VILLAGES OF HOPE: AFRICA SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

VILLAGES OF HOPE: AFRICA SOCIETY

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Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: Villages of Hope: Africa Society

Opinion
We have audited the accompanying financial statements of Villages of Hope: Africa Society, which comprise the statement of financial position as at December 31, 2024 and the statements of changes in fund balances, fund activity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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, 2024 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 of 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 Villages of Hope: Africa Society 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 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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 organization'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 organization'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 organization 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.

RLB LLP

Guelph, Ontario
May 29, 2025

Chartered Professional Accountants
Licensed Public Accountants

VILLAGES OF HOPE: AFRICA SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	2024	2023
A S S E T S		
CURRENT		
Cash	$ 1,661,647	$ 1,424,215
Accounts receivable	21,584	19,839
Investments - current portion (note 5)	150,000	24,033
Government remittances recoverable	8,942	6,990
Due from PAOC (note 4)	0	396,034
	1,842,173	1,871,111
LONG TERM INVESTMENTS (note 5)	0	150,000
	$ 1,842,173	$ 2,021,111
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities	$ 7,302	$ 4,169
Due to PAOC (note 4)	71,922	0
	79,224	4,169
F U N D B A L A N C E S		
UNRESTRICTED FUNDS (note 2)	484,490	735,123
INTERNALLY RESTRICTED (note 2)	351,596	276,330
EXTERNALLY RESTRICTED (note 2)	926,863	1,005,489
	1,762,949	2,016,942
	$ 1,842,173	$ 2,021,111

See notes to the financial statements

VILLAGES OF HOPE: AFRICA SOCIETY

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted Funds	Internally Restricted Funds	Externally Restricted Funds	2024 Total	2023 Total
Fund balance, beginning of year	$ 735,123	$ 276,330	$ 1,005,489	$ 2,016,942	$ 1,655,985
(Deficiency) excess of revenues over expenditures	(250,633)	75,266	(78,626)	(253,993)	360,957
Fund balance, end of year	$ 484,490	$ 351,596	$ 926,863	$ 1,762,949	$ 2,016,942

See notes to the financial statements

VILLAGES OF HOPE: AFRICA SOCIETY

STATEMENT OF FUND ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
REVENUES		
Partnerships (note 6)	$ 1,933,902	$ 2,317,965
Operating funds (note 8)	1,229,689	1,281,722
Sponsorships	374,713	351,639
Capital projects	353,854	296,006
	3,892,158	4,247,332
EXPENDITURES		
Transfers to oversea agents (note 7)	3,608,305	3,375,048
Resource development and support services (note 8)	441,508	440,040
Donations (note 8)	85,004	63,544
Legal and audit	11,334	7,743
	4,146,151	3,886,375
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES for the year	$ (253,993)	$ 360,957

See notes to the financial statements

VILLAGES OF HOPE: AFRICA SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenditures for the year	$ (253,993)	$ 360,957
Changes in non-cash working capital		
Accounts receivable	(1,745)	(19,839)
Due from/to PAOC	467,956	(379,457)
Government remittances recoverable	(1,952)	(2,129)
Accounts payable and accrued liabilities	3,133	(5)
	213,399	(40,473)
CASH PROVIDED BY INVESTING ACTIVITIES		
Long term investments	24,033	57,406
NET INCREASE IN CASH	237,432	16,933
NET CASH, BEGINNING OF YEAR	1,424,215	1,407,282
NET CASH, END OF YEAR	$ 1,661,647	$ 1,424,215

See notes to the financial statements

1. NATURE OF ORGANIZATION

Villages of Hope: Africa Society is a not-for-profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. Villages of Hope: Africa Society is exempt from income tax. 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 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 accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Unrestricted donations are recognized as revenue in the year received. Designated donations are recognized as revenue of the appropriate designated fund in the year received.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) FINANCIAL INSTRUMENTS

Measurement of financial instruments
The organization initially measures its financial assets and liabilities at fair value, except for a related party transaction which is recorded at cost and measured using the carrying amount or exchange amount, depending on the circumstances. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment
At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized. If circumstances change, a previously recognized impairment may be reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FINANCIAL INSTRUMENTS (continued)

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(d) OBJECTIVES, POLICIES AND PROCESS FOR MANAGING CAPITAL

The capital of Villages of Hope: Africa Society (VOHAS) is comprised of net amounts invested in unrestricted funds, internally restricted funds, and externally restricted funds.

Unrestricted funds

The Board's objective is to maintain an unrestricted fund balance sufficient to meet the annual operational budget requirements. The Executive Director prepares the annual budget for the Finance Committee to review and then the Board approves it. The Treasurer and Finance Committee monitor the results against the approved budget and notify the Board when changes to plans are required.

Internally restricted funds - Centres

The objective of the internally restricted funds, or village funds, is to hold these balances from year to year in order to provide operational funds for the Centres. Each Centre is required to prepare an annual budget, approved by their Board of Directors. These budgets along with required monthly reporting are monitored throughout the year by VOHAS.

Externally restricted funds - designated

The externally restricted funds are designated by donors to fulfil their wishes in providing for specific projects or programs. Each project or program must be carrying out the charitable objectives of VOHAS. The Finance Committee monitors these funds to ensure they are being distributed for their intended purposes. Where the funds are not required in the short term, the Treasurer invests their balances in accordance with Board policy, which allows that they be held in short term, low risk and highly liquid financial instruments.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2024 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

4. DUE FROM/TO PAOC

The balance due from/to Pentecostal Assemblies of Canada (PAOC) is unsecured, non-interest bearing and has no set terms of repayment.

5. INVESTMENTS

	2024	2023
Investment to PAOC, a related party, that bears interest at 3.5%, matured April 2024	$ 0	$ 24,033
Investment to PFSG, a related party, that bears interest at 4.00%, matures December 1, 2025	150,000	150,000
	150,000	174,033
Less current portion:	150,000	24,033
	$ 0	$ 150,000

6. PARTNERSHIPS

	2024	2023
ChildCARE Plus funds	$ 965,272	$ 953,295
Under the Same Sun funds	968,630	1,364,670
	$ 1,933,902	$ 2,317,965

ChildCARE Plus funds were distributed to multiple overseas agents, whereas the Under the Same Sun funds were distributed to VOH Mwanza and VOH Chongwe.

7. FUNDS TO OVERSEA AGENTS

	2024	2023
VOH Mwanza	$ 1,335,180	$ 1,544,785
VOH Zimbabwe	550,232	477,360
VOH Malawi	488,300	258,901
VOH Kitwe	392,309	365,979
VOH Chongwe	309,193	256,675
VOH Burundi	237,729	270,476
VOH Bulale	204,528	106,112
VOH Mongu	90,834	94,760
	$ 3,608,305	$ 3,375,048

8. RELATED PARTY TRANSACTIONS

During the year, the organization had the following transactions with related organizations that are related by virtue of common control:

	2024	2023
Donations to PAOC	$ 85,004	$ 63,544
Shared costs paid to PAOC	74,119	61,550
Service fee from Villages of Hope: Africa Society USA	21,584	19,839