

# **Raising the Village Inc.**

**Financial Statements**

**For the Year Ended December 31, 2019**

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Raising the Village Inc.

#### *Opinion*

We have audited the financial statements of Raising the Village Inc., (the "Organization"), which comprise the statement of financial position as at December 31, 2019 and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

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 the 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 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 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.

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.

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.

RSM Canada LLP

Chartered Professional Accountants  
Licensed Public Accountants  
May 25, 2020  
Toronto, Ontario

**Raising the Village Inc.**  
**Statement of Financial Position**  
**As at December 31, 2019**

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 854,454	\$ 478,789
Donations receivable	19,934	8,513
Amounts receivable	6,049	633
HST recoverable	2,111	980
Prepaid expenses and other current assets	20,082	16,007
	<b>902,630</b>	504,922
<b>Capital assets (Note 3)</b>	<b>25,863</b>	-
	<b>\$ 928,493</b>	<b>\$ 504,922</b>

**Liabilities**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 68,494	\$ 30,911
<b>Deferred contributions (Note 5)</b>	<b>592,588</b>	318,716
	<b>661,082</b>	349,627

**Net Assets**

<b>Unrestricted</b>	<b>267,411</b>	155,295
	<b>\$ 928,493</b>	<b>\$ 504,922</b>

*Contingency (Note 10)*  
*Subsequent event (Note 11)*

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

**Raising the Village Inc.**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2019**

	2019	2018
<b>Revenue</b>		
Donations and grants (Notes 6 and 8)	\$ 2,161,847	\$ 1,383,258
Other	1,260	1,553
	<b>2,163,107</b>	<b>1,384,811</b>
<b>Expenses</b>		
Programs		
International programs (Note 7)	1,761,466	1,379,947
Support		
Fundraising (Note 7)	111,518	59,059
Administration (Note 7)	116,996	64,375
Amortization	1,763	-
	<b>1,991,743</b>	<b>1,503,381</b>
<b>Excess (deficiency) of revenue over expenses before the undernoted item</b>	<b>171,364</b>	<b>(118,570)</b>
<b>Other expenses</b>		
Foreign exchange loss	(59,248)	(14,656)
<b>Excess (deficiency) of revenue over expenses</b>	<b>112,116</b>	<b>(133,226)</b>
<b>Net assets, beginning of year</b>	<b>155,295</b>	<b>288,521</b>
<b>Net assets, end of year</b>	<b>\$ 267,411</b>	<b>\$ 155,295</b>

**Raising the Village Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess (deficiency) of revenue over expenses	\$ 112,116	\$ (133,226)
Items not affecting cash		
Amortization	1,763	-
	<b>113,879</b>	<b>(133,226)</b>
Net changes in non-cash working capital		
Donations receivable	(11,421)	2,544
Amounts receivable	(5,416)	(376)
HST recoverable	(1,131)	248
Prepaid expenses	(4,075)	16,084
Accounts payable and accrued liabilities	37,583	16,420
Deferred contributions	273,872	(64,089)
	<b>403,291</b>	<b>(162,395)</b>
<b>Investing</b>		
Purchase of capital assets	(27,626)	-
<b>Net change in cash</b>	<b>375,665</b>	<b>(162,395)</b>
<b>Cash, beginning of year</b>	<b>478,789</b>	<b>641,184</b>
<b>Cash, end of year</b>	<b>\$ 854,454</b>	<b>\$ 478,789</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 and amounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the statement of operations. 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 a reversal is recognized in the statement of operations.

## **2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **Capital Assets**

Capital assets are recorded at cost for items exceeding a threshold of \$2,500. Amortization is determined using the straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware	3 years
Office furniture and equipment	3 years
Vehicles	5 years

When conditions indicate the carrying value of a capital asset is impaired, it will be written down to fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed.

### **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 average monthly exchange rate for the month in which the transaction occurred. 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 estimated useful life of capital assets, the allocation of expenses to international programs and fundraising and recognition of restricted contributions in revenue.



**Raising the Village Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

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**3. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>2019</b>	<b>2018</b>
Vehicle	\$ 27,626	\$ 1,763	\$ 25,863	\$ -

During the year RTV expensed a motorcycle, equipment, and computer equipment totaling \$5,381 (2018 - \$5,892). These expenses were included in international programs on the statement of operations and changes in net assets.

**4. GOVERNMENT REMITTANCES**

Included in accounts payable and accrued liabilities are amounts payable to the Canadian and Ugandan governments with respect to salary withholdings of \$25,328 (2018 - \$16,559).

**5. DEFERRED CONTRIBUTIONS**

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

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 318,716	\$ 382,805
Restricted contributions received	726,106	676,031
Amounts recognized in revenue	(452,234)	(740,120)
Balance, end of year	\$ 592,588	\$ 318,716

**6. DONATIONS AND GRANTS**

	<b>2019</b>	<b>2018</b>
Total donations and grants received in the year	\$ 2,435,719	\$ 1,319,169
Deferred revenue from previous years brought into income	318,716	382,805
Revenues for future periods included in deferred revenue	(592,588)	(318,716)
Recognized donations and grants	\$ 2,161,847	\$ 1,383,258

**7. ALLOCATION OF EXPENSES**

During the year, Canadian salary and benefits and rent expenses totaling \$314,031 (2018 - \$241,845) were allocated amongst various activities as follows:

	Rent	Salary and Benefits	2019	2018
International programs	\$ 8,010	\$ 149,150	\$ 157,160	\$ 163,474
Fundraising	-	84,429	84,429	42,408
Administration	8,010	64,432	72,442	35,963
	<b>\$ 16,020</b>	<b>\$ 298,011</b>	<b>\$ 314,031</b>	<b>\$ 241,845</b>

**8. RELATED PARTY TRANSACTIONS**

RTV received donations and contributions in the amount of \$41,275 (2018 - \$29,115) 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.

**9. 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.

**10. CONTINGENCY**

On January 31, 2020, RTV was issued a summons to file a defence in a civil lawsuit in Uganda with regards to a purported failure to fulfil a contract for the purchase of 229 goats in June of 2019. The damages being sought total \$39,745,000 UGX or approximately \$14,000 CDN.

RTV and its officers believe the suit to be without merit. Two inspections of the goats were performed by RTV employees, one of whom is a veterinarian. The goats were deemed to not meet quality or health standards. By the time of the second inspection, many of the goats were gone due to plague disease.

On February 14, 2020, legal counsel for RTV issued a statement of defence denying that the plaintiff has any claim.

**11. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Uganda, where RTV operates, additional screening measures from international flights were established as early as February 11, 2020, with increasing restriction recommendations for the general public. On March 25, the President declared a two-week nationwide travel ban on public and private transportation as a response to COVID-19. This has effectively put RTV operations in-country on pause as staff are working from home and unable to complete programmatic activities. Overall, the number of cases has been few and sporadic but remains a key risk the government is aggressively trying to avoid. As of the date of these financial statements, the extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted.