

FINANCIAL STATEMENTS

VILLAGE COMMUNITY FOUNDATION

March 31, 2020

Village Community Foundation
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INDEPENDENT AUDITOR'S REPORT

To the directors of
Village Community Foundation:

Opinion

We have audited the accompanying financial statements of **Village Community Foundation** (the "Foundation"), which comprise the statement of financial position as at March 31, 2020 and the statements of changes in net assets, operations 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 Foundation as at March 31, 2020 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.

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 Foundation 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.

Other Matters

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that **Village Community Foundation** adopted Canadian accounting standards for not-for-profit organizations on April 1, 2019 with a transition date of January 1, 2019. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial positions as at March 31, 2019 and January 1, 2019, and the statements of changes in net assets, operations and cash flows for the year ended March 31, 2019 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibility for the Audit of 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 it 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 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 judgement 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation 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 Village Community Foundation identify during our audit.

Toronto, Ontario
July 9, 2020

Campbell Lawless LLP

Chartered Professional Accountants
Licensed Public Accountants

Village Community Foundation
STATEMENT OF FINANCIAL POSITION

	March 31, 2020 \$	March 31, 2019 \$	January 1, 2019 \$
ASSETS			
Current			
Cash	113,531		
Harmonized sales tax recoverable	11,558		
	125,089	NIL	NIL
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12,994	10,737	5,650
Due to related parties [note 4]	<u>50,189</u>	<u>31,352</u>	<u>27,162</u>
	63,183	42,089	32,812
NET ASSETS (DEFICIENCY)			
Unrestricted	61,906	(42,089)	(32,812)
	125,089	NIL	NIL

see accompanying notes

On behalf of the Board:

Director

Director

Village Community Foundation
STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31	2020	2019
	\$	\$
Balance , beginning of year	(42,089)	(32,812)
Excess (deficiency) of revenue over expenses for the year	103,995	(9,277)
Balance , end of year	61,906	(42,089)

see accompanying notes

Village Community Foundation
STATEMENT OF OPERATIONS

Year ended March 31	2020	2019
	\$	\$
Revenue		
Donations	<u>1,699,981</u>	<u>NIL</u>
Expenses		
Program	1,431,760	
Consulting fee	74,236	
Professional fees	44,750	9,277
Salary and benefits	34,805	
Bank and service charges	<u>10,435</u>	<u> </u>
	<u>1,595,986</u>	<u>9,277</u>
Excess (deficiency) of revenue over expenses for the year	103,995	(9,277)

see accompanying notes

Village Community Foundation
STATEMENT OF CASH FLOWS

Year ended March 31	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	103,995	(9,277)
Changes in non-cash working capital items -		
(Increase) decrease in harmonized sales tax recoverable	(11,558)	
Increase (decrease) in accounts payable and accrued liabilities	2,258	5,087
Increase (decrease) in due to related parties	<u>18,836</u>	<u>4,190</u>
Net change in cash during the year	113,531	NIL
Cash , beginning of year	NIL	NIL
Cash , end of year	<u>113,531</u>	<u>NIL</u>

see accompanying notes

Village Community Foundation
NOTES TO FINANCIAL STATEMENTS

March 31, 2020

1. PURPOSE OF THE FOUNDATION

Village Community Foundation (the "Foundation") operates under the Canada Not-for-profit Corporations Act as a corporation without share capital. The purpose of the Foundation is to:

- Receive and maintain a fund or funds and to use or apply all or part of the principal and income therefrom for charitable purposes;
- To relieve poverty, especially amongst children, by providing education, food and other basic supplies to persons in need to relieve hunger, to prevent and cure disease, to provide safe drinking water and to support basic infrastructure needed for sustainable development amongst the extremely poor;
- To educate the public by developing, providing, and supporting education programs, especially for needy persons; and
- To develop or promote public health in developing nations by supporting organizations that provide health care to the poor and by educating and instructing the public on prevention of, and curative measures for, health problems.

The Foundation is classified as a registered charity as defined in paragraph 149(1)(f) of the Income Tax Act (Canada) [the "Act"], Act and, therefore, is exempt from income tax providing that it complies with donation and certain other requirements as specified by the Act.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2019, the Foundation adopted the requirements of the CPA Canada Handbook - Accounting and has elected to first time adopt Canadian accounting standards for not-for-profit organizations (ASNPO). These are the Foundation's first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the summary of significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2020, the comparative information presented in these financial statements for the year ended March 31, 2019 and in the preparation of an opening balance sheet at January 1, 2019, which is the Foundation's date of transition.

The Foundation issued financial statements for the year ended March 31, 2019 without using an accounting framework. The adoption of ASNPO had no impact on the statement of financial position as at March 31, 2019 and the statements of changes in net assets, operations and cash flows for the year ended March 31, 2019.

Village Community Foundation
NOTES TO FINANCIAL STATEMENTS

March 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets (deficiency).

Contributed services

Volunteers contribute their time to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, due from (to) related parties and accounts payable and accrued liabilities.

The Foundation has no financial assets or liabilities measured at fair value.

Foreign currency translation

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities and items appearing in the current year's statement of operations are translated using the average exchange rate in effect at the transaction date. Foreign exchange gains and losses are included in the statement of operations.

Village Community Foundation
NOTES TO FINANCIAL STATEMENTS

March 31, 2020

4. RELATED PARTY TRANSACTIONS

The Foundation is related to Village Community Schools and Kyzalea Foundation as several members of the Foundation's board of directors and management team also serve on the board of directors and management team of Village Community Schools and Kyzalea Foundation. The common members have significant influence amongst these three related parties.

Amounts receivable from or payable to related parties are derived from transactions 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. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

The amounts due from (to) related parties consist of:

	2020	2019
	\$	\$
Due to directors	(44,715)	(14,515)
Due to Village Community Schools	(7,734)	(16,837)
Due from Kyzalea Foundation	2,260	
	(50,189)	(31,352)

The statement of operations includes the following related party transactions:

	2020	2019
	\$	\$
Donations from Village Community Schools, included in revenue	892,958	NIL
Donations from Kyzalea Foundation, included in revenue	757,698	NIL

Village Community Foundation
NOTES TO FINANCIAL STATEMENTS

March 31, 2020

5. FINANCIAL INSTRUMENT RISK EXPOSURE

The Foundation is exposed to liquidity and market risk through its financial instruments. The Foundation is not exposed to significant credit risk. There has been no changes in its risk exposure from the previous period.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due. The Foundation is exposed to liquidity risk primarily arising from its accounts payable and accrued liabilities and due to related parties. The Foundation meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations and holding liquid assets.

Market risk

The Foundation is exposed to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is primarily exposed to currency risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk through its U.S. dollar denominated activities. As at March 31, 2020, cash of \$38,561 (2019 - \$NIL) is recorded in U.S. dollars and converted into Canadian dollars. The Foundation has not hedged its exposure to foreign currency fluctuations. During the year, the foreign exchange gain amounted to \$2,897.