

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Financial Statements**

Year Ended December 31, 2021

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Index to the Financial Statements**  
**Year Ended December 31, 2021**

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## **Independent Auditor's Report**

**To the Directors of  
Kuwala Christian Girls School Inc.**

### ***Opinion***

I have audited the accompanying financial statements of Kuwala Christian Girls School Inc., which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kuwala Christian Girls School Inc. as at December 31, 2021 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASNPO, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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. I 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 I identify during my audit.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, include any significant deficiencies in internal control that I identify during my audit.

**Winnipeg, Manitoba**  
**June 10, 2022**



**Carol Edwards**  
**Chartered Professional Accountant**

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Financial Position**  
**As at December 31, 2021**

	General Fund	Operating Fund	Capital Fund	2021 Total	2020 Total
<b>ASSETS</b>					
Current					
Cash (note 4)	\$ 127,111	\$ -	\$ 11,800	\$ 138,911	\$ 93,882
Accounts receivable	866	-	-	866	913
Prepaid expenses (note 5)	11,724	-	-	11,724	11,724
	<u>\$ 139,701</u>	<u>\$ -</u>	<u>\$ 11,800</u>	<u>\$ 151,501</u>	<u>\$ 106,519</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 5,671	\$ -	\$ -	\$ 5,671	\$ 5,671
	<u>5,671</u>	<u>-</u>	<u>-</u>	<u>5,671</u>	<u>5,671</u>
Fund balances					
Unrestricted	134,030	-	-	134,030	77,363
Restricted (note 6)	-	-	11,800	11,800	23,485
	<u>134,030</u>	<u>-</u>	<u>11,800</u>	<u>145,830</u>	<u>100,848</u>
	<u>\$ 139,701</u>	<u>\$ -</u>	<u>\$ 11,800</u>	<u>\$ 151,501</u>	<u>\$ 106,519</u>

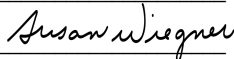
See accompanying notes to the financial statements

Approved by:

Director: Mark Kinzel



Director: Susan Wiegner



**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Changes in Fund Balances**  
For the year ended December 31, 2021

	General Fund	Operating Fund	Capital Fund	2021	2020
				Total	Total
<b>Fund balances, beginning of the year</b>	\$ 77,363	\$ -	\$ 23,485	\$ 100,848	\$ 20,493
Excess of revenue over expenditures	273,724	(164,373)	(64,369)	44,982	80,355
Interfund transfers	(217,057)	164,373	52,684	-	-
<b>Fund balances, end of the year</b>	\$ 134,030	\$ -	\$ 11,800	\$ 145,830	\$ 100,848

See accompanying notes to the financial statements

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Operations**  
For the year ended December 31, 2021

				2021	2020
	General Fund	Operating Fund	Capital Fund	Total	Total
<b>Revenues</b>					
Donations - general	\$ 320,784	\$ -	\$ -	\$ 320,784	\$ 271,019
Donations - capital projects	-	-	71,535	71,535	20,498
Donations - sponsorship	-	54,085	-	54,085	46,715
Grant income	-	-	20,000	20,000	-
Fundraising - general	-	-	-	-	3,764
Interest income	185	-	-	185	6
	320,969	54,085	91,535	466,589	342,002
<b>Administrative expenditures</b>					
Administration office expenses	959	-	-	959	627
Advertising and promotion	3,552	-	-	3,552	5,971
Bank charges	4,776	-	-	4,776	4,207
Fundraising expense	18,576	-	-	18,576	276
Grant costs	-	-	2,624	2,624	-
Liability insurance	1,608	-	-	1,608	1,363
Professional fees	7,961	-	-	7,961	8,815
	37,432	-	2,624	40,056	21,259
<b>Malawi school construction grants</b>					
School construction	-	-	137,672	137,672	79,892
School construction travel expense	-	-	-	-	351
School construction vehicle expenses	-	-	15,608	15,608	17,590
	-	-	153,280	153,280	97,833
<b>Malawi school operating grants</b>					
School operating insurance	-	546	-	546	1,560
School operating meals	-	22,648	-	22,648	11,039
School operating office expenses	-	11,949	-	11,949	13,869
School operating registration expenses	-	924	-	924	-
School operating repairs and maintenance	-	2,439	-	2,439	1,866
School operating salaries and benefits	-	136,798	-	136,798	109,020
School operating supplies	-	40,550	-	40,550	825
School operating utilities	-	1,223	-	1,223	1,370
School operating vehicle expenses	-	1,381	-	1,381	634
	-	218,458	-	218,458	140,183
<b>Total expenditures</b>	37,432	218,458	155,904	411,794	259,275
<b>Excess of revenue over expenditures before other items</b>	283,537	(164,373)	(64,369)	54,795	82,727
<b>Other revenue and (expenditures)</b>					
Gains or (losses) on currency exchange	(9,813)	-	-	(9,813)	(2,372)
	(9,813)	-	-	(9,813)	(2,372)
<b>Excess of revenue over expenditures</b>	\$ 273,724	\$ (164,373)	\$ (64,369)	\$ 44,982	\$ 80,355

See accompanying notes to the financial statements

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Cash flow from (used for) operating activities</b>		
Cash received from donations, fundraising and grants	\$ 466,451	\$ 342,238
Cash paid for administration services	(40,056)	(32,983)
Cash paid for grants and donations	(381,551)	(240,388)
Interest and dividends received	185	6
<hr/>		
Net cash flows (used for) operating activities	45,029	68,873
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<b>Cash at the beginning of the year</b>	93,882	25,009
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<b>Cash at the end of the year</b>	<b>\$ 138,911</b>	<b>\$ 93,882</b>
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See accompanying notes to the financial statements



**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**1. Purpose of the Organization**

Kuwala Christian Girls School Inc. was incorporated on August 9, 2010 under the *Manitoba Corporations Act* as a private foundation under the name of L3M Foundation Inc. L3M Foundation Inc. changed its operating name on March 14, 2018. Effective January 1, 2021, the Canada Revenue Agency changed the Organizations designation from a Private Foundation to a Registered Charity. The Organization is exempt from paying income tax under paragraph 149 (1) of the *Income Tax Act* as a not-for-profit charitable organization.

