Raising the Village Inc.

Financial Statements

For the Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Raising the Village Inc.

We have audited the accompanying financial statements of Raising the Village Inc. which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Raising the Village Inc. derives revenues from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Raising the Village Inc. and we were not able to determine whether any adjustments might be necessary to donations, excess (deficiency) of revenue over expenses for the year ended December 31, 2016, current assets as at December 31, 2016 and net assets as at January 1, 2016 and December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Raising the Village Inc. as at December 31, 2016, 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.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
May 16, 2017
Toronto, Ontario

COLLINS BARROW

Raising the Village Inc.
Statement of Financial Position
As at December 31, 2016

		2016		2015
Assets				
Current				
Cash	**$**	**250,488**	$	249,940
Donations receivable		**75,450**		-
Amounts receivable		**349**		243
HST recoverable		**1,460**		1,460
Prepaid expenses		**7,001**		3,571
	$	**334,748**	$	255,214
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 4)	**$**	**21,085**	$	10,943
Deferred contributions (Note 5)		**256,451**		148,820
		277,536		159,763
Net Assets				
Unrestricted		**57,212**		95,451
	$	**334,748**	$	255,214

Approved by the Board ____________________ Director ____________________ Director

See accompanying notes

Raising the Village Inc.
Statement of Operations and Changes in Net Assets
Year Ended December 31, 2016

	2016	2015
Revenue		
Donations and grants (Notes 6 and 8)	**$ 489,461**	$ 313,679
Other	**416**	568
	489,877	314,247
Expenses		
Programs		
International programs (Note 7)	**426,106**	239,505
Public awareness and education	**-**	4,000
Support		
Fundraising (Note 7)	**23,432**	10,500
Administration (Note 7)	**58,285**	44,174
	507,823	298,179
Excess (deficiency) of revenue over expenses before the undernoted item	**(17,946)**	16,068
Other income (expenses)		
Foreign exchange gain (loss)	**(20,293)**	3,459
Excess (deficiency) of revenue over expenses	**(38,239)**	19,527
Net assets, beginning of year	**95,451**	75,924
Net assets, end of year	**$ 57,212**	$ 95,451

Raising the Village Inc.
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	**$ (38,239)**	$ 19,527
Net changes in non-cash working capital		
Amounts receivable	**(75,556)**	601
HST recoverable	**-**	1,478
Prepaid expenses	**(3,430)**	(1,616)
Accounts payable and accrued liabilities	**10,142**	2,906
Deferred contributions	**107,631**	148,820
Net change in cash	**548**	171,716
Cash, beginning of year	**249,940**	78,224
Cash, end of year	**$ 250,488**	$ 249,940

1. DESCRIPTION OF ORGANIZATION

Raising the Village Inc. ("RTV") is a not-for-profit corporation incorporated January 1, 2015 under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act (Canada). It is exempt from income taxes and is able to issue donation receipts for income tax purposes.

RTV partners with some of the most remote and impoverished communities in Sub-Saharan Africa. Together we design sustainable community-based projects to address a village's most significant challenges in the areas of healthcare, water and sanitation, agriculture and nutrition, and community development.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for RTV.

Revenue Recognition

RTV follows the deferral method of accounting for contributions, which include donations and grants. 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. Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are recognized. All revenues are recognized only after collectability is reasonably assured.

Financial Instruments

RTV initially measures its financial assets and liabilities at fair value. RTV subsequently measures its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, donations receivable, amounts receivable and HST recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the excess of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets

Capital assets are recorded as expenses in the year they are acquired. Major categories of capital assets include equipment and computer equipment.

Donated Services

RTV receives assistance from volunteers in the carrying out if its activities. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Allocation of Expenditures

RTV management spends a significant amount of time managing and monitoring its international programs. RTV allocates a portion of its Canadian salary and benefits and office rent from administration to international programs at the year end based on estimated time spent to support the international programs. The percentage allocated is reviewed annually.

Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using year-end exchange rates. Revenues and expenses are translated throughout the year at the prevailing exchange rates at the month-end rate for the month the transaction occurred in. Exchange gains and losses are recorded in the statement of operations.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to the amounts recorded as accrued liabilities, allocation of expenses to international programs and recognition of restricted contributions in revenue.

3. CAPITAL ASSETS

During the year RTV expensed a motorcycle, equipment, and computer equipment totaling $5,892 (2015 - $1,806). These expenses were included in international programs on the statement of operations.

4. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are the amounts payable with respect to salary withholdings of $7,418 (2015 - $3,147).

5. DEFERRED CONTRIBUTIONS

During the year RTV received restricted contributions and grants related to its international programs as follows;

		2016		2015
Balance, beginning of year	**$**	**148,820**	$	-
Restricted contributions received		**348,157**		222,094
Amounts recognized in revenue		**(240,526)**		(73,274)
Balance, end of year	**$**	**256,451**	$	148,820

6. DONATIONS AND GRANTS

		2016		2015
Total donations and grants received in the year	**$**	**597,092**	$	462,499
Less: Change in deferred contributions		**(107,631)**		(148,820)
Recognized donations and grants	**$**	**489,461**	$	313,679

7. ALLOCATION OF EXPENSES

During the year, Canadian salary and benefits and rent expenses totaling $157,158 (2015 - $92,705) were allocated amongst various activities as follows:

		Rent		**Salary and Benefits**		**2016**		2015
International programs	**$**	**4,978**	**$**	**88,317**	**$**	**93,295**	$	45,376
Fundraising		**-**		**21,600**		**21,600**		-
Administration		**2,132**		**40,131**		**42,263**		47,329
	$	**7,110**	**$**	**150,048**	**$**	**157,158**	$	92,705

8. RELATED PARTY TRANSACTIONS

RTV received donations and contributions in the amount of $29,355 (2015 - $18,760) from the Executive Director, Board members, and their close relatives.

RTV received a short-term, non-interest bearing loan during the year from the Executive Director. The loan allowed for the uninterrupted delivery of international programs while waiting on further grant monies. The loan was repaid in full as soon as funds were available.

All transactions were recorded in the normal course of business operations at the exchange amount.

9. RISK MANAGEMENT

Credit Risk

RTV's credit risk is primarily attributable to its donations receivable. RTV manages this risk through proactive collection policies.

Foreign Currency Risk

RTV undertakes transactions in foreign currencies and therefore is subject to gains and losses due to fluctuations in foreign currency exchange rates. A significant portion of this risk relates to programs RTV supports in Uganda, which operate in Uganda shillings. RTV has not entered into any hedging instruments to mitigate this foreign currency risk. RTV monitors exchange rates and prioritizes the use of funds subject to exchange risk before using other funds.