

VILLAGE IMPACT
FINANCIAL STATEMENTS
Year Ended December 31, 2022

VILLAGE IMPACT
INDEX TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7

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, 2022, 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, 2022, 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, 2022, current assets and net assets as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 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
July 14, 2023

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, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 738,135	\$ 951,799
Accounts receivable	19,856	12,794
Harmonized Sales Tax recoverable	1,397	13,825
Prepaid administrative expenditures	26,139	-
Prepaid charitable program expenditures	26,374	4,236
Prepaid group trip expenditures	122,708	176,882
	\$ 934,609	\$ 1,159,536
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>(Note 3)</i>	\$ 61,976	\$ 49,818
Deferred contributions <i>(Note 4)</i>	56,503	12,794
Group trip deposits	367,402	472,793
	485,881	535,405
NET ASSETS	448,728	624,131
	\$ 934,609	\$ 1,159,536

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

VILLAGE IMPACT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
Year Ended December 31, 2022

	2022	2021
Revenues		
Administrative support contribution	\$ 144,848	\$ 201,344
Donations and fundraising	1,060,295	1,119,748
	1,205,143	1,321,092
Charitable program expenditures		
COVID-19 relief project	-	117,090
Ground representatives and school counsellors	116,996	91,419
Program administration	110,906	92,576
School construction	771,816	804,193
Teachers' conferences and students' summits	57,455	31,526
	1,057,173	1,136,804
	147,970	184,288
Fundraising expenditures		
Events	18,161	10,029
Merchant fees	9,306	21,214
Travel	13,764	8,968
	41,231	40,211
General and administrative expenditures		
Administrative services	85,784	160,078
Bank charges	4,288	5,277
Board meeting and travel	3,814	4,127
Group trip	2,692	9,172
IT support	1,863	2,283
Insurance	1,334	1,107
Office and general	15,132	12,027
Professional fees	40,847	27,041
Program awareness	16,611	20,129
Salaries and benefits	140,992	6,365
Travel - Kenya site visits	22,252	-
	335,609	247,606
Deficiency of revenues over expenditures from operations	(228,870)	(103,529)
Gain (loss) on foreign exchange	53,467	(17,314)
Deficiency of revenues over expenditures	(175,403)	(120,843)
Net assets - beginning of year	624,131	744,974
Net assets - end of year	\$ 448,728	\$ 624,131

VILLAGE IMPACT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (175,403)	\$ (120,843)
Item not affecting cash:		
Foreign exchange (gain) loss	(53,467)	17,314
	(228,870)	(103,529)
Changes in non-cash working capital:		
Accounts receivable	(7,062)	(12,794)
Harmonized Sales Tax recoverable	12,428	(7,090)
Prepaid administrative expenditures	(26,139)	15,856
Prepaid charitable program expenditures	(22,138)	66,523
Prepaid group trip expenditures	54,174	8,862
Accounts payable and accrued liabilities	12,158	11,523
Deferred contributions	43,709	(35,579)
Group trip deposits	(105,391)	28,162
	(38,261)	75,463
OTHER CASH FLOW ITEM		
Foreign exchange gain (loss) on cash denominated in US dollars	53,467	(17,314)
Decrease in cash	(213,664)	(45,380)
Cash - beginning of year	951,799	997,179
Cash - end of year	\$ 738,135	\$ 951,799

VILLAGE IMPACT
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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 \$2,670 (2021 - 1,146) are included in accounts payable and accrued liabilities.

VILLAGE IMPACT
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2022

4. DEFERRED CONTRIBUTIONS

	2021	Contributions	Expenditures	2022
Classroom build	\$ 12,794	\$ 332,337	\$ 345,131	\$ -
Counselling program	-	40,732	11,686	29,046
Group trip	-	27,457	-	27,457
	\$ 12,794	\$ 400,526	\$ 356,817	\$ 56,503

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

5. RELATED PARTY TRANSACTIONS

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

	2022	2021
North Results Inc. <i>(ownership interest held by the spouse of a Director)</i>		
Administrative support contribution	\$ 144,848	\$ 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, 2022.

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 dollar and Euro 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 and Euro bank accounts and its US dollar accounts receivable. At year end, bank accounts with US\$540,8351 (2021 - US\$744,822), Euro \$9,300 (2021 - Nil), and accounts receivable of US\$14,538 (2021- US\$10,000) have been translated into Canadian dollars.

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