

ACCOUNTABLE DEVELOPMENT WORKS

Financial Statements

Year Ended December 31, 2020

May 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Accountable Development Works

Opinion

I have audited the financial statements of Accountable Development Works (the Organization), which comprise the statement of financial position as at December 31, 2020 and the statements of revenues and expenditures, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 relating 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.

(continues)

Independent Auditor's Report to the Members of Accountable Development Works (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Chartered Professional Accountant
1515 One Lombard Place
Winnipeg MB R3B 0X3

ACCOUNTABLE DEVELOPMENT WORKS
Statement of Financial Position
December 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT		
Cash	<u>\$ 73,917</u>	<u>\$ 143,255</u>
LIABILITIES AND NET ASSETS		
DUE TO RELATED PARTY (Note 3)	<u>\$ 17,111</u>	<u>\$ 17,111</u>
NET ASSETS	<u>56,806</u>	<u>126,114</u>
LIABILITIES AND NET ASSETS	<u>\$ 73,917</u>	<u>\$ 143,225</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ACCOUNTABLE DEVELOPMENT WORKS
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUES		
Canada Helps	\$ 30,360	\$ 28,167
Corporate contributions	6,105	31,865
Foundations and organization	6,495	9,192
Gifts in kind	2,262	-
Non - receipted contributions	16,439	28,451
Personal contributions	140,445	147,910
	<u>202,106</u>	<u>245,585</u>
PROJECT COSTS		
DRC - Congo's Children	64,861	63,807
DRC - Mukanzo	39,310	30,406
Kenya - HumanKind International	-	51,490
Sierra Leone - S.L.A.M.	65,960	54,003
Uganda - Kwagala	10,010	18,678
	<u>180,141</u>	<u>218,384</u>
EXCESS OF REVENUES BEFORE OTHER ITEMS	21,965	27,201
OTHER ITEMS		
Non - Project Costs (Schedule 1)	<u>(18,429)</u>	<u>(19,616)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 3,536	\$ 7,585

ACCOUNTABLE DEVELOPMENT WORKS
Statement of Changes in Net Assets
Year Ended December 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 126,114	\$ 118,529
Transfers of funds to Humankind International Inc. <i>(Note 4)</i>	(72,844)	-
	-	-
EXCESS OF REVENUES OVER PROJECT COSTS	3,536	7,585
NET ASSETS - END OF YEAR	\$ 56,806	\$ 126,114

ACCOUNTABLE DEVELOPMENT WORKS
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITY		
Excess of revenues over project costs	\$ 3,536	\$ 7,585
Cash flow from operating activity	<u>3,536</u>	<u>7,585</u>
INVESTING ACTIVITY		
	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Transfer of funds to Humankind International Inc.	(72,844)	-
Contribution from Kwagala Foundation	-	-
Advances to related party	-	(20,000)
Cash flow used by financing activities	<u>(72,844)</u>	<u>(20,000)</u>
DECREASE IN CASH FLOW	(69,308)	(12,415)
Cash - beginning of year	<u>143,225</u>	<u>155,640</u>
CASH - END OF YEAR	\$ 73,917	\$ 143,225

ACCOUNTABLE DEVELOPMENT WORKS
Notes to Financial Statements
Year Ended December 31, 2020

1. FORM OF ORGANIZATION

Accountable Development Works (ADW) was established as a registered not-for-profit organization under the Income Tax Act (Canada) on December 11, 2008. As a registered not-for-profit organization, the Organization is not taxable pursuant to paragraph 149 (1) of the Income Tax Act.

The Organization is involved in providing financial and technical support for initiatives of local communities in certain African countries. Accountable Development Works approved projects are locally designed through democratic community involvement. Projects are designed to be sustainable by integrating economic entities with social initiatives avoiding the large costs of foreign driven, top-down projects. Approved projects are defined by their accountability to both donors through strict operating standards and on-site monitoring; and to the local community through partnership agreements involving community decision makers. The Organization believes their approach contributes to the effectiveness of approved projects promoting community cohesion, transparency and good governance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and include the following significant accounting policies.

Revenue recognition

Accountable Development Works follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Other donations are recorded on a cash basis since pledges are not legally enforceable claims.

Donations in kind

In kind contributions are comprised of services provided without charge to ADW. Otherwise, the Organization would have to pay for these services in the ordinary course of their operations. These services are recorded in the accounts of ADW as both revenue and expense. In kind contributions are valued at the cost of ADW hiring the services at non-for-profit rates in Africa.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in revenues in the period in which they become known. Actual results could differ from these estimates.

(continues)

ACCOUNTABLE DEVELOPMENT WORKS
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

The Organization utilizes various financial instruments. Unless otherwise noted, it is management opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

All transactions related to financial instruments are initially recorded at fair value, with all financial instruments being subsequently reported at amortized cost. The fair value of all financial instruments approximate their carrying value due to the short-term maturity of the instruments.

Contributed services

Volunteers contribute a significant amount of time in assisting ADW in carrying out its activities. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value. Because ADW has made a commitment to paying no salaries or wages here in Canada, of all of the activities by our project leadership, and our administrators are provided on a volunteer basis.

This includes:

- our visits to project sites to encourage our on-site staff, confirm the reports that we have received, assist in resolving problems, participate in planning for the future, and develop a full narrative of the work to share with our volunteers and other supporters;
- our planning and problem-solving in Canada, which consists of project committee meetings, ADW board meeting, and many ad hoc meetings;
- our fundraising activities in Canada, including personal interactions, planning and hosting events, following up on the many details involved in responding to questions from prospective donors, and in thanking them for their contributions;
- many hours of administration, particularly in gathering, recording and reporting financial information in order to prepare financial statements and issue timely donation receipts;

All of these activities, required in order to provide sustainable, accountable, and meaningful services to children and youth in six projects, are provided by approximately 50 volunteers willingly and enthusiastically contributing more than 4,000 hours this year.

3. DUE TO RELATED PARTY

This amount consists of contributions toward travel and other project costs incurred by a Director of ADW on behalf of the Sierra Leone projects. These amounts were not receipted in the year of contribution and thus result in an outstanding liability. The liability will be resolved through an unsecured commitment by identified parties to provide ADW with financial resources to re-pay this liability. No contributions outside of these parties, past or present, will be used to repay this liability identified as due to related party on the statement of financial position and, therefore, it has been classified as a long-term liability.

ACCOUNTABLE DEVELOPMENT WORKS

Non-project costs

(Schedule 1)

Year Ended December 31, 2020

	2020	2019
Administration (supplies)	\$ 372	\$ 429
Bank charges	4,026	3,911
Fundraising	-	3,030
Insurance	1,467	1,844
MCIC levy	-	600
Professional fees	5,881	5,851
Travel/monitoring	5,693	3,551
Website	990	400
	\$ 18,429	\$ 19,616