

**VILLAGE IMPACT**  
**FINANCIAL STATEMENTS**  
**Year Ended December 31, 2021**

**VILLAGE IMPACT**  
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**Year Ended December 31, 2021**

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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, 2021, 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, 2021, 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, deficiency of revenues over expenditures, and cash flows from operations for the year ended December 31, 2021, current assets and net assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

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*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.

Ancaster, Ontario  
September 21, 2022

A stylized, cursive signature of Gibb Widdis in black ink.

Gibb Widdis CPAs Professional Corporation  
Licensed Public Accountants

**VILLAGE IMPACT**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**

	2021	2020
<b>ASSETS</b>		
Current		
Cash	\$ 951,799	\$ 997,179
Accounts receivable	12,794	-
Harmonized Sales Tax recoverable	13,825	6,735
Prepaid administrative expenditures	-	15,856
Prepaid charitable program expenditures	4,236	70,759
Prepaid group trip expenditures	176,882	185,744
	<b>\$ 1,159,536</b>	<b>\$ 1,276,273</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities <i>(Note 3)</i>	\$ 49,818	\$ 38,295
Deferred contributions <i>(Note 4)</i>	12,794	48,373
Group trip deposits	472,793	444,631
	<b>535,405</b>	<b>531,299</b>
<b>NET ASSETS</b>	<b>624,131</b>	<b>744,974</b>
	<b>\$ 1,159,536</b>	<b>\$ 1,276,273</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

**VILLAGE IMPACT**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS**  
**Year Ended December 31, 2021**

	2021	2020
<b>Revenues</b>		
Administrative support contribution	\$ 201,344	\$ -
Donations and fundraising	1,119,748	1,453,688
	<b>1,321,092</b>	<b>1,453,688</b>
<b>Charitable program expenditures</b>		
COVID-19 relief project	117,090	22,447
Ground representatives and school counsellors	91,419	83,050
Program administration	92,576	88,974
School construction	804,193	724,578
Teacher's conferences and student's summits	31,526	30,643
	<b>1,136,804</b>	<b>949,692</b>
	<b>184,288</b>	<b>503,996</b>
<b>Fundraising expenditures</b>		
Events	10,029	4,267
Merchant fees	21,214	31,546
Travel	8,968	13,968
	<b>40,211</b>	<b>49,781</b>
<b>General and administrative expenditures</b>		
Administrative services	160,078	140,069
Bank charges	5,277	4,206
Board meeting and travel	4,127	4,948
Group trip	9,172	-
IT support	2,283	7,796
Insurance	1,107	1,107
Office and general	12,027	17,466
Professional fees	27,041	30,716
Program awareness	20,129	9,806
Salaries and benefits	6,365	-
	<b>247,606</b>	<b>216,114</b>
<b>(Deficiency) excess of revenues over expenditures from operations</b>	<b>(103,529)</b>	<b>238,101</b>
Loss on foreign exchange	(17,314)	(36,373)
<b>(Deficiency) excess of revenues over expenditures</b>	<b>(120,843)</b>	<b>201,728</b>
Net assets - beginning of year	744,974	543,246
<b>Net assets - end of year</b>	<b>\$ 624,131</b>	<b>\$ 744,974</b>

**VILLAGE IMPACT**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (120,843)	\$ 201,728
Item not affecting cash:		
Foreign exchange loss	17,314	36,373
	<b>(103,529)</b>	238,101
Changes in non-cash working capital:		
Accounts receivable	(12,794)	207,645
Harmonized Sales Tax recoverable	(7,090)	(2,585)
Prepaid administrative expenditures	15,856	(15,856)
Prepaid charitable program expenditures	66,523	(17,085)
Prepaid group trip expenditures	8,862	(146,129)
Accounts payable and accrued liabilities	11,523	19,686
Deferred contributions	(35,579)	(462,310)
Group trip deposits	28,162	217,928
	<b>75,463</b>	(198,706)
<b>OTHER CASH FLOW ITEM</b>		
Foreign exchange loss on cash denominated in US dollars	(17,314)	(36,373)
<b>Increase (decrease) in cash</b>	<b>(45,380)</b>	3,022
Cash - beginning of year	997,179	994,157
<b>Cash - end of year</b>	<b>\$ 951,799</b>	<b>\$ 997,179</b>

**VILLAGE IMPACT**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2021**

1. DESCRIPTION OF BUSINESS

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. GOVERNMENT REMITTANCES PAYABLE

Payroll taxes payable at year end of \$1,146 (2020 - Nil) are included in accounts payable and accrued liabilities.

4. DEFERRED CONTRIBUTIONS

	2020	Contributions	Expenditures	2021
Classroom build	\$ 35,145	\$ 68,597	\$ 90,948	\$ 12,794
Counselling program	1,000	-	1,000	-
COVID-19 relief project	12,228	-	12,228	-
	\$ 48,373	\$ 68,597	\$ 104,176	\$ 12,794

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, 2021**

5. RELATED PARTY TRANSACTIONS

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

	2021	2020
<b>North Results Inc.</b>		
<i>(ownership interest held by the spouse of a Director)</i>		
Administrative support contribution	\$ 201,344	\$ -

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.

6. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2021.

*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\$744,822 (2020 - US\$781,188) and accounts receivable of US\$10,000 (2020 - Nil) have been translated into Canadian dollars.

There has been no changes in the Organization's financial instrument risk exposure from the prior year.

7. COMPARATIVE FIGURES

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

8. COVID-19

Kenyan schools which had been temporarily closed due to the pandemic were reopened in 2021. To help with the safe return of students and staff, the Organization initiated a COVID-19 relief project to facilitate the distribution of emergency hygiene kits in project areas. The donor group trip which was originally planned for the summer of 2020 has been rescheduled to July 2023.

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