

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

Year Ended December 31, 2022

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
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**Year Ended December 31, 2022**

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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, 2022, 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, 2022 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, 2023**



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

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Financial Position**  
**As at December 31, 2022**

				2022	2021
	General Fund	Operating Fund	Capital Fund	Total	Total
<b>ASSETS</b>					
Current					
Cash (note 4)	\$ 181,548	\$ -	\$ 184,385	\$ 365,933	\$ 138,911
Accounts receivable	8,042	-	-	8,042	866
Prepaid expenses (note 5)	2,529	-	-	2,529	11,724
	\$ 192,119	\$ -	\$ 184,385	\$ 376,504	\$ 151,501
<b>LIABILITIES AND FUND BALANCES</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 5,671	\$ -	\$ -	\$ 5,671	\$ 5,671
	5,671	-	-	5,671	5,671
Fund balances					
Unrestricted	186,448	-	-	186,448	134,030
Restricted (note 6)	-	-	184,385	184,385	11,800
	186,448	-	184,385	370,833	145,830
	\$ 192,119	\$ -	\$ 184,385	\$ 376,504	\$ 151,501

See accompanying notes to the financial statements

Approved by:

Director:  \_\_\_\_\_

Director:  \_\_\_\_\_

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Changes in Fund Balances**  
**For the year ended December 31, 2022**

				<b>2022</b>	<b>2021</b>
	<b>General Fund</b>	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>Total</b>
<b>Fund balances, beginning of the year</b>	\$ 134,030	\$ -	\$ 11,800	\$ 145,830	\$ 100,848
Excess of revenue over expenditures	581,792	(204,735)	(152,054)	225,003	44,982
Interfund transfers	(529,374)	204,735	324,639	-	-
<b>Fund balances, end of the year</b>	<b>\$ 186,448</b>	<b>\$ -</b>	<b>\$ 184,385</b>	<b>\$ 370,833</b>	<b>\$ 145,830</b>

See accompanying notes to the financial statements

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Operations**  
For the year ended December 31, 2022

				2022	2021
	General Fund	Operating Fund	Capital Fund	Total	Total
<b>Revenues</b>					
Donations - general	\$ 623,704	\$ -	\$ -	\$ 623,704	\$ 320,784
Donations - capital projects	-	-	200,125	200,125	71,535
Donations - sponsorship	-	59,389	-	59,389	54,085
Grant income	-	-	26,311	26,311	20,000
Interest income	45	-	-	45	185
	623,749	59,389	226,436	909,574	466,589
<b>Administrative expenditures</b>					
Administration office expenses	4,414	-	-	4,414	959
Advertising and promotion	7,112	-	-	7,112	3,552
Bank charges	4,830	-	-	4,830	4,776
Fundraising expense	19,787	-	-	19,787	18,576
Grant costs	-	-	2,631	2,631	2,624
Liability insurance	1,929	-	-	1,929	1,608
Professional fees	9,409	-	-	9,409	7,961
	47,481	-	2,631	50,112	40,056
<b>Malawi school construction grants</b>					
School construction	-	-	357,512	357,512	137,672
School construction travel expense	-	-	8,532	8,532	-
School construction vehicle expenses	-	-	9,815	9,815	15,608
	-	-	375,859	375,859	153,280
<b>Malawi school operating grants</b>					
School operating insurance	-	658	-	658	546
School operating meals	-	26,661	-	26,661	22,648
School operating office expenses	-	12,897	-	12,897	11,949
School operating registration expenses	-	-	-	-	924
School operating repairs and maintenance	-	16,397	-	16,397	2,441
School operating salaries and benefits	-	151,492	-	151,492	136,798
School operating supplies	-	29,865	-	29,865	40,550
School operating utilities	-	20,191	-	20,191	1,223
School operating vehicle expenses	-	5,963	-	5,963	1,381
	-	264,124	-	264,124	218,460
<b>Total expenditures</b>	47,481	264,124	378,490	690,095	411,796
<b>Excess of revenues over expenditures before other items</b>	576,268	(204,735)	(152,054)	219,479	54,793
<b>Other revenues and (expenditures)</b>					
Gains or (losses) on currency exchange	5,524	-	-	5,524	(9,811)
	5,524	-	-	5,524	(9,811)
<b>Excess of revenues over expenditures</b>	\$ 581,792	\$ (204,735)	\$ (152,054)	\$ 225,003	\$ 44,982

See accompanying notes to the financial statements

**KUWALA CHRISTIAN GIRLS SCHOOL INC.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2022**

	<b>2022</b>		<b>2021</b>
<b>Cash flow from (used for) operating activities</b>			
Cash received from donations, fundraising and grants	\$ 902,353	\$	466,449
Cash paid for administration services	(40,917)		(40,056)
Cash paid for grants and donations	(634,459)		(381,549)
Interest and dividends received	45		185
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Net cash flows (used for) operating activities	227,022		45,029
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<b>Cash at the beginning of the year</b>	138,911		93,882
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<b>Cash at the end of the year</b>	\$ 365,933	\$	138,911
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See accompanying notes to the financial statements



# KUWALA CHRISTIAN GIRLS SCHOOL INC.

## Notes to Financial Statements

Year Ended December 31, 2022

### 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 activities 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, 2022**

#### **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 reasonably 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 reasonably 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 party transactions are disclosed in note 7.

##### 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, 2022

#### 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>2022</u>	<u>2021</u>
CIBC - Canadian dollar chequing	\$ 351,680	\$ 126,861
CIBC - US dollar savings	14,253	12,050
	<u>\$ 365,933</u>	<u>\$ 138,911</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 2023 or 2024, for board members and as such, has opted to report the credits as current assets.

#### 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 11,800	\$ 23,485
Additions:		
Capital donations - school construction	200,125	71,535
Capital grant - technology		20,000
Capital grants - workshop	26,311	-
	<u>238,236</u>	<u>115,020</u>
Disbursements:		
Malawi school construction	375,859	153,280
Malawi workshop grant costs	2,631	2,624
	<u>378,490</u>	<u>155,904</u>
Transferred from general fund	<u>324,639</u>	<u>52,684</u>
Balance, end of year	<u>\$ 184,385</u>	<u>\$ 11,800</u>

## KUWALA CHRISTIAN GIRLS SCHOOL INC.

### Notes to Financial Statements

Year Ended December 31, 2022

#### 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>2022</u>	<u>2021</u>
<b>Donation revenue:</b>		
4K Foundation Inc	\$ 240,000	\$ 200,000
Related executive board member	8,350	17,725
	<u>\$ 248,350</u>	<u>\$ 217,725</u>
<b>Prepaid travel expenses - related executive board member</b>	<u>\$ 2,529</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.