



nationscry

Annual Financial Statements
June 30, 2016

Consolidated Statement of Financial Position
As at June 30, 2016

(Canadian dollars - Unaudited)

| | Note | Operating Fund | General Endowment | Storehouse Endowment | Total |
|-----------------------------------|------|-------------------|----------------------|-------------------------|--------------|
| Assets | | | | | |
| Current | | | | | |
| Cash | | \$ 30,638 | \$ 1,617 | \$ - | \$ 32,255 |
| Investments (Held for Trading) | 3 | 54,432 | 273,658 | 445,292 | 773,382 |
| Long-term | | | | | |
| Land, Buildings and Equipment | 4 | 285,440 | - | - | 285,440 |
| | | \$ 370,510 | \$ 275,275 | \$ 445,293 | \$ 1,091,078 |
| Liabilities | | | | | |
| Current | | | | | |
| | 6 | \$ 4,110 | \$ - | \$ - | \$ 4,110 |
| Long-term | | | | | |
| | | - | - | - | - |
| | | \$ 4,110 | \$ - | \$ - | \$ 4,110 |
| Fund balances | | | | | |
| Invested in capital assets | | \$ - | \$ - | \$ - | \$ - |
| Restricted for endowment purposes | | - | 259,652 | 445,293 | 704,945 |
| Internally restricted | | - | - | - | - |
| Unrestricted | | 366,400 | 15,623 | - | 382,023 |
| | | 366,400 | 275,275 | 445,293 | 1,086,968 |
| | | \$ 370,510 | \$ 275,275 | \$ 445,293 | \$ 1,091,078 |

Consolidated Statement of Financial Position
As at June 30, 2015

(Canadian dollars - Unaudited)

| | Note | Operating Fund | General Endowment | Storehouse Endowment | Total |
|-----------------------------------|------|----------------|-------------------|----------------------|--------------|
| Assets | | | | | |
| Current | | | | | |
| Cash | | \$ 3,150 | \$ 11,633 | \$ - | \$ 14,783 |
| Investments (Held for Trading) | 3 | 31,664 | 312,635 | 573,598 | 917,897 |
| Long-term | | | | | |
| Land, Buildings and Equipment | 4 | 407,784 | - | - | 407,784 |
| | | \$ 442,599 | \$ 324,268 | \$ 573,598 | \$ 1,340,465 |
| Liabilities | | | | | |
| Current | | | | | |
| | 6 | \$ - | \$ - | \$ - | \$ - |
| Long-term | | | | | |
| | | \$ - | \$ - | \$ - | \$ - |
| Fund balances | | | | | |
| Invested in capital assets | | \$ - | \$ - | \$ - | \$ - |
| Restricted for endowment purposes | | - | 305,895 | 573,598 | 879,493 |
| Internally restricted | | - | - | - | - |
| Unrestricted | | 442,599 | 18,373 | - | 460,972 |
| | | 442,599 | 324,268 | 573,598 | 1,340,465 |
| | | \$ 442,599 | \$ 324,268 | \$ 573,598 | \$ 1,340,465 |

Consolidated Statement of Comprehensive Income and Changes in Fund Balances
 Years Ended June 30, 2016 and 2015

(Canadian dollars - Unaudited)

| Year Ended June 30, 2016 | Note | Operating Fund | General Endowment | Storehouse Endowment | Total |
|---|------|----------------|-------------------|----------------------|--------------|
| Revenues | | | | | |
| General contributions | | \$ 108,344 | \$ - | \$ - | \$ 108,344 |
| Investment income (loss) | | (3,934) | (2,750) | (128,305) | (134,990) |
| | | \$ 104,408 | \$ (2,750) | \$ (128,305) | \$ (26,647) |
| Expenses | | | | | |
| Depreciation | 4 | \$ 104,506 | \$ - | \$ - | \$ 104,506 |
| | | 122,344 | - | - | 122,344 |
| Excess (deficiency) of revenues over expenses | | | | | |
| | | \$ (122,442) | \$ (2,750) | \$ (128,305) | \$ (253,497) |
| Fund balances, beginning | | | | | |
| Endowment contributions | | \$ 442,599 | \$ 324,268 | \$ 573,598 | \$ 1,340,465 |
| Fund transfers | | - | - | - | - |
| | | 46,243 | (46,243) | - | - |
| Fund balances, ending | | \$ 366,400 | \$ 275,275 | \$ 445,293 | \$ 1,086,968 |

