

Community Evolution Initiatives
(formerly known as Inspiration in Action)

Financial Statements
For the year ended December 31, 2019

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Suite 300 - 2083 Alma Street
Vancouver, BC, Canada V6R 4N6

tel 604.739.2066
fax 604.739.2089

V A N D E R L U I T + A S S O C I A T E S I N C

chartered professional accountants

Independent Auditors' Report

To the Members of Community Evolution Initiatives:

We have audited the accompanying financial statements of Community Evolution Initiatives, formerly known as Inspiration in Action, ("the Charity"), which comprise of the statement of financial position as at December 31, 2019 and the statements of changes in net assets, operations and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities

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 error or fraud.

Auditors' Responsibilities

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making those risks assessments, we consider internal control relevant to the Charity's preparation 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 Charity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

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



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Independent Auditors' Report

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Charity 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.

Vancouver, British Columbia
July 30, 2020

Vanderluit + Associates Inc
Chartered Professional Accountants

Community Evolution Initiatives
(formerly known as Inspiration in Action)
Statement of Financial Position

December 31	2019	2018
Assets		
Current		
Cash	\$ 29,713	\$ 67,476
Amounts receivable	<u>91,689</u>	<u>125,496</u>
	\$ 121,402	\$ 192,972
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 113,534	\$ 138,000
Net assets		
Unrestricted	<u>7,868</u>	<u>54,972</u>
	\$ 121,402	\$ 192,972

Commitments (Note 7)

Approved on behalf of the Board of Directors:



_____ Director

_____ Director

Community Evolution Initiatives
(formerly known as Inspiration in Action)
Statement of Changes in Net Assets

For the year ended December 31, 2019

	<u>Unrestricted</u>
Net Assets, December 31, 2017	\$ 3,164
Excess of revenue over expenditures	<u>51,808</u>
Net Assets, December 31, 2018	\$ 54,972
Deficiency of revenue over expenditures	<u>(47,104)</u>
Net Assets, December 31, 2019	\$ 7,868

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

Community Evolution Initiatives
(formerly known as Inspiration in Action)
Statement of Operations

For the year ended December 31	2019	2018
Revenues		
Donations (Note 5)	\$ 238,568	\$ 363,455
In-kind contributions (Note 6)	13,833	11,067
	<u>252,401</u>	<u>374,522</u>
Program expenditures		
Program management	95,454	130,100
CEF program (Note 4)	115,369	79,350
LTE program (Note 4)	12,020	24,030
Outreach	25,524	50,689
	<u>248,367</u>	<u>284,169</u>
General and administrative expenditures		
Office and miscellaneous (Note 6)	31,216	26,897
Professional fees	15,531	6,555
Salaries and benefits	4,391	5,093
	<u>51,138</u>	<u>38,545</u>
	<u>299,505</u>	<u>322,714</u>
(Deficiency) excess of revenue over expenditures	\$ (47,104)	\$ 51,808

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

Community Evolution Initiatives
(formerly known as Inspiration in Action)
Statement of Cash Flows

For the year ended December 31	2019	2018
Cash flows from operating activities		
Cash received from:		
Donations	\$ 238,568	\$ 363,455
Cash used for:		
Charitable program	(248,367)	(284,169)
Administrative purposes	(27,964)	(41,604)
	<hr/>	<hr/>
(Decrease) increase in cash during the year	(37,763)	37,682
Cash, beginning of year	67,476	29,794
	<hr/>	<hr/>
Cash, end of year	\$ 29,713	\$ 67,476

(See Note 6 for non-cash transactions)

**Community Evolution Initiatives
(formerly known as Inspiration in Action)
Notes to Financial Statements**

December 31, 2019

1. Nature of the Charity

Community Evolution Initiatives, formerly known as Inspiration in Action, (the "Charity") is incorporated under Part II of the Canada Corporations Act as a not-for-profit organization and is continued under the Canada Not-for-profit Corporations Act as at August 1, 2013. The Charity is a registered charitable organization, and is exempt from income taxes provided certain requirements of the Federal Income Tax Act are met.

During the year, the name of the Charity was changed from Inspiration in Action to Community Evolution Initiatives.

