

Financial statements of

**Action Contre La Faim ACF
(Canada)/Action Against Hunger
ACF (Canada)**

December 31, 2015

**Action Contre La Faim ACF (Canada)/
Action Against Hunger ACF (Canada)**
December 31, 2015

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Independent Auditor's Report

To the Board of Directors of
Action Contre La Faim ACF (Canada)/
Action Against Hunger ACF (Canada)

We have audited the accompanying financial statements of Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada) (the "Organization"), which comprise the statement of financial position as at December 31, 2015, the statements of revenue and expenses, changes in net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2015 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.

Deloitte LLP

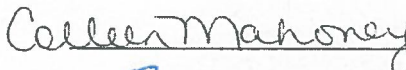

Chartered Professional Accountants
Licensed Public Accountants
June 13, 2016

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Statement of financial position
as at December 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets		
Cash	2,476,634	2,546,478
Grants receivable	22,435	834,437
Sales taxes recoverable	67,972	45,257
Deposits and prepaid expenses	4,479	27,050
Receivables and grant advances - other ACF agencies (Note 3)	1,807,723	399,079
	4,379,243	3,852,301
Capital assets (Note 4)	21,859	22,487
	4,401,102	3,874,788
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	380,309	309,926
Deferred grants (Note 7)	4,262,048	3,470,604
Advances and loans payable - other ACF agencies and other (Note 8a)	20,607	337,973
	4,662,964	4,118,503
Loans payable - ACF France (Note 8b)	-	377,911
	4,662,964	4,496,414
Net assets		
Invested in capital assets	21,859	22,487
Unrestricted	(283,721)	(644,113)
	(261,862)	(621,626)
	4,401,102	3,874,788

Approved by the Board

 Director
 Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Statement of revenue and expenses
year ended December 31, 2015

	2015	2014 (Note 15)
	\$	\$
Revenue		
Grants - Government of Canada - Global Affairs Canada ("GAC") (Note 7)	11,717,920	8,476,334
Grants - Standardized Monitoring and Assessment of Relief and Transition ("SMART") programme and other (Note 7)	709,663	742,293
Grant Support ACF Network (Note 11)	400,629	210,000
ACF Network Expats funding (Note 11)	1,723,929	1,444,443
Donations	229,996	246,431
Interest and other (Note 12)	94,388	16,195
Gain on foreign exchange	8,735	3,847
	14,885,260	11,139,543
Expenses		
Grants executed - GAC (Note 11)	11,558,815	8,359,437
Salaries and benefits - ACF Network Expats (Note 11)	1,723,929	1,444,443
Salaries and benefits	1,086,672	901,565
Programme expenses	204,528	270,432
Fundraising	71,245	164,580
Travel	41,267	38,179
Rent	49,798	65,701
Humanitarian crisis	-	25,000
Advertising	3,608	4,998
Telecommunications and information technology	35,843	4,095
Office and general administration	117,824	156,243
Interest and bank charges	3,941	11,360
Amortization of capital assets	8,404	8,430
	14,905,874	11,454,463
Deficiency of revenue over expenses before the undernoted item	(20,614)	(314,920)
Waived loan (Note 8)	380,378	-
Excess (deficiency) of revenue over expenses for the year	359,764	(314,920)

The accompanying notes to the financial statements are an integral part of this financial statement.

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Statement of changes in net assets
year ended December 31, 2015

			2015	2014
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	22,487	(644,113)	(621,626)	(306,706)
Excess (deficiency) of revenue over expenses for the year	(8,404)	368,168	359,764	(314,920)
Acquisition of capital assets	7,776	(7,776)	-	-
Balance, end of year	21,859	(283,721)	(261,862)	(621,626)

The accompanying notes to the financial statements are an integral part of this financial statement.

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Statement of cash flows
year ended December 31, 2015

	2015	2014
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	359,764	(314,920)
Items not affecting cash		
Waived loan (Note 8)	(380,378)	-
Amortization of capital assets	8,404	8,430
	(12,210)	(306,490)
Net change in non-cash working capital items (Note 10)	(52,325)	2,287,041
	(64,535)	1,980,551
Investing activity		
Acquisition of capital assets (net of changes in accounts payable related to capital assets additions of \$Nil (2014 - \$5,599))	(7,776)	(11,584)
Financing activity		
Increase in loan payable - ACF France	2,467	42,908
(Decrease) increase in cash	(69,844)	2,011,875
Cash, beginning of year	2,546,478	534,603
Cash, end of year	2,476,634	2,546,478

The accompanying notes to the financial statements are an integral part of this financial statement.

