

CHANGE HER WORLD
FINANCIAL STATEMENTS
AUGUST 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Change Her World
250 Glendon Road
Stratford, Ontario

We have audited the accompanying financial statements of **Change Her World**, which comprise the balance sheet as at **August 31, 2013** and the statements of operations, fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITORS' REPORT - continued

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives cash revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures (expenditures over revenue), assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Change Her World** as at **August 31, 2013** 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 4 to the financial statements which describes that **Change Her World** adopted Canadian accounting standards for not-for-profit organizations on September 1, 2012 with a transition date of September 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at August 31, 2012 and September 1, 2011 and the statements of operations, surplus and cash flows for the year ended August 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is unaudited.



Professional Corporation
Chartered Accountants
*Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario*

Stratford, Ontario
February 4, 2014

Change Her World
Balance Sheet
As at August 31, 2013

ASSETS

	General Fund	Chilumba Project	Mzuzu Project	Total 2013	Total 2012
Current Assets					
Cash	\$ 16,494	\$ 422	\$ 41	\$ 16,957	\$ 19,993
Accounts receivable	-	347	-	347	-
HST receivable	1,823	-	-	1,823	1,086
Inventory	500	-	-	500	-
Prepaid expenses	<u>201</u>	<u>-</u>	<u>-</u>	<u>201</u>	<u>198</u>
	<u>\$ 19,018</u>	<u>\$ 769</u>	<u>\$ 41</u>	<u>\$ 19,828</u>	<u>\$ 21,277</u>

LIABILITIES

Current Liabilities					
Accounts payable	2,224	-	-	2,224	2,130
Related party loan payable - non-interest bearing, no fixed repayment terms or due date	<u>9,201</u>	<u>-</u>	<u>-</u>	<u>9,201</u>	<u>10,701</u>
	<u>11,425</u>	<u>-</u>	<u>-</u>	<u>11,425</u>	<u>12,831</u>

FUND BALANCES

Fund Balances	<u>7,593</u>	<u>769</u>	<u>41</u>	<u>8,403</u>	<u>8,446</u>
	<u>\$ 19,018</u>	<u>\$ 769</u>	<u>\$ 41</u>	<u>\$ 19,828</u>	<u>\$ 21,277</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

Change Her World
Statement of Fund Balances
For the year ended August 31, 2013

	General Fund	Chilumba Project	Mzuzu Project	Total 2013	Total 2012
Balance (deficit) - beginning of year	\$ (1,343)	\$ 9,789	\$ -	\$ 8,446	\$ 1,762
Excess of revenue over expenditures (expenditures over revenue) for the year	75,715	(72,811)	(2,947)	(43)	6,684
Interfund transfers	<u>(66,779)</u>	<u>63,791</u>	<u>2,988</u>	<u>-</u>	<u>-</u>
Balance - end of year	<u>\$ 7,593</u>	<u>\$ 769</u>	<u>\$ 41</u>	<u>\$ 8,403</u>	<u>\$ 8,446</u>

(See Accompanying Notes to the Financial Statements)

Change Her World
Statement of Operations
For the year ended August 31, 2013

	General Fund	Chilumba Project	Mzuzu Project	Total 2013	Total 2012
Revenue					
Donations	\$ 93,351	\$ -	\$ -	\$ 93,351	\$ 51,538
Fundraising (Note 7)	5,802	-	-	5,802	6,096
Products and literature	698	-	-	698	918
Other income	-	-	-	-	11
	<u>99,851</u>	<u>-</u>	<u>-</u>	<u>99,851</u>	<u>58,563</u>
Expenditures					
Conferences and travel	-	8,811	-	8,811	3,751
Professional fees	9,200	-	-	9,200	2,530
Office and administration	2,037	8,636	-	10,673	9,693
Project	1,100	52,599	2,803	56,502	20,575
Website	987	-	-	987	575
Fundraising (Note 7)	8,647	-	-	8,647	8,766
Advertising and promotion	-	-	-	-	109
Products and literature	1,399	-	-	1,399	657
Interest and bank charges	418	247	-	665	738
Insurance	848	-	-	848	835
Foreign exchange loss	-	2,518	144	2,662	1,529
Loss on project closure	-	-	-	-	1,901
	<u>24,636</u>	<u>72,811</u>	<u>2,947</u>	<u>100,394</u>	<u>51,659</u>
	<u>75,215</u>	<u>(72,811)</u>	<u>(2,947)</u>	<u>(543)</u>	<u>6,904</u>
Change In Inventory					
Inventory - beginning of year	-	-	-	-	220
Inventory - end of year	500	-	-	500	-
	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>(220)</u>
Excess of revenue over expenditures (expenditures over revenue) for the year					
	\$ <u>75,715</u>	\$ <u>(72,811)</u>	\$ <u>(2,947)</u>	\$ <u>(43)</u>	\$ <u>6,684</u>

(See Accompanying Notes to the Financial Statements)

