VILLAGE IMPACT

FINANCIAL STATEMENTS

Year Ended December 31, 2018

VILLAGE IMPACT
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Year Ended December 31, 2018

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Gibb·Widdis
chartered accountants professional corporation

INDEPENDENT AUDITOR'S REPORT

To the Directors of Village Impact

Qualified Opinion

We have audited the financial statements of Village Impact (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

(continues)

Those charged with governance are responsible for overseeing theOrganization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Gibb Widdis

Ancaster, Ontario
June 28, 2019

GIBB WIDDIS CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

VILLAGE IMPACT
STATEMENT OF FINANCIAL POSITION
December 31, 2018

		2018		2017
ASSETS				
Current				
Cash	**$**	**487,751**	$	512,294
Accounts receivable		**52,212**		227
Harmonized Sales Tax recoverable		**4,390**		2,270
Prepaid expenses		**-**		84,054
	$	**544,353**	$	598,845
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**15,175**	$	9,257
Group trip deposits		**-**		133,835
Deferred contributions *(Note 3)*		**55,165**		80,495
		70,340		223,587
NET ASSETS		**474,013**		375,258
	$	**544,353**	$	598,845

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

VILLAGE IMPACT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
Year Ended December 31, 2018

	2018	2017
Revenues		
Administrative support contribution *(Note 3)*	**$ 132,641**	$ 172,675
Donations and fundraising	**665,048**	685,468
Write-to-Give *(Schedule 1)*	**12,678**	27,643
	810,367	885,786
Expenditures		
Write-to-Give *(Schedule 1)*	**7,495**	19,725
Charitable program *(Schedule 2)*	**439,023**	529,798
Fundraising *(Schedule 3)*	**30,855**	32,218
Administrative *(Schedule 4)*	**268,853**	172,675
	746,226	754,416
Excess of revenues over expenditures before gain (loss) on foreign exchange	**64,141**	131,370
Gain (loss) on foreign exchange	**34,614**	(30,425)
Excess of revenues over expenditures	**98,755**	100,945
Unrestricted net assets - beginning of year	**375,258**	274,313
Unrestricted net assets - end of year	**$ 474,013**	$ 375,258

VILLAGE IMPACT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures	$ **98,755**	$ 100,945
Item not affecting cash:		
Foreign exchange (gain) loss	**(34,614)**	30,425
	64,141	131,370
Changes in non-cash working capital:		
Accounts receivable	**(51,985)**	648
Harmonized Sales Tax recoverable	**(2,120)**	(549)
Prepaid expenses	**84,054**	(49,237)
Accounts payable and accrued liabilities	**5,918**	(1,999)
Group trip deposits	**(133,835)**	117,665
Deferred contributions	**(25,330)**	80,495
	(123,298)	147,023
OTHER CASH FLOW ITEMS		
Foreign exchange gain (loss) on cash denominated in a foreign currency	**34,614**	(30,425)
Increase (decrease) in cash	**(24,543)**	247,968
Cash - beginning of year	**512,294**	264,326
Cash - end of year	$ **487,751**	$ 512,294

1. PURPOSE OF THE ORGANIZATION

Village Impact (formerly World Teacher Aid) is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act.As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

Village Impact is committed to improving education throughout the developing world by providing education training programs and infrastructure development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Write-to-Give book sales are recognized when title passes to the customer which normally coincides with the delivery of the books.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the year end exchange rate. Revenues and expenditures denominated in foreign currencies have been translated into Canadian dollars at rate of exchange prevailing at the transaction date.

Foreign exchange gains and losses on monetary assets and liabilities are included in the statement of revenues and expenditures.

Contributed materials and services

Village Impact is dependant on the voluntary services of its Directors. Contributed materials and services are not reflected in these financial statements.

3. DEFERRED CONTRIBUTIONS

	2017	Contributions	Recognized in Revenue	**2018**
Administrative support	$ 80,495	$ 52,146	$ 132,641	$ -
Donor designated	-	$ 55,165	$ -	**$ 55,165**
	$ 80,495	$ 107,311	$ 132,641	**$ 55,165**

Administrative support contributions are received from a related party (Note 4) for the expressed purpose of funding the organizations administrative expenditures. Amounts received in excess of current annual administrative expenditures may be deferred to the following year.
Donor designated contributions represent externally restricted funding received in advance of the incurrence of the related expenditures.

4. RELATED PARTY TRANSACTIONS

The following is a summary of theorganization's related party transactions:

	2018	2017
North Results *(partnership interest owned by the spouse of a Director)* Administrative support contribution	**$ 52,146**	$ -
Always Thinking Creatively *(owned by the spouse of a Director)* Administrative support contribution	**$ -**	$ 253,170

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. At year end, accounts receivable includes $52,146 (2017 - Nil) due from related parties. This balance is due on demand and has arisen from the transactions referred to above.

5. FINANCIAL INSTRUMENTS

The organization is exposed to currency risk through its financial instruments..

Currency risk is the risk to earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is in receipt of US denominated contributions and its charitable program expenditures are primarily in US dollars. The organization is exposed to foreign currency exchange risk on its US dollar bank accounts and its US dollar accounts receivable. At year end, bank accounts with US$344,837 and accounts receivable of US$38,225 have been translated into Canadian dollars

There have been no changes in the organizations's risk exposures from the prior year.

VILLAGE IMPACT
WRITE-TO-GIVE REVENUE AND EXPENDITURES *(Schedule 1)*
Year Ended December 31, 2018

		2018		2017
Revenue				
Book sales	**$**	**12,678**	$	27,643
Expenditures				
Books		**7,495**		11,145
Bracelets		**-**		2,500
Events		**-**		6,080
		7,495		19,725
Gross profit	**$**	**5,183**	$	7,918

VILLAGE IMPACT
CHARITABLE PROGRAM EXPENDITURES *(Schedule 2)*
Year Ended December 31, 2018

	2018	2017
School construction	$ 433,285	$ 524,554
Meetings	5,738	5,244
	$ 439,023	$ 529,798

FUNDRAISING EXPENDITURES *(Schedule 3)*
Year Ended December 31, 2018

	2018	2017
Bank and administrative fees	$ 4,998	$ 11,261
Bracelets	5,243	10,778
Events	10,466	1,229
Travel	10,148	8,950
	$ 30,855	$ 32,218

ADMINISTRATIVE EXPENDITURES *(Schedule 4)*
Year Ended December 31, 2018

	2018	2017
Administrative services	$ 132,480	$ 92,241
Bank charges	8,975	10,196
Events	-	10,959
Group trip	74,973	-
Office and general	9,816	13,771
Professional fees	23,008	9,983
Program awareness	12,692	7,850
Travel	6,909	27,675
	$ 268,853	$ 172,675