

FINANCIAL STATEMENTS
For
CAMFED CANADA
For year ended
DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the directors of

CAMFED CANADA

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 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.

Basis for Opinion

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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Comparative Information

The financial statements of the Entity for the year ended December 31, 2018 are unaudited.

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 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.

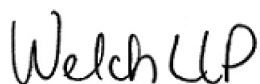
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 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 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.

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
Licensed Public Accountants

Toronto, Ontario
September 10, 2020.

CAMFED CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u> (unaudited)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 5,085,586	\$ 100,012
Accounts receivable	3,498	3,445
Government remittances receivable	3,941	5,921
Prepaid expenses	17,259	10,381
Advances to Camfed Ghana (note 3)	<u>3,505,443</u>	<u>-</u>
	8,615,727	119,759
TANGIBLE CAPITAL ASSETS (note 4)	<u>1,163</u>	<u>517</u>
	<u>\$ 8,616,890</u>	<u>\$ 120,276</u>
<u>LIABILITIES AND NET DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 38,284	\$ 7,811
Deferred contributions (note 5)	8,608,437	3,300
Advances from Camfed International (note 3)	<u>482,819</u>	<u>346,890</u>
	<u>9,129,540</u>	<u>358,001</u>
NET DEFICIT		
Unrestricted	<u>(512,650)</u>	<u>(237,725)</u>
	<u>\$ 8,616,890</u>	<u>\$ 120,276</u>

Approved by the Board:


..... Director

..... Director

(See accompanying notes)

CAMFED CANADA
STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT
YEAR ENDED DECEMBER 31, 2019

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2019</u>	<u>2018</u> (unaudited)
Revenue				
Donations from the public	\$ 25,609	\$ -	\$ 25,609	\$ 15,999
Grants from Trusts/Foundations	39,905	397,603	437,508	-
Income from affiliates	3,694	100,998	104,692	106,925
Gifts in kind	<u>-</u>	<u>811</u>	<u>811</u>	<u>3,346</u>
	<u>69,208</u>	<u>499,412</u>	<u>568,620</u>	<u>126,270</u>
Expenses (Schedule A)				
Program				
Multiplying girl's educational opportunities	86,469	170,627	257,096	50,338
Enabling educated women to lead change	54,623	240,607	295,230	72,177
Advocacy	84,311	4,444	88,755	56,486
Research and development	<u>17,709</u>	<u>79,643</u>	<u>97,352</u>	<u>12,177</u>
	<u>243,112</u>	<u>495,321</u>	<u>738,433</u>	<u>191,178</u>
Supporting				
Management and general	57,955	3,543	61,498	32,559
Fundraising	<u>43,066</u>	<u>548</u>	<u>43,614</u>	<u>99,735</u>
	<u>101,021</u>	<u>4,091</u>	<u>105,112</u>	<u>132,294</u>
	<u>344,133</u>	<u>499,412</u>	<u>843,545</u>	<u>323,472</u>
Excess of expenses over revenue	(274,925)	-	(274,925)	(197,202)
Net deficit, beginning of year	<u>237,725</u>	<u>-</u>	<u>237,725</u>	<u>40,523</u>
Net deficit, end of year	<u>\$ 512,650</u>	<u>\$ -</u>	<u>\$ 512,650</u>	<u>\$ 237,725</u>

(See accompanying notes)

CAMFED CANADA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u> (unaudited)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of expenses over revenue	\$ (274,925)	\$ (197,202)
Adjustments for amortization	<u>319</u>	<u>288</u>
	(274,606)	(196,914)
Changes in non-cash working capital components:		
Accounts receivable	(53)	(1,770)
Government remittances receivable	1,980	(5,921)
Prepaid expenses	(6,878)	584
Advances to Camfed Ghana	(3,505,443)	-
Accounts payable and accrued liabilities	30,473	7,811
Deferred contributions	<u>8,605,137</u>	<u>3,000</u>
	<u>4,850,610</u>	<u>(193,210)</u>
 CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(965)</u>	<u>75</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Camfed International	<u>135,929</u>	<u>157,801</u>
 INCREASE (DECREASE) IN CASH	4,985,574	(35,334)
 CASH, BEGINNING OF YEAR	<u>100,012</u>	<u>135,346</u>
 CASH, END OF YEAR	<u>\$ 5,085,586</u>	<u>\$ 100,012</u>

(See accompanying notes)

CAMFED CANADA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

1. NATURE OF OPERATIONS

Camfed is a non-governmental organization founded in response to the exclusion of girls from education in Africa. In 1993, Camfed International in the United Kingdom and Camfed Zimbabwe were established, followed by:

- Camfed USA Foundation, established in 2001;
- Camfed Zambia, established in 2002;
- Camfed Tanzania, established in 2006;
- Camfed Ghana, established in 2007;
- Camfed Malawi, established in 2009; and
- Camfed Canada, established in 2017.