The purpose of the Organization is to provide financial support to educational and religious based registered charities in Malawi, Africa. Since 2017, the Organization has been supporting the Kuwala Christian Girls Secondary School in Malawi with the goal of empowering girls through Christian-based, meaningful education to equip them for success and strengthen their communities for the present and future generations.

**2. Summary of Significant Accounting Policies**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Organization follows the restricted fund method of accounting for contributions. The actives carried out by fund are as follows:

*General fund*

The general fund includes the activities of the Organizations general administration.

*Operating fund*

The operating fund includes the activities of operating the school in Malawi, including sponsorship income for individual girls attending the school.

*Capital fund*

The capital fund includes the revenues designated for school construction and related expenditures for the construction of the school facilities in Malawi.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates.

Cash and cash equivalents

Cash includes cash and cash equivalents and consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

2. *continued...*

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost is determined by the initial purchase price. Tangible capital assets are amortized over their estimated useful lives at applicable rates. The Organization has no tangible capital asset purchases to report in the current or prior years.

Revenue recognition

Unrestricted contributions, including donations and grants, related to general operations are recognized as revenue in the operating fund in the year received or receivable if the amount to be received as revenue can be reasonable estimated and collection is assured.

Restricted contributions, including donations and grants, are recognized as revenue of the appropriate restricted fund in the year in which the funds are received or receivable if the amount to be received as revenue can be reasonable estimated and collection is assured.

Contributed materials and services

The Organization recognizes contributed materials and services in the financial statements when their fair value can be reasonably determined and they are used in the normal course of operations had they otherwise been purchased. There were no contributed materials or services recorded in the current or prior year.

Volunteers provide time to the activities of the Organization and because of the difficulty in assigning values for such services, the value of donated time is not reflected in the financial statements.

Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

All financial assets are tested for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in net income.

Related party transactions

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Details of related parties. Details of related party transactions are disclosed in note 10.

Foreign currency transactions

Monetary assets, liabilities, revenue and expense items denominated in foreign currencies are translated into Canadian dollars at rates of exchange prevailing on the following dates: monetary assets and liabilities as at the year end date and revenue and expenses at the transaction date. Translation gains and losses are recorded in statement of operations.

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**3. Financial Instruments**

The Organization uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk and market risk. The Organization has little exposure to credit, interest rate, market and liquidity risk. Currency risk is mitigated by maintaining minimal balances in foreign currencies.

**4. Cash**

	<u>2021</u>	<u>2020</u>
CIBC - Canadian dollar chequing	\$ 126,861	\$ 77,627
CIBC - US dollar savings	12,050	16,255
	<u>\$ 138,911</u>	<u>\$ 93,882</u>

The CIBC US Dollar savings account bears interest at 0% and both accounts are secured up to a maximum of \$100,000 by the Canadian Deposit Insurance Corporation.

**5. Prepaid Expenses**

Prepaid expenses consists of travel expense to Malawi, Africa paid on booking of travel that was later postponed due to the Covid-19 Pandemic restrictions. The Organization expects to utilize the travel credits in 2022.

**6. Restricted Capital Funds**

The Organization has restricted funds for future capital projects. The current year restricted capital fund balance is comprised of funds designated for completion of the school complex and science lab.

Change in restricted capital funds are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 23,485	\$ 17,830
Additions:		
Capital donations - school construction	71,535	14,013
Capital grant - technology	20,000	-
Capital grants - greenhouse	-	6,485
	<u>115,020</u>	<u>38,328</u>
Disbursements:		
Malawi school construction	153,280	97,833
Malawi technology grant costs	2,624	-
	<u>155,904</u>	<u>97,833</u>
Transferred from general fund	<u>52,684</u>	<u>82,990</u>
Balance, end of year	<u>\$ 11,800</u>	<u>\$ 23,485</u>

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**7. Related Party Transactions**

The Organization was established to provide financial support to educational and religious based registered charities with the support of other partner organizations and charities in Canada. Members of the board of directors support this cause with contributions of time and cash donations. Members of the board of directors also, from time to time, serve on the boards of the partnering organizations.

The following details significant influence relationships with partnering organizations. The amounts transacted were in the normal course of business and at the exchange amount agreed upon between the parties.

A partnering organizations, 4K Foundation Inc., had a director serving on the executive who also served on the executive of Kuwala Christian Girls School Inc. This board member and his immediate family made personal donations to the Organization which included a donation matching the prepaid travel expenses to be utilized by the Organization in the future.

The following are the related party transactions during the year.

	<u>2021</u>	<u>2020</u>
<b>Donation revenue:</b>		
4K Foundation Inc	\$ 105,000	\$ 200,000
Related executive board member	450	17,725
	<u>105,450</u>	<u>217,725</u>
<b>Prepaid travel expenses - related executive board member</b>	<u>11,725</u>	<u>11,725</u>

**8. Commitments**

The Organization has entered into a Memorandum of Understanding (MOU) with Kuwala Christian Girls Secondary School in Malawi, Africa. The MOU sets out the terms of services provided, financial stewardship required, indemnification of the local Organization, and other general provisions. Termination of the agreement by either party, requires 180 days notice. Until the MOU is ratified, both parties continue to operate in the spirit of the terms of the pending agreement.