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Notes to the financial statements

December 31, 2015

1. Purpose of the Organization

Action Contre La Faim ACF (Canada)/Action Against Hunger ACF (Canada) (the "Organization") was incorporated under Part II of the Canada Corporations Act and is a non-profit organization as defined in the Income Tax Act. The Organization was continued under the Canada Not-for-Profit Corporations Act on April 25, 2013. It has the objective of the fight against hunger in the world through the prevention, detection and treatment of malnutrition, by intervening during and after emergency situations of social conflict, war and natural disaster.

The Organization is part of Action Against Hunger ACF International and shares a common objective and vision as Action Against Hunger ACF - France, Action Against Hunger ACF - UK, Action Against Hunger ACF – Spain and Action Against Hunger ACF - USA. The Organization has an economic interest in the other Action Against Hunger agencies based on the financial support by way of various grants provided to assist in the implementation of the Organization's common vision. The Organization has subcontracting agreements with the other agencies when they perform work on behalf of the Organization with regards to certain projects and programmes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPOs"), and include the following significant policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. The 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.

Government grants for non-specific uses are taken into revenue over the period to which they apply. Government grants pertaining to specific programmes are recognized as revenue as related programme expenses are incurred.

Revenues from donations are recognized when received.

Interest income is recognized as revenue when earned.

Donations of goods and services

The Organization receives donations of goods and services that contribute directly or indirectly to maintain its activities. These gifts are not accounted for because their fair value cannot be reasonably estimated.

Grants receivable

Grants receivable represents the difference between funds received and the amounts spent for specific programmes.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful life as follows:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Computer software	3 year straight-line
Website	30% declining balance

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Notes to the financial statements

December 31, 2015

2. Significant accounting policies (continued)

Impairment of long-lived assets

Long-lived assets, which comprise capital assets, are reviewed for impairment when certain events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value calculated using discounted cash flows.

Deferred revenue

Deferred revenue represents the difference between the funds received and the revenue recognized for specific programmes.

Foreign exchange

The Organization follows the temporal method to translate its foreign currency balances and transactions into Canadian dollars. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at year-end and the other Statement of financial position items and Statement of revenue and expenses items are translated at the monthly average exchange rates. Exchange gains and losses are included in the excess (deficiency) of revenue over expenses for the year.

Financial instruments

Measurement of financial instruments

The Organization's financial assets are comprised of cash, grants receivable, deposits, and receivables and grant advances. Financial liabilities are comprised of accounts payable and accrued liabilities, and advances and loans payable.

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, financial assets and financial liabilities are recorded at amortized cost. The cost of financial instruments approximates their fair value due to their short-term nature.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss (if any) may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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 the excess (deficiency) of revenue over expenses.

Use of estimates

The preparation of the financial statements in accordance with Canadian ASNPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Primary components of these financial statements which include estimates are: capital assets with respect to useful life and amortization; accrued liabilities; and deferred grants. Actual results could differ from management's best estimates as additional information becomes available in the future.

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Notes to the financial statements

December 31, 2015

3. Receivables and grant advances - other ACF agencies

	2015	2014
	\$	\$
ACF France	933,102	35,498
ACF Spain	236,514	-
ACF USA	636,670	356,907
ACF UK	1,337	6,674
	1,807,623	399,079

4. Fixed assets

	2015		2014	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and fixtures	15,670	10,249	5,421	6,776
Computer hardware	34,911	19,229	15,682	14,626
Computer software	3,102	3,048	54	82
SMART website	5,780	5,078	702	1,003
	59,463	37,604	21,859	22,487

5. Financing facility

The Organization has a line of credit of \$40,000. No amounts had been withdrawn as at December 31, 2015 and 2014. Bank indebtedness, outstanding at any time, is due on demand, bears interest at 3.75% and is unsecured.

6. Accounts payable and accrued liabilities

	2015	2014
	\$	\$
Trade and accrued liabilities	369,348	197,556
Salaries payable	10,766	112,370
Government remittances	195	-
	380,309	309,926

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Notes to the financial statements
December 31, 2015

7. Deferred grants

					2015	2014
	GAC	SMART*	SIDA**	Other	Total	Total
	\$	\$	\$	\$	\$	\$
Opening balance	3,388,401	82,203	-	-	3,470,604	1,502,864
Funding received during the year	12,875,000	616,976	209,816	138,622	13,840,414	10,760,613
Change in grants receivable***	(598,471)	(24,166)	1,250	-	(621,387)	389,609
Revenue recognized during the year	(11,717,920)	(651,279)	(58,384)	-	(12,427,583)	(9,182,482)
	3,947,010	23,734	152,682	138,622	4,262,048	3,470,604

* Excludes management fees billed directly to funder.

