

**VILLAGES OF HOPE: AFRICA SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current assets		
Cash and short-term deposits	\$ 502,241	\$ 592,480
Due from PAOC	97,490	12,158
	<hr/> <u>\$ 599,731</u>	<hr/> <u>\$ 604,638</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts payable & general accruals	\$ 4,606	\$ 4,803
<b>FUND BALANCES</b>		
General fund	184,125	217,020
Internally restricted funds	411,000	382,815
	<hr/> <u>\$ 599,731</u>	<hr/> <u>\$ 604,638</u>

VILLAGES OF HOPE: AFRICA SOCIETY  
STATEMENT OF OPERATING FUND ACTIVITY  
YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Donations	\$ 1,415,469	\$ 1,556,495
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<b>Expenditures</b>		
Transfers to overseas agents	1,332,683	1,326,499
Administration	81,655	71,499
Legal and audit	5,841	5,250
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	1,420,179	1,403,248
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<b>Excess of revenue over expenditures</b>	<b>\$ (4,710)</b>	<b>\$ 153,247</b>
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See accompanying notes

VILLAGES OF HOPE: AFRICA SOCIETY  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Operating Activities		
Excess of Revenue over expenditure	\$ (4,710)	\$ 153,247
Net changes in non-cash working capital items		
Due from (to) related parties	(85,332)	168,641
Accounts Payable & Accrued Liabilities	(197)	(1,457)
	<u>(85,529)</u>	<u>167,184</u>
Cash flows from operating activities	(90,239)	320,431
Cash and short-term deposits beginning of the year	592,480	272,049
Cash and short-term deposits, end of year	<u>\$ 502,241</u>	<u>\$ 592,480</u>

**VILLAGES OF HOPE: AFRICA SOCIETY**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31 , 2012**

**1 NATURE OF BUSINESS**

The organization is registered as a charitable organization with the Canada Revenue Agency, and as such is exempt from income taxes under the Income Tax Act (Canada). The organization was formed in 2009 to facilitate the establishment and administration of excellent care for children at risk by partnering with various African based organizations. The organization has developed a set of standards for the quality childcare, and holds each village accountable to those standards.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and included the following significant accounting policies:

a) Revenue recognition

The organization records revenue from donations and contributions in the period in which it is received. Receipts designated for specific programs, but not yet expended at year end are recorded as restricted designated funds on the organization's statement of financial position.

b) Fund accounting

The organization's accounts follow the principles of restricted fund accounting under which resources for particular purposes are classified, for accounting and reporting into funds corresponding to those purposes.

**3. USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the

reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

#### 4. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and temporary investments. It is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair values of these instruments approximate their carrying values.

#### 5. DUE FROM PAOC

The balance due from PAOC is unsecured, non-interest bearing and has no set terms of repayment.