

Community Evolution Initiatives

Financial Statements For the year ended December 31, 2020

Friday, June 04, 2021 7:50 AM

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Independent Auditors' Report

To the Members of Community Evolution Initiatives:

Opinion

We have audited the financial statements of Community Evolution Initiatives ("the Charity"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 Charity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

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 Charity 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 ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.



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Independent Auditors' Report (Continued)

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 Charity'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 Charity'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 Charity to cease to continue as a going concern.



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Independent Auditors' Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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

Vancouver, British Columbia
June 4, 2021

Vanderluit + Associates Inc
Chartered Professional Accountants

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**Community Evolution Initiatives
Statement of Financial Position**

December 31	2020	2019
Assets		
Current		
Cash	\$ 23,560	\$ 29,713
Amounts receivable	12,928	91,689
	\$ 36,488	\$ 121,402
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 14,678	\$ 113,533
Net assets		
Unrestricted	21,810	7,869
	\$ 36,488	\$ 121,402

Commitments (Note 7)

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

**Community Evolution Initiatives
Statement of Changes in Net Assets**

For the year ended December 31, 2020

	<u>Unrestricted</u>
Net Assets, December 31, 2018	\$ 54,972
Deficiency of revenue over expenditures	<u>(47,103)</u>
Net Assets, December 31, 2019	\$ 7,869
Excess of revenue over expenditures	<u>13,941</u>
Net Assets, December 31, 2020	\$ 21,810

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**Community Evolution Initiatives
Statement of Operations**

For the year ended December 31	2020	2019
Revenues		
Donations (Note 5)	\$ 322,531	\$ 238,568
In-kind contributions (Note 6)	6,500	13,833
	<u>329,031</u>	<u>252,401</u>
Program expenditures		
Program management	61,945	95,454
CEF program (Note 4)	144,179	115,369
LTE program (Note 4)	-	12,020
Outreach	68,641	25,750
	<u>274,765</u>	<u>248,593</u>
General and administrative expenditures		
Office and miscellaneous (Note 6)	26,268	30,989
Professional fees	10,454	15,531
Salaries and benefits	3,603	4,391
	<u>40,325</u>	<u>50,911</u>
	<u>315,090</u>	<u>299,504</u>
Excess (deficiency) of revenue over expenditures	\$ 13,941	\$ (47,103)

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

Community Evolution Initiatives
Statement of Cash Flows

For the year ended December 31	2020	2019
Cash flows from operating activities		
Cash received from:		
Donations	\$ 322,531	\$ 238,568
Cash used for:		
Charitable program	(274,765)	(248,367)
Administrative purposes	(53,919)	(27,964)
	<hr/>	<hr/>
Decrease in cash during the year	(6,153)	(37,763)
Cash, beginning of year	29,713	67,476
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Cash, end of year	\$ 23,560	\$ 29,713

(See Note 6 for non-cash transactions)

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Community Evolution Initiatives Notes to Financial Statements

December 31, 2020

1. Nature of the Charity

Community Evolution Initiatives (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.

2. Summary of Significant Accounting Policies

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.
-

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 (ASNFPPO).

Community Evolution Initiatives Notes to Financial Statements

December 31, 2020

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 reasonably be 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 Notes to Financial Statements

December 31, 2020

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. The Charity discontinued funding this program for the year ended December 31, 2020.

5. Related Party Transactions and Economic Dependence

During the year, the Charity received donations totalling \$317,940 (2019 - \$238,568) from a registered charity, related by virtue of two common directors, which represented 99% (2019 - 100%) of the Charity's total donations.

Community Evolution Initiatives Notes to Financial Statements

December 31, 2020

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>2020</u>	<u>2019</u>
Rent of desk space	\$ 2,000	\$ 9,333
Payroll services received	4,500	4,500
Total in-kind contributions	<u>\$ 6,500</u>	<u>\$ 13,833</u>

In addition, volunteers contributed approximately 1,242 hours (2019 - 1,242 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 nil (2019 - \$51,028).

8. Impact on COVID-19

The outbreak of coronavirus has resulted in material disruption to businesses and economic slowdown domestically and globally. The Charity's ability of actively fundraising has slowed down. However, the impact of the pandemic creates uncertainty over future cash flows and may have a significant impact on future operations. An estimate of the financial effect is not predictable at this time.