| Year Ended June 30, 2015 | Note | Operating Fund | General Endowment | Storehouse Endowment | Total |
|---|------|----------------|-------------------|----------------------|--------------|
| Revenues | | | | | |
| General contributions | | \$ 2,032 | \$ - | \$ - | \$ 2,032 |
| Investment income (loss) | | (32,786) | 15,845 | (105,423) | (122,364) |
| | | \$ 30,754 | \$ 15,854 | \$ (105,423) | \$ (120,332) |
| Expenses | | | | | |
| Depreciation | 4 | \$ 26,159 | \$ - | \$ - | \$ 26,159 |
| | | 143,185 | - | - | 143,185 |
| Excess (deficiency) of revenues over expenses | | | | | |
| | | \$ (200,099) | \$ 15,854 | \$ (105,423) | \$ (289,677) |
| Fund balances, beginning | | | | | |
| Endowment contributions | | \$ 642,689 | \$ 308,423 | \$ 145,495 | \$ 1,096,616 |
| Fund transfers | | - | - | 533,526 | 533,526 |
| | | - | - | - | - |
| Fund balances, ending | | \$ 442,599 | \$ 324,268 | \$ 573,598 | \$ 1,340,465 |

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the Years Ended June 30

(Canadian dollars - Unaudited)

| | Note | 2016 | 2015 | 2014 |
|---|------|--------------|--------------|--------------|
| Operating Activities | | | | |
| Excess (deficiency) of revenues over expenses | | \$ (253,497) | \$ (289,677) | \$ (145,959) |
| Add: Shares Donated to Operating Fund and held | | 8,189 | - | - |
| Add: Unrealized investment loss (income) | | 134,115 | 122,364 | (28,087) |
| Add: Depreciation | 4 | 122,344 | 143,185 | 148,786 |
| | | 11,151 | (24,128) | (25,260) |
| (Increase) decrease in non-cash working capital | | 4,110 | - | - |
| Cash generated by (applied to) operating activities | | 15,261 | (24,128) | (25,260) |
| Financing and Investing Activities | | | | |
| Cash contributions to Endowment Funds | | - | - | - |
| Sale (Purchase) of investments | | 2,211 | 23,895 | 24,329 |
| Investment in land, buildings and equipment | 4 | - | - | (126,062) |
| Cash Provided by (used by) financing and investing activities | | 2,211 | 23,895 | (101,733) |
| Net increase(decrease) in cash | | 17,472 | (233) | (126,993) |
| Cash, beginning of year | | 14,783 | 15,016 | 142,010 |
| Cash, end of year | | \$ 32,255 | \$ 14,783 | \$ 15,016 |

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS

Nations Cry (the "Charity") is a humanitarian organization that addresses humanitarian needs with long-term sustainable solutions. Nations Cry, a Canadian federally incorporated company, is a registered Charity with the Canada Revenue Agency. Nations Cry endeavours to educate and transform the children of Sierra Leone. During its fiscal year ended 2015, Nations Cry focused on its normal operating activities, including youth education, college scholarship programs and the care for orphans in Sierra Leone, Africa.

These consolidated financial statements were authorized for issue by the Board of Directors of the Charity on December 22, 2016.

2. BASIS OF PRESENTATION

(a) *Statement of Compliance*

These consolidated financial statements, including comparatives, have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

(b) *Not-for-profit accounting method*

Nations Cry follows the deferral method of accounting for contributions.

(c) *Fund accounting*

- i. Revenue and expenses relating to program delivery and administrative activities are reported in the Operating Fund.
- ii. General Endowment and the Storehouse Endowment contributions are recorded in the respective fund. Investment income earned on the resources of these funds is reported in the respective fund to which the Investment income relates.

(d) *Revenue recognition*

- i. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- ii. Endowment contributions are recognized as direct increases in the Endowment Fund balance.

(e) *Investments*

Investments are recorded at the lower of amortized cost and market value.

(f) *Contributed Services*

Volunteers contribute about 100 hours per year to assist Nations Cry in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) *Land, Building and Equipment*

Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives. Due to the harsh weather conditions and climate of Sierra Leone, the current estimated useful lives of building structures is five years and the current estimated useful lives of equipment is 3 years.

3. INVESTMENTS

| As at June 30, 2016 | Operating Fund | General Endowment | Storehouse Endowment | Total |
|---------------------------------------|------------------|-------------------|----------------------|-------------------|
| Investments (held for trading) | | | | |
| PH&N Cdn Money Market | \$ 46,243 | \$ 44,311 | \$ 46,886 | \$ 137,440 |
| PH&N ST Bond & Mortgage | - | 59,442 | 29,710 | 89,152 |
| PH&N US Dividend Income Fund | - | 32,395 | 16,191 | 48,586 |
| PH&N US Money Market Fund | - | 132,810 | 66,380 | 199,190 |
| Anthem United | - | - | 95,700 | 95,700 |
| Lowell Copper | 8,189 | 4,700 | 190,426 | 203,315 |
| | <u>\$ 54,432</u> | <u>\$ 273,659</u> | <u>\$ 445,291</u> | <u>\$ 773,383</u> |

