

**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION**

**Financial Statements**

**December 31, 2023**

**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Kurumbuka Leadership Solutions Foundation

### *Report on the Financial Statements*

#### *Opinion*

We have audited the financial statements of Kurumbuka Leadership Solutions Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in fund balances, operations 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 Foundation as at December 31, 2023, and the results of its operations and 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 Foundation in accordance with 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.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Impact Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *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 fraud or error.

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Independent Auditor's Report to the Members of Kurumbuka Leadership Solutions Foundation  
(continued)

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

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

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 Foundation'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 Foundation'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 Foundation 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.

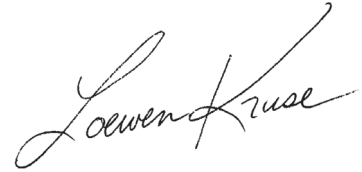
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Independent Auditor's Report to the Members of Kurumbuka Leadership Solutions Foundation  
(continued)

*Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia  
April 16, 2024



Chartered Professional Accountants

**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2023**

	General Fund	Restricted Fund	2023	2022
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 166,086	\$ -	\$ 166,086	\$ 236,939
Tuitions receivable	14,076	-	14,076	21,310
Due from government authorities - GST	710	-	710	381
Prepaid expenses	2,891	-	2,891	6,584
	183,763	-	183,763	265,214
<b>CAPITAL ASSETS (Note 3)</b>	860,532	-	860,532	802,586
	<b>\$ 1,044,295</b>	<b>\$ -</b>	<b>\$ 1,044,295</b>	<b>\$ 1,067,800</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 31,728	\$ -	\$ 31,728	\$ 17,982
Payable to government authorities - payroll deductions	19,692	-	19,692	23,168
Unearned revenue (Note 4)	34,094	-	34,094	18,468
	85,514	-	85,514	59,618
<b>FUND BALANCES</b>				
Unrestricted	958,781	-	958,781	1,008,182
	<b>\$ 1,044,295</b>	<b>\$ -</b>	<b>\$ 1,044,295</b>	<b>\$ 1,067,800</b>

APPROVED ON BEHALF OF THE BOARD

  
 Director

  
 Director

See notes to financial statements

**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2023**

	General Fund	Restricted Fund	2023	2022
<b>FUND BALANCES - BEGINNING OF YEAR</b>	\$ 1,008,182	\$ -	\$ 1,008,182	\$ 895,746
Excess (deficiency) of revenue over expenses	(44,434)	(4,967)	(49,401)	112,436
Interfund transfers (Note 5)	(4,967)	4,967	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ 958,781	\$ -	\$ 958,781	\$ 1,008,182

**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION****Statement of Operations****Year Ended December 31, 2023**

	General Fund	Restricted Fund	2023	2022
<b>REVENUE</b>				
Donations	\$ 857,045	\$ -	\$ 857,045	\$ 845,811
Tuition fees	76,454	-	76,454	36,354
Trip fees	26,123	-	26,123	-
Federal government grants	-	-	-	15,452
Foreign exchange gain (loss)	(3,060)	-	(3,060)	9,060
	<u>956,562</u>	<u>-</u>	<u>956,562</u>	<u>906,677</u>
<b>EXPENSES</b>				
Leadership programs	521,611	-	521,611	445,261
Canada operations	206,087	-	206,087	209,442
Rwanda operations	205,223	-	205,223	94,353
Uganda operations	46,055	-	46,055	31,534
Amortization	22,020	-	22,020	13,651
Leadership Hub	-	4,967	4,967	-
	<u>1,000,996</u>	<u>4,967</u>	<u>1,005,963</u>	<u>794,241</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (44,434)</u>	<u>\$ (4,967)</u>	<u>\$ (49,401)</u>	<u>\$ 112,436</u>

See notes to financial statements



**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION****Statement of Cash Flows****Year Ended December 31, 2023**

	<b>2023</b>	2022
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (49,401)	\$ 112,436
Items not affecting cash:		
Amortization	22,020	13,651
Contributed capital assets	-	(5,880)
Unrealized foreign exchange gain	2,435	(13,244)
	<u>(24,946)</u>	<u>106,963</u>
Changes in non-cash working capital:		
Tuition receivable	6,687	(539)
Due from government authorities - GST	(329)	(381)
Prepaid expenses	3,693	(3,067)
Accounts payable and accrued liabilities	14,650	14,756
Payable to government authorities - payroll deductions	(3,476)	17,656
Unearned revenue	15,626	2,527
	<u>36,851</u>	<u>30,952</u>
Cash flow from operating activities	<u>11,905</u>	<u>137,915</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(79,965)</u>	<u>(708,842)</u>
<b>OTHER CASH FLOW ITEMS</b>		
Foreign exchange rates changes on cash	<u>(2,793)</u>	<u>12,844</u>
<b>DECREASE IN CASH FLOW</b>	<b>(70,853)</b>	<b>(558,083)</b>
Cash - beginning of year	<u>236,939</u>	<u>795,022</u>
<b>CASH - END OF YEAR</b>	<b>\$ 166,086</b>	<b>\$ 236,939</b>

See notes to financial statements

# KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. PURPOSE OF THE FOUNDATION

Kurumbuka Leadership Solutions Foundation (the "Foundation") is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

The purposes of the Foundation are establishing and operating Biblically-based leadership development programs for African adult emerging and executive leaders; establishing and operating youth leadership training programs and camps for youth and young adults in Africa; developing and publishing leadership resources for Africa leaders; and developing and conducting educational co-mentorship programs between Canadian leadership experts and their African counterparts.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's general operations and capital assets. This fund reports all unrestricted resources that are to be used for general administrative and operational purpose programs and activities.

