

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Financial Statements
For the Year Ended December 31, 2022
and Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Directors of African Canadian Continuing Education Society

Report on the Audit of the Financial Statements

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, 2022, the statement of operations and changes in net assets and the 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, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives receipts from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these receipts 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 donation and fundraising receipts, excess (deficiency) of expenditures over receipts, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at December 31, 2022 and 2021 and January 1, 2021. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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.

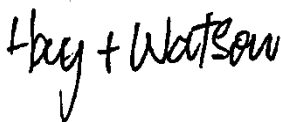
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act, British Columbia, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with the preceding year.



Chartered Professional Accountants
Vancouver, B.C.
June 3, 2023

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Statement of Financial Position
As at December 31, 2022

| | 2022 | | 2021 |
|--|-------------------|----|----------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | \$ 51,223 | \$ | 73,676 |
| GST receivable | 3,047 | | 1,643 |
| Donations receivable | 51,380 | | 23,233 |
| Prepaid expenses | 3,915 | | 204 |
| | 109,565 | | 98,756 |
| Property and equipment (Note 4) | 7,166 | | 2,372 |
| Receivable from ACCES Foundation (Note 5) | 30,000 | | 30,000 |
| | \$ 146,731 | \$ | 131,128 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | \$ 6,000 | \$ | 12,862 |
| Canada Emergency Business Account loan (Note 6) | 40,000 | | 40,000 |
| | 46,000 | | 52,862 |
| NET ASSETS | 100,731 | | 78,266 |
| | \$ 146,731 | \$ | 131,128 |

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, 2022

| | 2022 | 2021 |
|--|-------------------|------------------|
| RECEIPTS | | |
| Donations and fundraising | \$ 293,929 | \$ 272,424 |
| Government assistance (Note 6) | - | 10,000 |
| | 293,929 | 282,424 |
| EXPENDITURES | | |
| Operating expenses (Schedule 1) | 271,464 | 289,572 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES | 22,465 | (7,148) |
| NET ASSETS, Beginning of Year | 78,266 | 85,414 |
| NET ASSETS, End of Year | \$ 100,731 | \$ 78,266 |

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

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Statement of Cash Flows Year Ended December 31, 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| Cash Flows From (Used In) Operating Activities | | |
| Excess of expenditures over receipts | \$ 22,465 | \$ (7,148) |
| Items not affecting cash: | | |
| Forgivable loan included in government assistance | - | (10,000) |
| Amortization | 1,094 | 398 |
| Loss on disposal of Equipment | 305 | - |
| Changes in non-cash working capital items: | | |
| Amounts receivable | (29,551) | 30,941 |
| Prepaid expenses | (3,711) | - |
| Accounts payable | (6,862) | (31,146) |
| | (16,260) | (16,955) |
| Cash Flows Used In Investing Activities | | |
| Purchase of property and equipment | (6,193) | (1,322) |
| Cash Flows From Financing Activities | | |
| Canada Emergency Business Account loan | - | 20,000 |
| Increase (Decrease) in Cash and Cash Equivalents | (22,453) | 1,723 |
| Cash and Cash Equivalents, Beginning of Year | 73,676 | 71,953 |
| Cash and Cash Equivalents, End of Year | \$ 51,223 | \$ 73,676 |
| Cash and Cash Equivalents is composed of: | | |
| Cash | \$ 41,223 | \$ 63,676 |
| Cashable term deposit | 10,000 | 10,000 |
| | \$ 51,223 | \$ 73,676 |

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

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2022

1. OPERATIONS

African Canadian Continuing Education Society (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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations effective as at December 31, 2022.

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

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 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 and the eligibility of the Society for government assistance.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with financial institutions and term deposits 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.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Society's financial instruments are cash and cash equivalents, accounts receivable, receivable from ACCES Foundation, accounts payable and accrued liabilities, and the Canada Emergency Business Account loan.

Financial instruments are measured at fair value on initial recognition and subsequently at amortized cost, except for derivatives, equity investments quoted in an active market, or if they are designated at fair value through profit and loss. 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.

Government assistance related to non-capital items is recognized as income on an accrual basis in the year in which the assistance is received, unless the assistance is related to expenses of future periods in which case it is deferred and amortized to income as the related expenses are incurred. The forgivable portion of forgivable loans is recognized as income when the Company becomes entitled to receive the loan and expects to meet the requirements for forgiveness.

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, 2022

4. PROPERTY AND EQUIPMENT

| | Cost | Accumulated Amortization | 2022 Net Book Value | 2021 Net Book Value |
|-------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Equipment | \$ 16,064 | \$ 8,898 | \$ 7,166 | \$ 2,372 |
| Computer software | 8,528 | 8,528 | - | - |
| | \$ 24,592 | \$ 17,426 | \$ 7,166 | \$ 2,372 |

During the year ended December 31, 2022, the Society disposed of a laptop for nil proceeds resulting in a loss on disposition of \$305.

5. RELATED PARTY TRANSACTIONS

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

During the year ended December 31, 2022, the Society received \$43,500 (2021 - \$60,000) from the African Canadian Continuing Education Society Foundation (the "Foundation"), which included \$20,000 (2021 - \$20,000) as a recovery of staff salary expenses and the remainder as a general contribution. 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.

During the year ended December 31, 2020, the Society advanced \$30,000 to the Foundation with no set terms of repayment. As at December 31, 2022, \$30,000 is receivable from the Foundation and the Society expects to receive this amount from the Foundation on or before December 31, 2023.

6. GOVERNMENT ASSISTANCE

During the year ended December 31, 2020, the Society received a \$40,000 loan through the Government of Canada's Emergency Business Account program (the "CEBA Loan") which is designed to support eligible entities affected by the Pandemic. The CEBA Loan does not bear interest and is due on December 31, 2023. If the CEBA Loan is repaid on or before December 31, 2023, 25% of the CEBA Loan up to \$10,000 will be forgiven. Any amount outstanding on January 1, 2024 will bear interest at 5% per annum and will be due on December 31, 2025.

During the year ended December 31, 2021, the Society received the \$20,000 extension to the CEBA Loan. The extension is subject to the same terms and conditions as the CEBA Loan except that 50% of the amount repaid on or before December 31, 2023, up to \$10,000, will be forgiven.

As at December 31, 2022, the Society has recognized \$20,000 of the CEBA Loan as government assistance related to the forgivable portion of the CEBA Loan and expects to repay the \$40,000 repayable portion of the CEBA Loan on or before December 31, 2023.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Notes to Financial Statements
December 31, 2022

7. 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 from donations, which are collected shortly after year end, and from the Foundation, a related party.

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 and the CEBA Loan does not bear interest.

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.

AFRICAN CANADIAN CONTINUING EDUCATION SOCIETY

Operating Expenses
Year Ended December 31, 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Africa (Kenya) | | |
| Funds to Kenya | \$ 189,160 | \$ 216,923 |
| Project Kenya | | |
| Wages | 19,610 | 21,029 |
| Monitoring and evaluation | 13,924 | 2,557 |
| | 33,534 | 23,586 |
| Project ACCES | | |
| Administration | 10,301 | 10,686 |
| Amortization | 1,094 | 398 |
| Professional fees | 5,832 | 6,240 |
| Fundraising | 284 | 490 |
| Wages | 30,954 | 31,249 |
| | 48,465 | 49,063 |
| Loss on disposal of equipment (Note 4) | 305 | - |
| Total Operating Expenses | \$ 271,464 | \$ 289,572 |