Camfed Canada was incorporated on September 17, 2009 as a not-for-profit organization without share capital under the Canada Corporations Act. Camfed Canada became registered as a charitable organization as of January 1, 2017 under the Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. Camfed Canada was continued under the Canada Not-For-Profit Corporations Act on August 11, 2017 by Certificate and Articles of Amendment.

The purposes of Camfed Canada are:

- To provide financial and other assistance for the education of children and young people throughout the less-developed world;
- To provide financial and other assistance to educational facilities throughout the less-developed world; and
- To advance the education of the general public in subjects relating to the lives of children and young people in the less-developed world and how these are affected by education and the lack thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Camfed Canada follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funds

The financial statements separately disclose the activities of the following funds:

- 1) The Unrestricted Fund comprises amounts available for immediate use for the general purpose of the Entity, received without donor-imposed restrictions.
- 2) The Restricted Fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors or as stipulated by the funding outlines.

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Tangible capital assets

Tangible capital assets are stated at acquisition cost. Amortization is provided at the following methods and annual rates:

Computers	33% declining balance
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Foreign currency translation

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars using the average monthly rate, provided by Camfed International. Investments and other bank balances denominated in foreign currencies are translated at the year end rate. Translation gains and losses are included in the statement of operations and changes in fund balances.

Financial instruments

Camfed Canada recognizes its financial instruments at fair value and subsequently measures them at each reporting date as follows:

<u>Asset/liability</u>	<u>Measurement</u>
Cash	Fair value
Accounts receivable	Amortized cost
HST recoverable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Deferred contributions	Amortized cost

Use of estimates

The preparation of Camfed Canada's financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include determining the useful life of tangible capital assets, the collectibility of amounts receivable and advances to Ghana, and the determination of accrued liabilities. Actual results could differ from these estimates.

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Operations and Changes in Net Deficit. The cost of providing these programs and activities includes the costs of personnel, premises and other expenses that are directly related to providing those programs and activities. Expenditures have been charged to programs according to the activity to which they relate or benefit. Expenditures relating to or benefiting more than one program or activity are allocated on a predetermined basis, which management reviews on an ongoing basis. Accordingly, certain costs have been allocated among the programs and activities based on the estimated percentage of time spent by staff on each program.

CAMFED CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

3. RELATED PARTY TRANSACTIONS AND BALANCES

Advances to/from related parties for the year ended December 31, 2019 were as follows:

	<u>2019</u>	<u>2018</u>
<u>Due from Camfed Ghana</u>		
Balance, beginning of year	\$ -	\$ -
Advanced for program expenses	3,839,743	-
Program expenditures	(349,984)	-
Interest received and restricted	<u>15,684</u>	<u>-</u>
Balance, end of year	<u>\$ 3,505,443</u>	<u>\$ -</u>
	<u>2019</u>	<u>2018</u>
<u>Due to Camfed International</u>		
Balance, beginning of year	\$ 346,890	\$ 189,389
Advances for start-up and maintenance costs	<u>135,929</u>	<u>157,501</u>
Balance, end of year	<u>\$ 482,819</u>	<u>\$ 346,890</u>

These related party transactions occurred in the normal course of business and have been recorded at their exchange amount which is the amount agreed upon by the related parties.

All advances to and from related parties are unsecured, non-interest bearing and have no specified terms of repayment.

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computers	\$ 1,828	<u>\$ 665</u>	\$ 863	<u>\$ 346</u>
Less: accumulated amortization	<u>(665)</u>		<u>(346)</u>	
	<u>\$ 1,163</u>		<u>\$ 517</u>	

CAMFED CANADA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent funds received which have been externally restricted for specific programs and projects. The changes in deferred contributions are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 3,300	\$ 3,300
Contributions received	9,026,961	-
Interest received and restricted	15,684	-
Revenue recognized	<u>(437,508)</u>	<u>-</u>
Balance, end of year	<u>\$ 8,608,437</u>	<u>\$ 3,300</u>

The year-end balance is comprised of:

	<u>2019</u>	<u>2018</u>
The Mastercard Foundation	\$ 8,604,182	\$ -
Other	<u>4,255</u>	<u>3,300</u>
	<u>\$ 8,608,437</u>	<u>\$ 3,300</u>

6. ECONOMIC DEPENDENCE

The continuation of the Entity is substantially dependent upon the ongoing financial support from Camfed International and the Mastercard Foundation. In 2019, approximately 18% (2018 - 85%) and 77% (2018 - 0%) of all funding was received from Camfed International and the Mastercard Foundation, respectively.

7. COMMITMENTS

Camfed Canada is committed to two operating lease payments for current and new rental accommodation. The future minimum annual payments are as follows:

2020	\$ 48,244
2021	27,836
2022	28,407
2023	28,978
2024	29,549
Thereafter	<u>7,423</u>
	<u>\$ 170,437</u>

Camfed Canada is also committed to pay operating costs under the terms of the rental accommodations.

CAMFED CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

8. SUBSEQUENT EVENT

In mid-March 2020, subsequent to the Entity's year-end, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

On March 16, 2020 the Entity's office was closed to the public in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. While operations continue on remotely, the Entity does not currently have a planned reopening date for its office.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Entity's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity may have on the Entity's operations, assets, liabilities, revenues and expenses is not yet known.

