

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Financial Statements
For the Year Ended December 31, 2019
and Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Directors of African Canadian Continuing Education Society

Qualified Opinion

We have audited the financial statements of African Canadian Continuing Education Society (the "Society"), which comprise the statement of financial position as at December 31, 2019, the statement of operations and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, applied, as required by the *Societies Act, British Columbia*, on a basis consistent with the previous year.

Basis for Qualified Opinion

In common with many non-profit organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts included in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditure, assets and net assets.

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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

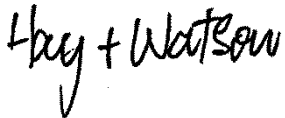
Auditor's Responsibilities for the Audit of the Financial Statements

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 Society'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 Society'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 Society 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.



Chartered Professional Accountants
Vancouver, B.C.
April 27, 2020

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Statement of Financial Position
As at December 31, 2019

	2019		2018
ASSETS			
Current			
Cash and cash equivalents	\$ 90,323	\$	70,932
GST receivable	260		2,887
Donations receivable	29,668		55,377
Prepaid expenses	204		1,452
	120,455		130,648
Property and equipment (Note 4)	1,810		2,263
	\$ 122,265	\$	132,911
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 19,022	\$	12,578
NET ASSETS	103,243		120,333
	\$ 122,265	\$	132,911

The accompanying notes are an integral part of these financial statements.

APPROVED BY THE BOARD

_____ Director

_____ Director

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	2019		2018
RECEIPTS			
Donations and fundraising	\$ 295,306	\$	359,727
Interest	53		43
	295,359		359,770
EXPENDITURES			
Operating expenses (Schedule 1)	312,449		329,344
(DEFICIENCY) EXCESS OF RECEIPTS OVER EXPENDITURES	(17,090)		30,426
NET ASSETS, Beginning of Year	120,333		89,907
NET ASSETS, End of Year	\$ 103,243	\$	120,333

The accompanying notes are an integral part of these financial statements.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Statement of Cash Flows
Year Ended December 31, 2019

	2019		2018
Cash Flows From (Used In) Operating Activities			
(Deficiency) Excess of expenditures over receipts	\$ (17,090)	\$	30,426
Items not affecting cash:			
Amortization	453		919
	(16,637)		31,345
Changes in non-cash working capital items:			
Accounts receivable	28,336		(40,252)
Prepaid expenses	1,248		(30)
Accounts payable	6,444		(344)
Increase (Decrease) in Cash and Cash Equivalents	19,391		(9,281)
Cash and Cash Equivalents, Beginning of Year	70,932		80,213
Cash and Cash Equivalents, End of Year	\$ 90,323	\$	70,932
Cash and Cash Equivalents is composed of:			
Cash	\$ 80,323	\$	60,932
Cashable term deposit	10,000		10,000
	\$ 90,323	\$	70,932

The accompanying notes are an integral part of these financial statements.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2019

1. OPERATIONS

The Society was incorporated in British Columbia on October 5, 1993, and has transitioned to the *Society Act (British Columbia)* that came into force on November 28, 2016.

The Society's primary activity is to provide funding for the continuing education of children and youth in the Kakamega District of Kenya. The Society receives a significant portion of its revenue from donations and grants from the public and may not be able to maintain its current level of operations should this funding be significantly reduced or ended.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), effective as at December 31, 2019. The financial statements were approved by the Board of Directors on April 27, 2020.

Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates using different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the Society's preparation of these financial statements include, among others, the recoverability of accounts receivable.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Society include the estimated useful life and future operating results from property and equipment.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on account and term deposits with major financial institutions which have a term to maturity of three months or less at the date of acquisition or that are readily convertible into known amounts of cash.

Financial Assets and Liabilities

The Society's financial instruments are cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

Financial instruments are measured at fair value on initial recognition and subsequently at amortized cost. Transaction costs and financing fees directly attributable to the acquisition or issue of a financial asset or financial liability that will be measured subsequently at amortized cost are added to the carrying amount of the financial asset or financial liability.

At each reporting date, financial assets are reviewed for indications that they may be impaired. If a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset, the carrying value of the financial asset is reduced to the highest of the present value of future cash flows from the financial asset and the amount that could be realized from selling the asset or exercising rights to any collateral.

Property and equipment

Property and equipment are stated at cost and are amortized over their estimated useful lives at the following annual rates and methods:

Furniture and Equipment	20% declining balance method
Computer Software	20% straight-line method

Recognition of Receipts

Grants and donations are recorded when received or when pledged and receipt is reasonably assured. Grants and donations received to fund future period expenditures are recorded as deferred revenue until expended in that future period.

Income Taxes

The Society is a non-profit organization and is not subject to federal or provincial income taxes.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2019

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Equipment	\$ 9,584	\$ 7,774	\$ 1,810	\$ 2,263
Computer software	8,528	8,528	-	-
	\$ 18,112	\$ 16,302	\$ 1,810	\$ 2,263

5. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount agreed to by the parties to the transaction.

The Society received \$30,000 (2018 - \$100,000) from the African Canadian Continuing Education Society Foundation (the "Foundation"), which included \$20,000 (2018 - \$20,000) as a recovery of staff salary expenses and the remainder in 2018 as general contributions. As at December 31, 2019, no amounts are receivable from or payable to the Foundation.

The Foundation was established by the members of the Society and all donations made to the Foundation, and the proceeds from them, are to be used for the operations of the Society.

6. FINANCIAL RISK MANAGEMENT

The Society's activities expose it to a variety of financial risks, which include credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Society's risk management program focuses on the unpredictability of financial markets and seeks to maximize the Society's ability to meet its mandate.

Credit Risk

Credit risk is the risk of financial loss to the Society if a counterparty to a financial instrument fails to meet its contractual obligations. This risk arises from its cash and cash equivalents and accounts receivable.

The Society considers this risk to be limited as cash and cash equivalents are on deposit at insured financial institutions and accounts receivable are for donations which are collected shortly after year end.

Foreign Exchange Risk

Foreign exchange risk is the risk that changes in foreign exchange rates will affect the future cash flows from the Society to its African partners, reducing amounts available for the delivery of programs in Africa. The Society manages this risk through timing of the conversion of currency with the best exchange rates available.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Society's financial instruments. The Society's interest rate risk is expected to be minimal as its cash and cash equivalents are in short-term highly liquid instruments.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2019

6. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they come due. Accounts payable and accrued liabilities are due within the next operating period. The Society's overall exposure to liquidity risk is minimal as the Society maintains sufficient assets to meet outstanding obligations at all times.

7. CAPITAL MANAGEMENT

The Society considers its capital to be its net assets. The net assets are used to obtain grants and other funding to enable the Society to provide support for the continuing education of children and youth in the Kakamega District of Kenya.

The Society obtains the funds which make up its net assets from the portion of grants allocated to administrative activities and from specific fundraising for this purpose.

The Society's capital management objectives have not changed and there are no externally imposed restrictions on its capital.

8. COMPARATIVE AMOUNTS

Certain amounts reported in the comparative financial statements have been reclassified to conform to the current year's presentation.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Operating Expenses
Year Ended December 31, 2019

	2019	2018
Africa (Kenya)		
Funds to Kenya	\$ 194,666	\$ 210,777
Project Kenya		
Monitoring and evaluation from Canada	-	2,198
Wages	39,455	37,912
	39,455	40,110
Project ACCES		
Administration	20,590	21,358
Amortization	453	919
Professional fees	6,160	7,109
Fundraising	840	2,889
Wages	50,285	46,182
	78,328	78,457
Total Operating Expenses	\$ 312,449	\$ 329,344