| As at June 30, 2015 | Operating Fund | General Endowment | Storehouse Endowment | Total |
|---------------------------------------|------------------|-------------------|----------------------|-------------------|
| Investments (held for trading) | | | | |
| PH&N Cdn Money Market | \$ - | \$ 90,241 | \$ 46,723 | \$ 136,964 |
| PH&N ST Bond & Mortgage | - | 58,413 | 29,195 | 87,608 |
| PH&N US Dividend Income Fund | - | 29,876 | 14,932 | 44,808 |
| PH&N US Money Market Fund | - | 127,605 | 63,778 | 191,383 |
| Anthem United | - | - | 160,950 | 160,950 |
| Sandstorm Gold Ltd | 31,664 | - | 48,339 | 80,003 |
| Lowell Copper | - | 6,500 | 209,680 | 216,180 |
| | <u>\$ 31,664</u> | <u>\$ 312,635</u> | <u>\$ 573,598</u> | <u>\$ 917,897</u> |

Held for trading securities, are securities that have either been donated to Nations Cry, and which may be sold in the short term to meet the funding needs of the organization, or are held by Nations Cry in one of its endowment funds and may be sold as the endowment funds investments are managed in the normal course of business. During the year ended June 30, 2016, Nations Cry realised investment losses in its Storehouse Endowment Fund of \$128,305 as a result of a mark-to-market loss of \$65,491 related to decrease in the value of Lowell Copper shares that had previously been donated to the Storehouse Endowment Fund, as well as a mark-to-market loss of \$65,250 related to a decrease in the fair market value of Anthem United shares that had also been previously donated to the Storehouse Endowment. Subsequent to year end, the value of these securities increased by over \$78,000 and the securities were sold subsequent to year end. As at June 30, 2016, Nations Cry held approximately 62% of total

investments in PH&N managed accounts, with the remainder amounts representing shares that were donated. In accordance with its investment policy, Nations Cry does not purchase individual company securities but may hold donated securities from time-to-time.

During the year ended June 30, 2015, Nations Cry realised investment income in its General Endowment Fund of \$15,845 primarily as a result of gains on securities held in the US dollar denominated PH&N investment accounts. In addition, during the year ended June 30, 2015, Nations Cry realized an investment loss of \$32,786 and \$105,423 in its Operating Fund and Storehouse Endowment Fund respectively, primarily as a result of a decrease in the value of Lowell Copper and Sandstorm Gold shares which were donated during the year. These donated shares relate to resource based companies and such decreases in value are related to resource industry wide factors including decreasing commodity prices.

4. LAND, BUILDINGS AND EQUIPMENT

| | Land | Buildings | Total |
|----------------------|-------------------|-------------------|-------------------|
| June 30, 2014 | \$ 162,217 | \$ 388,752 | \$ 550,969 |
| Additions | - | - | - |
| Depreciation | - | (143,185) | (143,185) |
| June 30, 2015 | \$ 162,217 | \$ 245,567 | \$ 407,784 |
| Additions | - | - | - |
| Depreciation | - | (122,344) | (122,344) |
| June 30, 2016 | \$ 162,217 | \$ 123,223 | \$ 285,440 |

5. ENDOWMENT FUNDS

(a) *General Endowment*

The General Endowment fund is funded by directors, volunteers and other individuals close to the Charity. The vast majority of investment income from the General Endowment fund is spent on the end cause, while a portion is used to cover any administrative expenses that may be incurred. The balance included in externally restricted funds for the General Endowment differs from the life-to-date endowment fund contributions due to the life-to-date net investment income of \$59,952 net of transfers from the fund as 10 year donations, which have been held in excess of 10 years have been transferred to the operating fund.

(b) *Storehouse*

The Storehouse is Nations Cry's primary endowment fund for receiving donations from the general public and it a vital part of the Charity's structure. When a donation is made to the Storehouse the funds are invested and the

investment proceeds are used exclusively for humanitarian / mission projects. No investment income ever earned from the Storehouse will ever be spend on administrative overhead, allowing donors to be confident that 100% of their donations, and the investment income earned once those donations are invested, will go to the end cause. To date, no transfers have been made from the Storehouse Endowment Fund to the Operating Fund.

6. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2016, directors and officers of Nations Cry made donations and endowment fund contributions totalling 33% of total donations for the year (2015 – 49%). In addition, at June 30, 2016, \$4,110 (June 30, 2015 - \$nil) was owing to officers of the company for expenses incurred on behalf of Nations Cry.

CANADA – HEAD OFFICE

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