

CHANGE HER WORLD

FINANCIAL STATEMENTS

AUGUST 31, 2018

(Prepared Without Audit)

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of
Change Her World
Stratford, Ontario

We have reviewed the accompanying financial statements of **Change Her World** that comprise the balance sheet as at **August 31, 2018** 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than and vary in nature from those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT - continued

Basis for Qualified Conclusion

In common with many charitable organizations, the organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were unable to determine whether any adjustments might have been found necessary to fundraising revenue, donations, excess of revenue over expenditures and cash flows from operations for the years ended August 31, 2018 and 2017, current assets as at August 31, 2018 and 2017, and fund balances as at September 1 and August 31 for both the 2018 and 2017 years. Our conclusion on the financial statements as at and for the year ended August 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of **Change Her World** as at **August 31, 2018** 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.

Famner C.

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

Stratford, Ontario
November 1, 2018

Change Her World
Balance Sheet
As at August 31, 2018

ASSETS

	General Fund	Chilumba Project	Mzuzu Project	Total 2018	Total 2017
Current Assets					
Cash	\$ 10,934	\$ 36,889	\$ 726	\$ 48,549	\$ 24,480
HST receivable	1,196	-	-	1,196	2,191
Inventory	433	-	-	433	480
Prepaid expenses	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>348</u>
	<u>\$ 12,788</u>	<u>\$ 36,889</u>	<u>\$ 726</u>	<u>\$ 50,403</u>	<u>\$ 27,499</u>

LIABILITIES

Current Liabilities					
Accounts payable	2,208	-	-	2,208	11,064
Related party loan payable - non-interest bearing, no fixed repayment terms or due date	<u>1,275</u>	<u>-</u>	<u>-</u>	<u>1,275</u>	<u>1,783</u>
	<u>3,483</u>	<u>-</u>	<u>-</u>	<u>3,483</u>	<u>12,847</u>

FUND BALANCES

Fund Balances	<u>9,305</u>	<u>36,889</u>	<u>726</u>	<u>46,920</u>	<u>14,652</u>
	<u>\$ 12,788</u>	<u>\$ 36,889</u>	<u>\$ 726</u>	<u>\$ 50,403</u>	<u>\$ 27,499</u>

Approved on Behalf of the Board:

Director

Director

(Prepared Without Audit)
(See Accompanying Notes to the Financial Statements)

Change Her World
Statement of Fund Balances
For the year ended August 31, 2018

	General Fund	Chilumba Project	Mzuzu Project	Total 2018	Total 2017
Balance (deficit) - beginning of year	\$ (7,623)	\$ 21,214	\$ 1,061	\$ 14,652	\$ 7,703
Excess of revenue over expenditures (expenditures over revenue) for the year	180,338	(115,841)	(32,229)	32,268	6,949
Interfund transfers	<u>(163,410)</u>	<u>131,516</u>	<u>31,894</u>	<u>-</u>	<u>-</u>
Balance - end of year	\$ <u>9,305</u>	\$ <u>36,889</u>	\$ <u>726</u>	\$ <u>46,920</u>	\$ <u>14,652</u>

(Prepared Without Audit)
(See Accompanying Notes to the Financial Statements)

Change Her World
Statement of Operations
For the year ended August 31, 2018

	General Fund	Chilumba Project	Mzuzu Project	Total 2018	Total 2017
Revenue					
Donations	\$ 184,407	\$ -	\$ -	\$ 184,407	\$ 135,331
Fundraising (Note 6)	12,102	-	-	12,102	7,824
Products and literature	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>395</u>
	<u>196,759</u>	<u>-</u>	<u>-</u>	<u>196,759</u>	<u>143,550</u>
Expenditures					
Conferences and travel	245	-	-	245	708
Professional fees	3,047	-	-	3,047	4,593
Office and administration	2,717	4,044	1,265	8,026	7,826
Project	-	105,963	30,214	136,177	108,085
Website	758	-	-	758	729
Fundraising (Note 6)	7,332	-	-	7,332	7,497
Interest and bank charges	1,322	328	-	1,650	1,065
Insurance	953	-	-	953	941
Foreign exchange loss	-	5,506	750	6,256	5,377
	<u>16,374</u>	<u>115,841</u>	<u>32,229</u>	<u>164,444</u>	<u>136,821</u>
	<u>180,385</u>	<u>(115,841)</u>	<u>(32,229)</u>	<u>32,315</u>	<u>6,729</u>
Change In Inventory					
Inventory - beginning of year	480	-	-	480	260
Inventory - end of year	<u>433</u>	<u>-</u>	<u>-</u>	<u>433</u>	<u>480</u>
	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>(47)</u>	<u>220</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>\$ 180,338</u>	<u>\$ (115,841)</u>	<u>\$ (32,229)</u>	<u>\$ 32,268</u>	<u>\$ 6,949</u>

