

Raising the Village Inc.

Financial Statements

(in US dollars)

For the Year Ended December 31, 2023

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, 2023, 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, 2023, and results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 2 to the financial statements.

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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide additional information to donors in the currency of the United States. This is the first year of presenting the financial statements in United States dollars and comparative balances have not been presented. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter - Financial statements also issued in Canadian dollars

The Organization has prepared financial statements in Canadian dollars for the year ended December 31, 2023 in accordance with Canadian accounting standards for not-for-profit organizations on which we issued an auditor's report dated June 27, 2024.

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 the basis of accounting described in note 2 to the financial statements, 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
June 27, 2024
Toronto, Ontario

Raising the Village Inc.
Statement of Financial Position
(in US dollars)
As at December 31, 2023

| | 2023 |
|-------------------------------------------|---------------------|
| Assets | |
| Current | |
| Cash | \$ 4,395,122 |
| Donations receivable | 193,459 |
| Amounts receivable | 53,244 |
| HST recoverable | 9,730 |
| Prepaid expenses and other current assets | 352,943 |
| Project loans receivable (Note 3) | 855,649 |
| | 5,860,147 |
| Tangible capital assets (Note 4) | 426,562 |
| | \$ 6,286,709 |
| Liabilities | |
| Current | |
| Accounts payable (Note 5) | \$ 245,356 |
| Deferred contributions (Note 6) | 1,105,699 |
| | 1,351,055 |
| Net Assets | |
| Unrestricted | 4,935,654 |
| | \$ 6,286,709 |

Approved by the Board _____ Director _____ Director

Raising the Village Inc.
Statement of Operations and Changes in Net Assets
(in US dollars)
Year Ended December 31, 2023

| | 2023 |
|---------------------------------------------------------------------------|---------------------|
| Revenue | |
| Donations (Note 7) | \$ 74,568 |
| Grants (Note 7) | 11,599,741 |
| Other | 185,873 |
| | 11,860,182 |
| Expenses | |
| Programs | |
| International Programs (Note 8) | 7,916,958 |
| Support | |
| Fundraising (Note 8) | 462,695 |
| Administration (Note 8) | 473,107 |
| Amortization | 80,825 |
| | 8,933,585 |
| Excess of revenue over expenses before the undernoted item | 2,926,597 |
| Other expenses | |
| Foreign exchange gain (loss) | (34,253) |
| Excess of revenue over expenses | 2,892,344 |
| Net assets, beginning of year (Note 2) | 2,043,310 |
| Net assets, end of year | \$ 4,935,654 |

Raising the Village Inc.
Statement of Cash Flows
(in US dollars)
Year Ended December 31, 2023

| | 2023 |
|-------------------------------------------|---------------------|
| Cash provided by (used in) | |
| Operations | |
| Excess of revenue over expenses | \$ 2,892,344 |
| Items not affecting cash | |
| Amortization | 80,825 |
| | 2,973,169 |
| Net changes in non-cash working capital | |
| Donations receivable | 1,685,149 |
| Amounts receivable | (19,952) |
| HST recoverable | (6,638) |
| Prepaid expenses and other current assets | (83,238) |
| Project loans receivable | (848,675) |
| Accounts payable and accrued liabilities | 139,888 |
| Deferred contributions | (2,212,878) |
| | 1,626,825 |
| Investing | |
| Purchase of tangible capital assets | (211,126) |
| Net change in cash | 1,415,699 |
| Cash, beginning of year | 2,979,423 |
| Cash, end of year | \$ 4,395,122 |

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, sustainable community-based projects are designed 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.

These financial statements have been prepared in United States dollars which is not the functional currency of RTV.

Outlined below are those accounting 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 project loans 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)

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets less estimated disposal value as follows:

| | |
|-----------|-----------|
| Equipment | 4 years |
| Vehicles | 3-5 years |

When conditions indicate the carrying value of a capital asset is impaired, it will be written down to the asset's fair value or replacement cost, with the write-down recorded as an expense in the statement of operations and changes in net assets. 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 have been translated into United States dollars (USD) 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.

On the initial translation to USD, the following adjustment was made to opening net assets at January 1, 2023.

| | 2023 |
|-----------------------------------------------------|---------------------|
| Net assets, Canadian \$, January 1, 2023 | \$ 2,769,582 |
| Translation amount | (689,260) |
| | 2,080,322 |
| Cumulative translation adjustment to prior earnings | (37,012) |
| Net assets, USD, January 1, 2023 | \$ 2,043,310 |

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

3. PROJECT LOANS RECEIVABLE

RTV has established the Village Startup Fund (VSF) to improve access to affordable credit in its partner communities. The VSF provides top-up funds to existing VSLA's selected from villages with the greatest needs as defined by household incomes and assets. These VSLAs are vetted for their performance and track record, and participating members are eligible for a maximum loan of \$50. Access to affordable credit and pooled resources for investment allows members to invest in small business and agriculture, to build livestock assets, and to support basic needs.

The funds are loaned for one year, with a small monthly fee charged to cover the loan administration costs incurred by RTV.

4. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated Depreciation | 2023 |
|-----------|-------------------|-------------------------------------|-------------------|
| Equipment | \$ 6,556 | \$ 739 | \$ 5,817 |
| Vehicles | 626,380 | 205,635 | 420,745 |
| | \$ 632,936 | \$ 206,374 | \$ 426,562 |

During the year RTV expensed furniture, equipment and computer equipment totaling \$246,600. These expenses were included in international programs on the statement of operations and changes in net assets.

5. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are amounts payable to the Canadian and Ugandan governments with respect to salary and Ugandan purchase tax withholdings of \$158,451.

Raising the Village Inc.
Notes to Financial Statements
(in US dollars)
December 31, 2023

6. DEFERRED CONTRIBUTIONS

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

| | 2023 |
|-----------------------------------|---------------------|
| Balance, beginning of year | \$ 3,318,577 |
| Restricted contributions received | 1,628,775 |
| Amounts recognized in revenue | (3,841,653) |
| Balance, end of year | \$ 1,105,699 |

7. DONATIONS AND GRANTS

| | 2023 |
|----------------------------------------------------------------|----------------------|
| Total donations and grants received in the year | \$ 9,386,863 |
| Deferred revenue from previous years brought into income | 3,318,577 |
| Revenues for future periods included in deferred contributions | (1,105,699) |
| Recognized donations and grants | \$ 11,599,741 |

8. ALLOCATION OF EXPENSES

During the year, Canadian salary and benefits and rent expenses were allocated amongst various activities as follows:

| | Rent | Salary and Benefits | 2023 |
|------------------------|------------------|----------------------------|-------------------|
| International programs | \$ 18,159 | \$ 348,493 | \$ 366,652 |
| Fundraising | 12,106 | 235,378 | 247,484 |
| Administration | 16,295 | 320,672 | 336,967 |
| | \$ 46,560 | \$ 904,543 | \$ 951,103 |

9. FINANCIAL RISK MANAGEMENT

Credit Risk

Financial instruments that potentially subject RTV to concentration of credit risk consist primarily of cash, donations receivable, and project loans 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 risk related to project loans receivable is managed through vetting loan recipients and supportive collection policies. The historical rate of default is very low. 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. The functional currency of RTV is the Canadian dollar, and RTV has foreign currency risk related to financial holdings in USD and Ugandan 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.