** Swedish International Development Cooperation Agency.

*** Includes foreign exchange gain (loss).

8. Advances and loans payable

(a) *Advances and loans payable - other ACF agencies and other*

	2015	2014
	\$	\$
Advances and loans payable, unsecured, non-interest bearing, no specific terms of repayment but due on demand		
ACF Spain	-	318,973
Other	20,607	19,000
	20,607	337,973

(b) *Loans payable to ACF France*

	2015	2014
	\$	\$
Loan payable, unsecured, non-interest bearing, repayable in Canadian dollars, no specific terms of repayment	-	213,000
Loan payable, unsecured, non-interest bearing, repayable in Euros due in four equal instalments on October 25, 2018, January 25, 2019, April 25, 2019 and July 25, 2019		164,911
	-	377,911

Repayment of the loans (including a revaluation amount of \$2,467) was waived during the year.

9. Commitments

The Organization is committed to minimum rental payments of \$36,000 under its operating lease for its Toronto office, which expires in 2016.

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Notes to the financial statements
December 31, 2015

10. Cash flows

Net change in non-cash working capital items is comprised of the following:

	2015	2014
	\$	\$
Grants receivable	812,002	(389,609)
Sales taxes recoverable	(22,715)	(34,257)
Deposits and prepaid expenses	22,571	(18,440)
Receivables and grant advances - other ACF agencies	(1,408,644)	625,926
Accounts payable and accrued liabilities	70,383	186,473
Deferred grants	791,444	1,967,740
Advances and loans payable - other ACF agencies and other	(317,366)	(50,792)
	(52,325)	2,287,041

11. Related party transactions

During the year, the following transactions occurred:

- Included in Grants executed - GAC is the amount of \$645,023 (2014 -\$473,176) representing administrative fees paid by the Organization to other ACF Network agencies to administer certain programmes.
- Grant Support ACF Network in the amount of \$276,000 (2014 - \$210,000) was received from other ACF agencies.
- ACF Network Expats funding in the amount of \$1,723,929 (2014 -\$1,444,443) representing funding of salaries and benefits - ACF Network Expats expense.

These transactions took place in the normal course of business and were determined at the exchange value, which is the amount of consideration determined and agreed to by the Organization and its related parties.

12. Interest and other

Interest and other includes a one-time amount of \$77,592 (2014 - \$Nil) relating to previously unrecognized credits.

13. Financial instruments

Currency risk

The Organization realizes some of its transactions in foreign currencies. Consequently, it is exposed to fluctuations of these currencies. As at December 31, 2015, assets and liabilities denominated in other currencies are as follows:

	US dollars		Euros		British pound	
	2015	2014	2015	2014	2015	2014
	\$	\$	€	€	£	£
Cash	310,411	116,868	-	-	-	-
Loans payable - other ACF agencies	165,887	41,511	19,973	117,475	610	14,240

Action Contre La Faim ACF (Canada)/ Action Against Hunger ACF (Canada)

Notes to the financial statements

December 31, 2015

13. Financial instruments (continued)

Interest rate risk

The Organization has a line of credit at a fixed rate of interest which is not subject to interest rate fluctuations and accordingly this minimizes the interest rate exposure.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulties in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by constantly monitoring forecasted and annual cash flows and financial liability maturities, by holding assets that are liquid or readily convertible to cash, by maintaining access to additional financing from other ACF agencies and by increasing fundraising activities.

14. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to disclosure are as follows:

- (a) The Organization has provided indemnities under a lease agreement for the use of an operating facility. Under the terms of this agreement, the Organization agrees to indemnify the counter parties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after, the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) The Organization indemnifies all directors and volunteers for various items, including but not limited to, all costs to settle suits or actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

There were no known actions as at December 31, 2015 and 2014.

15. Comparative amounts

The following prior year comparative amounts have been reclassified to conform to the current year's presentation:

	As amended	2014 As previously stated
	\$	\$
Statement of revenue and expenses		
Revenue		
Gain on foreign exchange	3,847	-
Total revenue	11,139,543	11,135,696
Expenses		
Programme expenses	270,432	-
Travel	38,179	123,710
Professional and consulting fees	-	103,760
Workshops and special programmes	-	168,986
Programmes special consultants	-	15,915
Office and general administration	156,243	52,483
Gain on foreign exchange	-	(3,847)
Total expenses	11,454,463	11,450,616
	(775,927)	(775,927)