Change Her World
Statement of Cash Flows
For the year ended August 31, 2013

	General Fund	Chilumba Project	Mzuzu Project	Total 2013	Total 2012
Cash Provided By (Used In):					
Operating Activities					
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ 75,715	\$ (72,811)	\$ (2,947)	\$ (43)	6,684
Net changes in non-cash current operating accounts					
Decrease (increase) in accounts receivable	-	(347)	-	(347)	57
Decrease (increase) in HST receivable	(737)	-	-	(737)	1,389
Decrease (increase) in inventory	(500)	-	-	(500)	220
Decrease (increase) in prepaid expenses	(3)	-	-	(3)	(7)
Increase (decrease) in accounts payable	94	-	-	94	(4,433)
Increase (decrease) in deferred revenue	-	-	-	-	(250)
	<u>74,569</u>	<u>(73,158)</u>	<u>(2,947)</u>	<u>(1,536)</u>	<u>3,660</u>
Financing Activities					
Payment on related party loan	-	-	-	-	-
Interfund transfer	(66,779)	63,791	2,988	-	-
	<u>(66,779)</u>	<u>63,791</u>	<u>2,988</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	7,790	(9,367)	41	(1,536)	3,660
Cash and cash equivalents - beginning of year	<u>10,204</u>	<u>9,789</u>	<u>-</u>	<u>19,993</u>	<u>16,333</u>
Cash and cash equivalents - end of year	<u>\$ 17,994</u>	<u>\$ 422</u>	<u>\$ 41</u>	<u>\$ 18,457</u>	<u>\$ 19,993</u>
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:					
Cash	<u>\$ 16,494</u>	<u>\$ 422</u>	<u>\$ 41</u>	<u>\$ 16,957</u>	<u>\$ 19,993</u>

(See Accompanying Notes to the Financial Statements)

Change Her World
Notes to the Financial Statements
For the year ended August 31, 2013

1. Purpose of the Organization

The purpose of Change Her World is to collect donations in Canada and use the funds for poverty relief, education, clean water, public health and a micro loan program for girls and women in the developing world. The organization is a registered charity which is not taxable under Section 149(1)(f) of the Income Tax Act.

2. Fund Accounting

The organization uses fund accounting. The purpose of each fund is as follows:

- (a) General Fund
To administer the receipts and disbursements of the general operations of the organization.
- (b) Chilumba Project
To administer funds for the organization's activities in Chilumba, Malawi.
- (c) Mzuzu Project
To administer funds for the organization's activities in Mzuzu, Malawi.

3. Summary of Significant Accounting Policies

These financial statements have been prepared from information available within the guidelines of Canadian accounting standards for not-for-profit organizations summarized below:

- (a) Revenue Recognition
Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (b) Capital Expenditures
Under Canadian accounting standards for not-for-profit organizations, purchases of a capital nature are recorded as property, plant and equipment and amortized over their useful life. However, an acceptable alternative for non-profit and charitable organizations with revenues of less than \$ 500,000 is to show the purchases of property, plant and equipment as expenses in the year in which they are incurred. The organization follows this alternative method of accounting for purchases of a capital nature.
- (c) Use of Estimates
Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that could affect amounts reported as assets, liabilities, revenues and expenses. Due to measurement uncertainty, results could differ from those estimates.
- (d) Financial Instruments
A financial asset is any asset that is cash; a contractual right to receive cash from another party; or an equity instrument of another entity. A financial liability is any liability that is a contractual obligation to deliver cash to another party.

Financial assets and liabilities are initially measured at fair value, except for certain non-arm's length transactions. Subsequently, financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Change Her World
Notes to the Financial Statements
For the year ended August 31, 2013

3. Summary of Significant Accounting Policies (continued)

(e) Contributed Services

Contributed services are not recognized in the financial statements due to the inherent difficulty of valuation.

(f) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined substantially on a first in, first out basis.

4. Basis of Accounting

On September 1, 2012, the organization elected to apply the standards in Part III of the CICA Accounting Handbook - Accounting Standards for not-for-profit organizations. These financial statements are the first financial statements for which the organization has applied these standards and have been prepared in accordance with Section 1501, First-Time Adoption. The effective date of transition to this basis of accounting is September 1, 2011.

The transition to this basis of accounting resulted in no changes to the balance sheet at the date of transition or to net revenues over expenses for the year ended August 31, 2012.

5. Related Party Transactions

During the year, the organization entered into a related party transaction as follows:

The organization made payments on the advances from Carol Hamilton, one of the founders of the organization of \$ 1,500 (2012 - \$ nil). A payable of \$ 9,201 exists at year end (2012 - \$ 10,701). This loan is non-interest bearing and there are no fixed repayment terms or due date.

6. Currency Risk

A significant portion of the organization's charitable activities take place in Malawi. As Canadian dollars do not directly translate into Malawian kwacha, Canadian currency must be translated into U.S. dollars and then into Malawian kwacha. As a result, certain of the expenses and liabilities are exposed to foreign currency risk.

7. Fundraising Events

The following is a breakdown of fundraising revenues and expenses by event. Revenues only include ticket sales, raffles, proceeds from silent auctions and other similar activities. Any donations received at a fundraising event are included in general donations.

	Fundraising Dinners	Rock 'n' Roll Dance	Education Events	Other Events	Total
2013					
Total revenue	\$ 5,075	\$ 727	\$ -	\$ -	\$ 5,802
Total direct expenditures	<u>4,310</u>	<u>320</u>	<u>-</u>	<u>4,017</u>	<u>8,647</u>
Net income (loss)	<u>\$ 765</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ (4,017)</u>	<u>\$ (2,845)</u>
2012					
Total revenue	4,836	1,185	75	-	6,096
Total direct expenditures	<u>5,464</u>	<u>800</u>	<u>-</u>	<u>2,502</u>	<u>8,766</u>
Net income (loss)	<u>\$ (628)</u>	<u>\$ 385</u>	<u>\$ 75</u>	<u>\$ (2,502)</u>	<u>\$ (2,670)</u>

Change Her World
Notes to the Financial Statements
For the year ended August 31, 2013

8. Comparative Figures

Certain of the figures on the 2012 balance sheet have been reclassified to conform to the 2013 financial statement presentation.