

VILLAGE IMPACT
FINANCIAL STATEMENTS
Year Ended December 31, 2020



VILLAGE IMPACT
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Year Ended December 31, 2020

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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, 2020, 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, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 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 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 these 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 ASNPO, 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 related 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.

Those charged with governance are responsible for overseeing the Organization'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.

(continues)

Independent Auditor's Report to the Directors of Village Impact *(continued)*

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.



Ancaster, Ontario
September 21, 2021

GIBB WIDDIS CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION
Licensed Public Accountants



VILLAGE IMPACT
STATEMENT OF FINANCIAL POSITION
December 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 997,179	\$ 994,157
Accounts receivable	-	207,645
Harmonized Sales Tax recoverable	6,735	4,150
Prepaid administrative expenditures	15,856	-
Prepaid charitable program expenditures	70,759	53,674
Prepaid group trip expenditures	185,744	39,615
	\$ 1,276,273	\$ 1,299,241
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 38,295	\$ 18,609
Deferred contributions <i>(Note 3)</i>	48,373	510,683
Group trip deposits	444,631	226,703
	531,299	755,995
NET ASSETS	744,974	543,246
	\$ 1,276,273	\$ 1,299,241

ON BEHALF OF THE BOARD

Director

Director



VILLAGE IMPACT**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS****Year Ended December 31, 2020**

	2020	2019
Revenues		
Administrative support contribution	\$ -	\$ 207,580
Donations and fundraising	1,453,688	861,845
	1,453,688	1,069,425
Charitable program expenditures		
Ground representatives and school counsellors	83,050	77,338
Program administration	118,004	92,962
School construction	748,638	501,088
	949,692	671,388
Fundraising expenditures		
Events	4,267	37,106
Merchant fees	31,546	26,289
Travel	13,968	48,311
	49,781	111,706
General and administrative expenditures		
Administrative services	140,069	81,671
Bank charges	4,206	3,547
Board meeting and travel	4,948	29,431
IT support	7,796	14,636
Insurance	1,107	1,107
Office and general	17,466	14,100
Professional fees	30,716	20,950
Program awareness	9,806	7,832
	216,114	173,274
Excess of revenues over expenditures from operations	238,101	113,057
Loss on foreign exchange	(36,373)	(43,824)
Excess of revenues over expenditures	201,728	69,233
Net assets - beginning of year	543,246	474,013
Net assets - end of year	\$ 744,974	\$ 543,246



VILLAGE IMPACT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 201,728	\$ 69,233
Item not affecting cash:		
Foreign exchange loss	36,373	43,824
	238,101	113,057
Changes in non-cash working capital:		
Accounts receivable	207,645	(155,433)
Harmonized Sales Tax recoverable	(2,585)	240
Prepaid administrative expenditures	(15,856)	-
Prepaid charitable program expenditures	(17,085)	(53,674)
Prepaid group trip expenditures	(146,129)	(39,615)
Accounts payable and accrued liabilities	19,686	3,434
Deferred contributions	(462,310)	455,518
Group trip deposits	217,928	226,703
	(198,706)	437,173
OTHER CASH FLOW ITEM		
Foreign exchange loss on cash denominated in US dollars	(36,373)	(43,824)
Increase in cash	3,022	506,406
Cash - beginning of year	994,157	487,751
Cash - end of year	\$ 997,179	\$ 994,157



VILLAGE IMPACT
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

Village Impact (the "organization") 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(l) of the Income Tax Act.

The organization 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.

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 expenditures are incurred. 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.

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

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

3. DEFERRED CONTRIBUTIONS

	2019	Contributions	Expenditures	2020
Classroom Build	\$ 494,398	\$ 136,456	\$ 595,709	\$ 35,145
Counselling Program	-	1,000	-	1,000
COVID-19 Relief Project	-	12,228	-	12,228
Special Project	16,285	\$ -	\$ 16,285	\$ -
	\$ 510,683	\$ 149,684	\$ 611,994	\$ 48,373

Donor designated contributions for school construction and other projects. Amounts unspent at year end are deferred to the following year.



VILLAGE IMPACT
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

4. RELATED PARTY TRANSACTIONS

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

	2020	2019
North Results Inc. (ownership interest held by the spouse of a Director)		
Administrative support contribution	\$ -	\$ 207,580

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, there were no amounts due from related parties (2019 - \$207,645). Amounts due from related parties are due on demand.

5. FINANCIAL INSTRUMENTS

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

Currency risk

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\$781,188 (2019 - US\$756,328) have been translated into Canadian dollars. There were no US dollar accounts receivable at year end (2019 - US\$148,700).

There have been no changes in the organization's financial instruments risk exposures from the prior year.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

7. COVID-19

The COVID-19 pandemic developed rapidly in 2020 and the situation is continually evolving. As a result, the Kenyan government temporarily closed schools nationwide and the Board of Directors postponed the donor trip to Kenya which was planned for July 2020. Certain school grades began to reopen in the fall of 2020, while the remainder are expected to reopen gradually in 2021.

The extent of the impact of COVID-19 on the organization's operations will depend on certain developments, including the duration and spread of the outbreak, impact on school construction, students, teachers and donors all of which are uncertain and cannot be predicted at this time.