The Restricted Fund accounts for the Foundation's externally and internally restricted resources that are to be used for the Leadership Hub project.

#### Revenue recognition

Externally restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including government grants, are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tuition fees are recognized as revenue when classes are held with unearned amounts recorded as unearned revenue at year-end.

Trip fees are recognized as revenue when the trip occurs with unearned amounts recorded as unearned revenue at year-end.

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# KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2023

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

#### Allocation of expenses

The Foundation classifies its expenses by function, including its operations and programs expenses. For these expenses, the Foundation identifies the appropriate basis of allocating each component expense and applies that basis consistently each year. Wages and benefits are allocated by individual staff time as designated by management.

Wages and benefits expenses of \$424,426 are reported in the Statement of Operations in Leadership programs \$132,510, Canada operations \$139,449, Rwanda operations \$125,559, and Uganda operations \$26,908.

#### Cloud computing arrangements

The Foundation has applied AcG-20 Customer's Accounting for Cloud Computing Arrangements in the current year. No adjustments to the current or prior year were required after retrospectively implementing the new presentation and disclosure requirements. The Foundation applies the simplification approach to its cloud computing arrangements whereby all costs are expensed in the year in which the supply of services is provided. During the year \$10,157 of these services were expensed.

#### Financial instruments

All financial instruments are initially recorded at their fair market value. Publicly traded financial instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

#### Cash and cash equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

#### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets contributed are recorded at the fair value as of the date of receipt. Amortization is provided at various rates on a straight-line basis designed to amortize the assets over the estimated useful lives. The amortization rates are as follows:

Buildings and improvements	25 years
Motor vehicles	10 years
Furniture and fixtures	5 years
Equipment	5 years
Computer equipment	3 years

During the year, the Foundation received \$NIL (2022 - \$5,880) of contributed equipment with a fair market value at the date of the contributions. These amounts have been excluded from capital asset purchases on the Statement of Cash Flows as they are a non-cash item.

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# KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2023

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

#### Contributed services and materials

Volunteers assist the Foundation in carrying out its programs and operations. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the date of the contribution.

#### Foreign currency translation

All monetary assets and liabilities of operations denominated in currencies other than Canadian dollars have been translated into Canadian dollars at the rate of exchange in effect at the Statement of Financial Position date. Non-monetary items are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the rate of exchange in effect at the Statement of Financial Position date. Gains and losses resulting from the translation of assets and liabilities are reflected in excess of revenue over expenses of the year.

Revenue and expense accounts are translated at the current rate of exchange at the time of the transaction.

#### 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 amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Material uncertainties involving management estimates include the allocation of wages and benefits to operations and programs, and the determination of useful lives of capital assets, specifically buildings and improvements, for the purposes of calculating amortization.

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### 3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 441,262	\$ -	\$ 441,262	\$ 441,262
Buildings and improvements	362,215	26,241	335,974	346,035
Motor vehicles	57,760	1,925	55,835	-
Furniture and fixtures	6,556	1,394	5,162	4,831
Equipment	22,281	4,365	17,916	9,833
Computer equipment	6,590	2,207	4,383	625
	<b>\$ 896,664</b>	<b>\$ 36,132</b>	<b>\$ 860,532</b>	<b>\$ 802,586</b>

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**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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4. UNEARNED REVENUE

	<u>2023</u>	<u>2022</u>
Tuition fees	\$ 34,094	\$ 8,468
Trip fees	-	10,000
	<u>\$ 34,094</u>	<u>\$ 18,468</u>

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5. INTERFUND TRANSFERS

During the year the following interfund transfers occurred:

\$47,808 was transferred from the General Fund to the Restricted Fund for a provision for the Leadership Hub project.

\$42,841 was transferred from the Restricted Fund to the General Fund for the purchase of capital assets.

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6. DIRECTOR REMUNERATION

In accordance with the Societies Act of British Columbia, the Foundation is required to disclose that Directors were compensated as follows:

Director (course facilitator)	<u>\$ 5,734</u>
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7. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Foundation is required to disclose that two paid individuals and persons under a contract for services that each exceeded \$75,000 of annual remuneration were paid a total sum of \$191,777.

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**KURUMBUKA LEADERSHIP SOLUTIONS FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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8. FINANCIAL INSTRUMENTS RISKS

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk for its cash and tuitions receivable. The Foundation does not directly hold any collateral as security for its receivables. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

- Cash held at year-end in Canadian bank accounts exceeds the amount covered by the Canadian Deposit Insurance Corporation, serving to increase credit risk. The Foundation mitigates this risk by depositing their cash with a large, high quality financial institution.
- Cash held at year-end in foreign bank accounts is not guaranteed by the financial institution, serving to increase credit risk. The amount of cash held with foreign banks has decreased by \$7,300, resulting in a decrease in credit risk exposure.
- Tuitions receivable are non-interest bearing and are generally due within 30 to 60 days of the invoice date. Management evaluates the credit worthiness of its students and regularly reviews tuitions receivable for possible impairments related to collection. The tuitions receivable are primarily focused geographically within the Africa area.

Currency risk

Currency risk is the risk that the Foundation's fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates due to volatility caused by external factors. The Foundation is exposed to currency risk and its effect on the exchange gain or loss for the year on cash held in U.S. dollar and Rwandan franc bank accounts, as well as tuitions receivable and accounts payable denominated in foreign currency.

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