



**The Canadian Operations of
Human Settlements
Development Workshop
Financial Statements
For the year ended December 31, 1997**



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Auditors' Report

To the Board of Directors of Human Settlements Development Workshop

We have audited the balance sheet of The Canadian Operations of Human Settlements Development Workshop as at December 31, 1997 and the statements of operations and accumulated surplus for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The operations and assets and liabilities of the organization's Angolan office have not been reflected in the financial statements as it was not considered practical for us to examine their records due to the economic, social and commercial environment in Angola. It is our understanding that the Angolan office's operations were subject to an independent review by another firm.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to examine the records of the Angolan office, these financial statements present fairly, in all material respects, the financial position of the Canadian operations of the organization as at December 31, 1997 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

These financial statements do not include the operations of the France office. It is our understanding that the France office's operations were subject to an independent review by another firm.

All amounts in these financial statements are expressed in Canadian dollars.


Chartered Accountants

Guelph, Ontario
May 25, 1998

**The Canadian Operations of
Human Settlements Development Workshop
Balance Sheet
(In Canadian Dollars)**

December 31 **1997** **1996**

Assets

Current

Cash (Note 1)	\$	439,906	\$	73,522
Term deposits (Note 2)		444,325		704,279
Accounts receivable (Note 3)		44,923		32,508
		\$ 929,154		\$ 810,309

Liabilities and Accumulated Surplus

Current

Accounts payable and accrued liabilities	\$	10,354	\$	4,422
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Accumulated surplus (Note 4)		918,800		805,887
		\$ 929,154		\$ 810,309

On behalf of the Board:

_____ Director

_____ Director

**The Canadian Operations of
Human Settlements Development Workshop
Statement of Operations and Accumulated Surplus
(In Canadian Dollars)**

For the year ended December 31	1997	1996
Revenue		
Project revenue	\$ 486,963	\$ 91,223
Interest income	29,427	39,130
Administration fees	-	14,582
	516,390	144,935
Expenses - Canadian projects		
Personnel	31,988	34,152
Training and publications	5,274	3,848
Services	4,604	21,992
Conferences and missions	3,586	-
Communications	3,106	3,990
Office	1,479	4,728
Travel	1,107	146
Equipment and furniture	778	6,585
Materials	519	2,807
	52,441	78,248
Expenses - Overseas projects		
Equipment and furniture	31,633	17,327
Personnel	21,584	43,646
Travel	14,976	27,489
Communications	2,830	2,936
Services	2,540	5,147
Training	1,132	2,272
Materials	502	464
Office	367	113
Monitoring	4	-
	75,568	99,394
Transfers to DW Angola for operations	300,000	20,000
	428,009	197,642
Net surplus (deficit) for the year before foreign exchange gain	88,381	(52,707)
Foreign exchange gain	24,532	129,941
Net surplus for the year	112,913	77,234
Accumulated surplus, beginning of year	805,887	728,653
Accumulated surplus, end of year	\$ 918,800	\$ 805,887

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Canadian Operations of Human Settlements Development Workshop Summary of Significant Accounting Policies

December 31, 1997

Nature of Business	The organization is incorporated under the laws of Canada under letters patent on December 4, 1981. The organization operates to improve living conditions for the poor in less developed communities. The organization maintains an office in Angola to oversee a number of the programs underway in the region. The operations of the Angolan operation are not reflected in these statements.
Furniture and Equipment	The cost of furniture and equipment is expensed in the year of acquisition.
Basis of Accounting	Revenues and expenses are recorded according to the accrual basis of accounting.
Financial Instruments	The organization's financial instruments consist of cash, accounts receivable, term deposits, and accounts payable. 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 instruments.
Exchange Rates	All U.S. denominated balance sheet accounts have been translated to Canadian dollars at the December 31, 1997 exchange rate of 1.4267 (1996 - 1.3696). All U.S. denominated statement of operations accounts have been translated to Canadian dollars at the 1997 average exchange rate of 1.3844 (1996 - 1.3636).

**The Canadian Operations of
Human Settlements Development Workshop
Notes to Financial Statements**

December 31, 1997

1. Cash

The organization's bank accounts are held at one chartered bank. 98.14% (1996 - 93.06%) of the bank balance is denominated in U.S. dollars.

2. Term Deposits

Term deposits consist of guaranteed investment certificates all maturing within one year and maintained at one chartered bank. 27.15% (1996 - 55.27%) of the term deposit balance is denominated in U.S. dollars. Interest earned on the term deposits varies from 2.75% to 5.112%.

3. Accounts Receivable

Substantially all accounts receivable are from the organization's office located in Angola and, as such, the organization is exposed to all the risks of that country. 96.43% (1996 - 95.66%) of the accounts receivable balance is denominated in U.S. dollars.

4. Commitment

The board of directors committed to organizing two separate funds in the future. The Retirement and Redundancy Fund will entitle long-term staff in Angola to a retirement benefit based on the number of years of service provided to the organization. The Development Fund will be organized for program or project development or bridge funding on existing programs or projects.