)	\$ -
Deficiency of revenues over expenditures	<u>(202)</u>	<u>(701)</u>
NET ASSETS - END OF YEAR	<u>\$(903)</u>	<u>\$(701)</u>

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA

Statement of Financial Position

September 30, 2012

(Unaudited)

	2012	2011 <i>(Note 8)</i>
ASSETS		
CURRENT		
Cash	\$ 12,444	\$ 1,640
Cash - restricted <i>(Note 4)</i>	28,515	-
Accounts receivable	8,549	15,000
Inventory	222	-
	<u>\$ 49,730</u>	<u>\$ 16,640</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 18,013	\$ 3,775
Deferred revenue <i>(Note 4)</i>	28,515	-
Advances from GK Philippines <i>(Note 5)</i>	2,805	11,426
Advances from directors <i>(Note 6)</i>	1,300	2,140
	<u>50,633</u>	<u>17,341</u>
NET ASSETS		
FUND BALANCE	<u>(903)</u>	<u>(701)</u>
	<u>\$ 49,730</u>	<u>\$ 16,640</u>

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Statement of Cash Flows
Year Ended September 30, 2012
(Unaudited)

	2012	2011 <i>(Note 8)</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$(202)	\$(701)
Changes in non-cash working capital:		
Accounts receivable	6,451	(15,000)
Inventory	(222)	-
Accounts payable and accrued liabilities	14,238	3,775
Deferred revenue	28,515	-
	<u>48,982</u>	<u>(11,225)</u>
Cash flow from (used by) operating activities	<u>48,780</u>	<u>(11,926)</u>
FINANCING ACTIVITIES		
Advances from (repayments to) GK Philippines	(8,621)	11,426
Advances from (repayments to) directors	(840)	2,140
Cash flow from (used by) financing activities	<u>(9,461)</u>	<u>13,566</u>
INCREASE IN CASH FLOW	39,319	1,640
CASH - BEGINNING OF YEAR	<u>1,640</u>	-
CASH - END OF YEAR	<u>\$ 40,959</u>	<u>\$ 1,640</u>
CASH CONSISTS OF:		
Cash	\$ 12,444	\$ 1,640
Cash - restricted	28,515	-
	<u>\$ 40,959</u>	<u>\$ 1,640</u>

See the accompanying notes to these financial statements

GAWAD KALINGA CANADA
Notes to Financial Statements
Year Ended September 30, 2012
(Unaudited)

1. PURPOSE OF ORGANIZATION

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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.

(continues)

GAWAD KALINGA CANADA
Notes to Financial Statements
Year Ended September 30, 2012
(Unaudited)

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

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the organization's designation of such instruments.

Classification

Cash	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Advances from GK Philippines	Other liabilities
Advances from directors	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically held for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date using current market prices. Fair value fluctuations, including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are recognized in the fund corresponding to the purpose for which the original funds were contributed.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are all financial liabilities, other than derivative instruments, and are recorded at amortized cost using the effective interest method.

Transaction costs

Transaction costs related to held for trading financial assets are expensed as incurred.

3. CHANGES IN ACCOUNTING POLICIES

New Accounting Standards for Not-for-Profit Organizations

The Accounting Standards Board (AcSB) has established a set of generally accepted accounting principles for not-for-profit organizations. These standards were built upon the existing guidance already contained within the CICA Handbook, as well as additional standards and amendments. These standards must be adopted for fiscal years beginning on or after January 1, 2012. The organization will adopt the new CICA standards in their September 31, 2013 fiscal year. These new standards are not expected to have a material impact on the organization's financial statements.

GAWAD KALINGA CANADA
Notes to Financial Statements
Year Ended September 30, 2012
(Unaudited)

4. DEFERRED REVENUE

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, including 8 houses for the benefit of 8 homeless families affected by Typhoon Sendong. In addition to houses, the organization will build 5 septic tanks to benefit 5 families, will conduct a livelihood program to benefit 238 households and a values formation program for Agricoolers benefiting 42 children.

Upon disbursement of these funds for their specified projects, a 7.5% retention fee will be preserved. This fee allows for a portion of contributions to be used to fund the organization's administrative operations, if required.

5. ADVANCES FROM GK PHILIPPINES

Advances from GK Philippines are non-interest bearing and have no set repayment terms.

6. ADVANCES FROM DIRECTORS

Advances from directors are non-interest bearing and have no set repayment terms.

7. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities, advances from GK Philippines and advances from directors.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial statements.

8. 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.