9. FINANCIAL INSTRUMENTS

The Entity, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: currency risk, credit risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will default on their financial obligations. The Entity's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable, government remittances receivable, and advances to Camfed Ghana. The Entity's cash is deposited with a Canadian chartered bank. As a result, management believes the risk of loss on this item to be remote. Management believes the accounts receivable, government remittances receivable, and advances to Camfed Ghana will be collected and an allowance is not warranted on the amounts due.

Liquidity risk

Liquidity risk is the risk that the Entity cannot meet a demand for cash or fund its financial obligations as they become due. The Entity's maximum exposure to liquidity risk represents the sum of the carrying value of its accounts payable and accrued liabilities, and advances from Camfed International. The Entity's approach to managing liquidity is to ensure that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

CAMFED CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

9. **FINANCIAL INSTRUMENTS - Cont'd.**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

(i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Entity's financial instruments are all denominated in Canadian dollars. The Entity receives funding and incurs expenditures in foreign currency denominations and, as such, is exposed to the fluctuations of foreign currencies and the Canadian dollar. The statement of financial position includes the following amounts that are denominated or to be settled in a currency other than the Canadian dollar:

Cash	\$ 4,994,662 CAD	\$ 3,845,598 USD
Advances to Camfed Ghana	\$ 3,835,480 CAD	\$ 2,913,615 USD

(ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Entity's cash earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible. As a result, management does not believe it is exposed to significant interest rate risk.

(iii) *Other price risk*

Other price risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument, its issuers, or factors affecting all similar instruments traded in the market. The Entity does not have instruments in publicly traded securities, and therefore management does not believe it is exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Entity's risk exposure from the prior year.

10. **COMPARATIVE FIGURES**

Comparative figures were prepared without audit and have been reclassified where necessary to conform to the presentation adopted in the current year.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	2019								2018	
									(unaudited)	
	Multiplying Girls' Educational Opportunities	Enabling Educated Women to Lead Change	Advocacy	Research and Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total
Conference fees	\$ -	\$ -	\$ 150	\$ 639	\$ 789	\$ 150	\$ -	\$ 150	\$ 939	\$ -
Governance costs	-	-	-	-	-	1,351	-	1,351	1,351	-
Advocacy events and materials	111	111	200	44	466	89	111	200	666	-
Compensation of current officers, directors, trustees and key employees	61,329	220,153	36,555	41,994	360,031	13,584	16,980	30,564	390,595	198,402
Other staff costs	800	4,829	350	1,044	7,023	148	185	333	7,356	2,353
Stipends	14,271	16,855	-	12,568	43,694	-	-	-	43,694	-
Other materials for programs	-	-	-	658	658	-	-	-	658	-
Rent	38,210	4,035	2,687	671	45,603	1,044	1,306	2,350	47,953	38,170
General rates	373	200	69	12	654	-	-	-	654	-
Insurance	445	251	124	25	845	25	31	56	901	360
Travelling	18,059	7,988	809	5,783	32,639	44	11	55	32,694	(152)
International travel	-	719	1,524	-	2,243	2,811	-	2,811	5,054	13,824
Car hire	3,699	-	366	2,077	6,142	-	-	-	6,142	-
Hotels and accommodations	50,951	8,207	1,677	17,980	78,815	816	523	1,339	80,154	1,402
Meals and subsistence	12,070	3,440	1,514	1,982	19,006	131	-	131	19,137	287
Fuel and oil	7,499	34	337	165	8,035	-	-	-	8,035	-
Printing	12,930	78	-	354	13,362	-	-	-	13,362	247
Postage and carriage	8	8	14	3	33	6	8	14	47	195
Telephone	1,139	87	-	17	1,243	-	-	-	1,243	43
Office stationary	506	11	20	5	542	9	11	20	562	113
Internet service	14	935	4	1,860	2,813	2	2	4	2,817	-
Legal fees	-	-	-	-	-	13,700	-	13,700	13,700	9,225
Audit fees	-	-	-	-	-	8,900	-	8,900	8,900	-
Consultancy fees	8,595	3,090	2,892	643	15,220	1,285	1,607	2,892	18,112	41,818
Subscriptions	3,348	1,365	1,170	272	6,155	519	1,195	1,714	7,869	8,128
Bank charges	2,679	2,774	2,079	532	8,064	754	1,457	2,211	10,275	8,769
Foreign exchange loss	20,060	20,060	36,107	8,024	84,251	16,048	20,057	36,105	120,356	-
Amortization	-	-	107	-	107	82	130	212	319	288
	<u>\$ 257,096</u>	<u>\$ 295,230</u>	<u>\$ 88,755</u>	<u>\$ 97,352</u>	<u>\$ 738,433</u>	<u>\$ 61,498</u>	<u>\$ 43,614</u>	<u>\$ 105,112</u>	<u>\$ 843,545</u>	<u>\$ 323,472</u>