

# **Raising the Village Inc.**

**Financial Statements**

**For the Year Ended December 31, 2017**



## 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, 2017 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 audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Raising the Village Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
May 28, 2018  
Toronto, Ontario

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**Raising the Village Inc.**  
**Statement of Financial Position**  
**As at December 31, 2017**

	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 641,184	\$ 250,488
Donations receivable	11,057	75,450
Amounts receivable	257	349
HST recoverable	1,228	1,460
Prepaid expenses	32,091	7,001
	<b>\$ 685,817</b>	<b>\$ 334,748</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 14,491	\$ 21,085
<b>Deferred contributions (Note 4)</b>	<b>382,805</b>	<b>256,451</b>
	<b>397,296</b>	<b>277,536</b>
<b>Net Assets</b>		
<b>Unrestricted</b>	<b>288,521</b>	<b>57,212</b>
	<b>\$ 685,817</b>	<b>\$ 334,748</b>

Approved by the Board \_\_\_\_\_ Director \_\_\_\_\_ Director

**Raising the Village Inc.**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2017**

	2017	2016
<b>Revenue</b>		
Donations and grants (Notes 5 and 7)	\$ 1,150,037	\$ 489,461
Other	1,497	416
	<b>1,151,534</b>	<b>489,877</b>
<b>Expenses</b>		
Programs		
International programs (Note 6)	795,577	426,106
Support		
Fundraising (Note 6)	34,931	23,432
Administration (Note 6)	58,474	58,285
	<b>888,982</b>	<b>507,823</b>
<b>Excess (deficiency) of revenue over expenses before the undernoted item</b>	<b>262,552</b>	<b>(17,946)</b>
<b>Other expenses</b>		
Foreign exchange loss	(31,243)	(20,293)
<b>Excess (deficiency) of revenue over expenses</b>	<b>231,309</b>	<b>(38,239)</b>
<b>Net assets, beginning of year</b>	<b>57,212</b>	<b>95,451</b>
<b>Net assets, end of year</b>	<b>\$ 288,521</b>	<b>\$ 57,212</b>

**Raising the Village Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess (deficiency) of revenue over expenses	\$ 231,309	\$ (38,239)
Net changes in non-cash working capital		
Donations receivable	64,393	(75,450)
Amounts receivable	92	(106)
HST recoverable	232	-
Prepaid expenses	(25,090)	(3,430)
Accounts payable and accrued liabilities	(6,594)	10,142
Deferred contributions	126,354	107,631
<b>Net change in cash</b>	<b>390,696</b>	<b>548</b>
<b>Cash, beginning of year</b>	<b>250,488</b>	<b>249,940</b>
<b>Cash, end of year</b>	<b>\$ 641,184</b>	<b>\$ 250,488</b>

**1. DESCRIPTION OF ORGANIZATION**

Raising the Village Inc. ("RTV") is a not-for-profit corporation incorporated on 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 they 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. 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)**

**Property and equipment**

Property and equipment are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which are summarized below.

Computer hardware	3 years
Office furniture and equipment	3 years

When property and equipment no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

**Donated Services**

RTV receives assistance from volunteers in the carrying out of 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 in which the transaction occurred. Exchange gains and losses are recorded in the statement of operations and changes in net assets.

**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 allocation of expenses to international programs and fundraising and recognition of restricted contributions in revenue.

**3. GOVERNMENT REMITTANCES**

Included in accounts payable and accrued liabilities are the amounts payable with respect to salary withholdings of \$11,664 (2016 - \$7,418).

**Raising the Village Inc.**  
**Notes to Financial Statements**  
**December 31, 2017**

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**4. DEFERRED CONTRIBUTIONS**

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

	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 256,451	\$ 148,820
Restricted contributions received	828,202	348,157
Amounts recognized in revenue	<b>(701,848)</b>	<b>(240,526)</b>
Balance, end of year	<b>\$ 382,805</b>	<b>\$ 256,451</b>

**5. DONATIONS AND GRANTS**

	<b>2017</b>	<b>2016</b>
Total donations and grants received in the year	\$ 1,276,391	\$ 597,092
Deferred revenue from previous years brought into income	256,451	132,977
Revenues for future periods included in deferred revenue	<b>(382,805)</b>	<b>(240,608)</b>
Recognized donations and grants	<b>\$ 1,150,037</b>	<b>\$ 489,461</b>

**6. ALLOCATION OF EXPENSES**

During the year, Canadian salary and benefits and rent expenses totaling \$173,322 (2016 - \$157,158) were allocated amongst various activities as follows:

	<b>Rent</b>	<b>Salary and Benefits</b>	<b>2017</b>	<b>2016</b>
International programs	\$ 4,927	\$ 100,974	\$ 105,901	\$ 93,295
Fundraising	-	28,650	28,650	21,600
Administration	2,112	36,659	38,771	42,263
	<b>\$ 7,039</b>	<b>\$ 166,283</b>	<b>\$ 173,322</b>	<b>\$ 157,158</b>

**7. RELATED PARTY TRANSACTIONS**

RTV received donations and contributions in the amount of \$22,450 (2016 - \$29,355) from the Executive Director, Board members, and their close relatives.

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



**8. RISK MANAGEMENT**

**Credit Risk**

Financial instruments that potentially subject RTV to concentration of credit risk consist primarily of cash and donations receivable. These instruments contain a risk of counterparties failing to discharge their responsibilities. RTV deposits its cash with high credit quality financial institutions in Canada and Uganda. RTV manages risk related to donations receivable through proactive collection policies. The carrying amounts of financial assets on the statement of financial position represent the organization's maximum credit exposure at year end.

**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.