(Prepared Without Audit)
(See Accompanying Notes to the Financial Statements)

Change Her World
Statement of Cash Flows
For the year ended August 31, 2018

	General Fund	Chilumba Project	Mzuzu Project	Total 2018	Total 2017
Cash Provided By (Used In):					
Operating Activities					
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ 180,338	\$ (115,841)	\$ (32,229)	\$ 32,268	\$ 6,949
Net changes in non-cash current operating accounts					
Decrease (increase) in HST receivable	995	-	-	995	(869)
Decrease (increase) in inventory	47			47	(220)
Decrease (increase) in prepaid expenses	123	-	-	123	(132)
Increase (decrease) in accounts payable	<u>(8,856)</u>	<u>-</u>	<u>-</u>	<u>(8,856)</u>	<u>8,636</u>
	<u>172,647</u>	<u>(115,841)</u>	<u>(32,229)</u>	<u>24,577</u>	<u>14,364</u>
Financing Activities					
Payment on related party loan	(508)	-	-	(508)	(3,418)
Interfund transfer	<u>(163,410)</u>	<u>131,516</u>	<u>31,894</u>	<u>-</u>	<u>-</u>
	<u>(163,918)</u>	<u>131,516</u>	<u>31,894</u>	<u>(508)</u>	<u>(3,418)</u>
Increase (decrease) in cash and cash equivalents	8,729	15,675	(335)	24,069	10,946
Cash and cash equivalents - beginning of year	<u>2,205</u>	<u>21,214</u>	<u>1,061</u>	<u>24,480</u>	<u>13,534</u>
Cash and cash equivalents - end of year	<u>\$ 10,934</u>	<u>\$ 36,889</u>	<u>\$ 726</u>	<u>\$ 48,549</u>	<u>\$ 24,480</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>\$ 10,934</u>	<u>\$ 36,889</u>	<u>\$ 726</u>	<u>\$ 48,549</u>	<u>\$ 24,480</u>

(Prepared Without Audit)
(See Accompanying Notes to the Financial Statements)

Change Her World
Notes to the Financial Statements
For the year ended August 31, 2018

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 expenditures. Due to measurement uncertainty, results could differ from those estimates.

Change Her World
Notes to the Financial Statements
For the year ended August 31, 2018

3. Summary of Significant Accounting Policies (continued)

(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.

(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. Related Party Transactions

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

The organization made net repayments on the advances from Carol Hamilton, one of the founders of the organization, of \$ 508 (2017 - \$ 3,418). A payable of \$ 1,275 exists at year end (2017 - \$ 1,783). This loan is non-interest bearing and there are no fixed repayment terms or due date.

5. 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.

Change Her World
Notes to the Financial Statements
For the year ended August 31, 2018

6. Fundraising Events

The following is a breakdown of fundraising revenues and expenditures 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	Silent Auction	Other Events	Total
2018				
Total revenue	\$ 9,667	\$ -	\$ 2,435	\$ 12,102
Total direct expenditures	<u>7,026</u>	<u>-</u>	<u>306</u>	<u>7,332</u>
Net income	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ 2,129</u>	<u>\$ 4,770</u>
2017				
Total revenue	4,988	970	1,866	7,824
Total direct expenditures	<u>6,247</u>	<u>-</u>	<u>1,250</u>	<u>7,497</u>
Net income (loss)	<u>\$ (1,259)</u>	<u>\$ 970</u>	<u>\$ 616</u>	<u>\$ 327</u>

(Prepared Without Audit)