2. Purpose of the Charity

The Charity was founded for the following purposes:

- a) to advance education by developing curriculum and providing courses in leadership, life skills, professional development and responsible and effective community involvement;
 - b) to promote volunteerism in the community at large by increasing awareness and support of volunteers for the benefit of the community;
 - c) to relieve poverty by establishing, operating and providing micro-finance programs and related services to the needy;
 - d) to solicit and receive gifts, bequests, trusts, funds and property and beneficially, or as a trustee or agent, to hold, invest, develop, manage, administer and distribute funds and property for the objects of the Charity, or for and to such other organizations as are registered charities or "qualified donees" under the provisions of the *Income Tax Act*; and
 - e) to undertake activities ancillary and incidental to the attainment of the aforementioned charitable purposes.
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3. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

**Community Evolution Initiatives
(formerly known as Inspiration in Action)
Notes to Financial Statements**

December 31, 2019

3. Summary of Significant Accounting Policies (continued)

(b) Use of Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically based on historical experience and other relevant considerations. Revisions to estimates and assumptions are accounted for prospectively.

(c) Revenue Recognition

The Charity uses the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions are deferred and recognized as revenue when the related expenditures designated by the contributor are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest income is recognized as revenue in the year earned.

(d) Contributed Materials and Services

The Charity received various contributions in the form of materials or services that it uses to carry out its objectives. Contributed materials and services are recorded only when the fair value can be reasonably estimated, and where the materials and services are normally purchased and would be paid for if not donated (see Note 6).

Volunteers contribute a considerable amount of time to assist the Charity in carrying out its charitable activities. Due to the difficulty in determining the fair value of such services, they are not recognized in the financial statements.

(e) Financial Instruments

Measurement of financial instruments

The Charity initially measures its financial instruments at fair value.

The Charity subsequently measures all its financial instruments 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 net income.

Financial instruments measured at amortized cost consist of amounts receivable and accounts payable and accrued liabilities.

The Charity had no investments in equity instruments which were quoted in an active market.

**Community Evolution Initiatives
(formerly known as Inspiration in Action)
Notes to Financial Statements**

December 31, 2019

3. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. If an impairment exists, the amount of the write-down is recognized in the statement of operations the period impairment was determined. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of reversal is recognized in net income.

Risks

It is management's opinion that the Charity is not exposed to significant interest, market, or credit risks on its financial instruments.

4. Charity Programs

The Charity's activities include the following programs:

Community Evolution Foundation (CEF) Program enables local communities to develop, own and grow sustainable co-operative and community-based enterprises by offering facilitated community development support combined with seed capital / project funding. The CEF program supports community enterprise projects in Bolivia, Ecuador and Canada (British Columbia).

Learn to Earn (LTE) Program provides educational scholarships - including English language lessons & life skills training - to underprivileged Indian young women and girls with an aim to increase their economic opportunities. Although administered locally in New Delhi, the LTE program is a team effort across all of ILSC Education Group with every campus taking part in fundraising support and cooperative projects.

5. Related Party Transactions and Economic Dependence

During the year, the Charity received donations totalling \$238,568 (2018 - \$363,455) from a registered charity, related by virtue of two common directors, which represented 100% (2018 - 100%) of the Charity's total donations.

**Community Evolution Initiatives
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Notes to Financial Statements**

December 31, 2019

6. In-kind Contributions & Office and Miscellaneous

During the year, ILSC Education Group ("ILSC") provided office desk space and payroll administrative services to the Charity at no consideration.

	<u>2019</u>	<u>2018</u>
Rent of desk space	\$ 9,333	\$ 2,667
Payroll services received	4,500	8,400
Total in-kind contributions	<u>\$ 13,833</u>	<u>\$ 11,067</u>

In addition, volunteers contributed approximately 1,242 hours (2018 - 250 hours) to assist the Charity in carrying out its charitable activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

7. Commitments

The Charity has commitments for its sponsored projects. The annual commitment for the next year is \$51,028 (2018 - \$23,500).

8. Remuneration

For the year ended December 31, 2019, one person received remuneration of \$75,000 or greater and no directors received remuneration.