

VILLAGES OF HOPE: AFRICA SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

To the Directors of: Villages of Hope: Africa Society

Report on the Financial Statements

We have audited the accompanying financial statements of Villages of Hope: Africa Society, which comprise the statement of financial position as at December 31, 2011 and the statements of operating fund balances, operating fund activity 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 generally accepted accounting principles 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.

Auditor's 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 auditor's 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Villages of Hope: Africa Society as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario
April 19, 2012

RLB LLP
Chartered Accountants
Licensed Public Accountants

**VILLAGES OF HOPE: AFRICA SOCIETY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011**

	2011	2010
ASSETS		
Current assets		
Cash and short-term deposits	\$ 592,480	\$ 272,049
Due from PAOC (note 5)	12,158	180,799
	\$ 604,638	\$ 452,848
LIABILITIES AND FUND BALANCES		
Accounts payable and accrued liabilities	\$ 4,803	\$ 6,260
FUND BALANCES		
General fund	217,020	446,588
Internally restricted funds	382,815	-
	599,835	446,588
	\$ 604,638	\$ 452,848

See accompanying notes

**VILLAGES OF HOPE: AFRICA SOCIETY
STATEMENT OF OPERATING FUND ACTIVITY
YEAR ENDED DECEMBER 31, 2011**

	2011	2010
Revenue		
Donations	\$ 1,556,495	\$ 1,090,445
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Expenditures		
Transfers to overseas agents	1,326,499	600,553
Administration	71,499	38,036
Legal and audit	5,250	5,268
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	1,403,248	643,857
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Excess of revenue over expenditures	\$ 153,247	\$ 446,588
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See accompanying notes

**VILLAGES OF HOPE: AFRICA SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
Operating Activities		
Excess of Revenue over expenditures	\$ 153,247	\$ 446,588
Net changes in non-cash working capital items		
Due from (to) related parties	168,641	(180,799)
Accounts payable & general accruals	(1,457)	6,260
	<u>167,184</u>	<u>(174,539)</u>
Cash flows from operating activities	320,431	272,049
Cash and short-term deposits, beginning of the year	272,049	-
Cash and short-term deposits, end of year	<u>\$ 592,480</u>	<u>\$ 272,049</u>

See accompanying notes

**VILLAGES OF HOPE: AFRICA SOCIETY
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. NATURE OF BUSINESS

The organization is registered as a charitable organization with the Canada Revenue Agency, and as such is exempt from income taxes under the Income Tax Act (Canada). The organization was formed in 2009 to facilitate the establishment and administration of excellent care for children at risk by partnering with various African based organizations. The organization has developed a set of standards for the quality childcare, and holds each village accountable to those standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and included the following significant accounting policies:

Revenue recognition

The organization records revenue from donations and contributions in the period in which it is received. Receipts designated for specific programs, but not yet expended at year end are recorded as restricted designated funds on the organization's statement of financial position.

Fund accounting

The organization's accounts follow the principles of restricted fund accounting under which resources for particular purposes are classified, for accounting and reporting into funds corresponding to those purposes.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles 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 amounts of revenues and expenses during the year. Actual results could differ from those estimates.

4. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and short-term deposits and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair values of these instruments approximate their carrying values.

5. DUE FROM PAOC

The balance due from PAOC is unsecured, non-interest bearing and has no set terms of repayment.