

**WORLD NEIGHBOURS CANADA SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

**WORLD NEIGHBOURS CANADA SOCIETY
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Members of World Neighbours Canada Society

Report on the Financial Statements

Opinion

We have audited the financial statements of World Neighbours Canada Society (the Society), which comprise the statement of financial position as at June 30, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2020, 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 Society 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.

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.

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

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

(continues)

Independent Auditor's Report to the Members of World Neighbours Canada Society *(continued)*

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 Society'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 Society'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 Society 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.

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.

KH Kelowna Chartered Professional Accountants Inc.

Kelowna, British Columbia
December 17, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2020

	2020	2019
RECEIPTS		
Other revenue	\$ 1,037	\$ 919
Donations	<u>213,656</u>	<u>203,381</u>
	<u>214,693</u>	<u>204,300</u>
DIRECT COSTS		
Burkina Faso, Africa costs	56,200	51,000
Honduras costs	34,423	81,741
Nepal costs	<u>46,000</u>	<u>73,084</u>
	<u>136,623</u>	<u>205,825</u>
GROSS MARGIN <i>(36.36%; 2019 - (0.75)%</i>)	<u>78,070</u>	<u>(1,525)</u>
EXPENDITURES		
Business taxes, licenses and memberships	250	250
Insurance	776	760
Office	1,921	1,242
Professional fees	14,726	15,015
Travel	<u>1,149</u>	<u>414</u>
	<u>18,822</u>	<u>17,681</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	<u>\$ 59,248</u>	<u>\$ (19,206)</u>

See notes to financial statements

**WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020**


	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 81,568	\$ 100,774
EXCESS OF RECEIPTS OVER EXPENDITURES	59,248	(19,206)
NET ASSETS - END OF YEAR	\$ 140,816	\$ 81,568

See notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 148,482	\$ 89,234
Restricted Cash (Note 6)	<u>57,811</u>	<u>-</u>
	\$ 206,293	\$ 89,234
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 7,666	\$ 7,666
Deferred income (Note 6)	<u>57,811</u>	<u>-</u>
	65,477	7,666
NET ASSETS	<u>140,816</u>	<u>81,568</u>
	\$ 206,293	\$ 89,234

ON BEHALF OF THE BOARD

 _____ Director

_____ Director

See notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of receipts over expenditures	\$ 59,248	\$ (19,205)
Changes in non-cash working capital:		
Deferred income	57,811	-
Restricted Cash	(57,811)	-
	-	-
INCREASE (DECREASE) IN CASH FLOW	59,248	(19,205)
Cash - beginning of year	89,234	108,439
CASH - END OF YEAR	\$ 148,482	\$ 89,234

See notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

1. PURPOSE OF THE SOCIETY

World Neighbours Canada Society (the "society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. As a registered charity the society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The principal activity is providing funding to organizations in various countries for projects to improve the well being of the local community.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

World Neighbours Canada Society 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Tangible Capital Assets

The average annual revenues recognized in the statement of operations for the current and preceding period of the Organization, and any entities it controls, was less than \$500,000. Since the Organization meets the criteria for small not-for-profit organizations, it does not record the acquisition of tangible capital assets and intangible assets. These acquisitions are expensed at the date of acquisition. No assets have been expensed by the organization in prior years. \$ NIL in tangible capital assets and \$ NIL in intangible assets were expensed in the statement of operations for the current year.

(c) Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

4. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash and cash equivalents and payables. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, liquidity, or market risks arising from these financial instruments.

WORLD NEIGHBOURS CANADA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

5. ECONOMIC DEPENDENCE

The society received 74% (2019 - 78%) of it's revenue from The Government of Canada (Global Affairs Canada).

6. DEFERRED REVENUE

Deferred revenue of \$57,811 (2019: NIL) is made up of income received from The Government of Canada for January to June 2020 which was not yet spent on eligible program expenses as of June 30th 2020.

All funds received from The Government of Canada that have not yet been spent on eligible program expenses are held as Restricted Cash until such time as the funding can be used.

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

8. COVID-19 IMPACT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Following this event, the society was forced to reduce its activity within it's various programs. As a result, the society's direct expenses were lower than expected for the 2020 fiscal year. As of the date of these financial statements, revenue has not been negatively impacted by this pandemic due to a continued commitment of support from Global Affairs Canada .

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the society's operations as at the date of these financial statements.

December 17, 2020

Confidential

Client Number: WORLD06

World Neighbours Canada Society
PO Box 1771
Oliver BC V0H 1T0

Attention: Bruce Petch,

Dear Bruce:

The Objective and Scope of the Audit

You have requested that we audit the financial statements of World Neighbours Canada Society, which comprise the statement of financial position as at June 30, 2021, 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).

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audit 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.

The Responsibilities of the Auditor

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. 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:

- a. 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.
- b. 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d. 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 entity'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 entity to cease to continue as a going concern.
- e. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

Form and Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the following form contained in Appendix A to this letter.

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance.

The Responsibilities of Management

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with ASNPO;
- b. For the design and implementation of 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; and
- c. To provide us with timely:
 - i. Access to all the information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
 - ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;
 - iii. Additional information that we may request from management for the purpose of the audit; and
 - iv. Unrestricted access to persons within World Neighbours Canada Society from whom we determine it necessary to obtain audit evidence.

As part of the audit process:

- a. We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management [and, where appropriate, those charged with governance] written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each practitioner must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of World Neighbours Canada Society unless:

- a. We have been specifically authorized with prior consent;

- b. We have been ordered or expressly required by law or by the British Columbia *Code of Professional Conduct/Code of Ethics*; or
- c. The information requested is (or enters into) public domain.

Communications

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues, or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

Use of Information

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit report are solely for the use of World Neighbours Canada Society and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than World Neighbours Canada Society.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond World Neighbours Canada Society) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

Reproduction of Auditor's Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Should some of the information in the annual report not be available until after the date of the auditor's report, we will request management to provide a written representation that the final version of the document(s) will be provided to us when available (and prior to its issuance) so we can complete our required procedures.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information in the electronic site with the original document.

Preparation of Schedules

We understand that you will prepare certain schedules and locate specified documents for our use before our Engagement is planned to commence on .

The requested schedules and documents are as follows:

- a. Schedules and analyses; and
- b. Other specified documents.

This assistance will facilitate our work and help to minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and require us to suspend our services or even withdraw from the Engagement.

Ownership

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

File Inspections

In accordance with professional regulations (and by our firm policy), our client files may be periodically reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm standards. File reviewers are required to maintain confidentiality of client information.

Accounting Advice

Except as outlined in this letter, this Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

Other Services

In addition to the audit services referred to above, we will, as allowed by the British Columbia *Code of Professional Conduct /Code of Ethics*, prepare your charity returns as agreed upon. Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of GST and PST returns or any other (including foreign) tax returns, source deductions, information returns, slips, elections, designations, certificates or reports. Management will, on a timely basis, provide the information necessary to complete these federal and provincial income tax returns and will review and file them with the appropriate authorities on a timely basis.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of British Columbia. The Province of British Columbia will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Time Frames

We will use all reasonable efforts to complete the Engagement as described in this letter within the agreed upon time frames.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by World Neighbours Canada Society of its obligations.

Fees at Regular Billing Rate

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable GST and PST, and are due when rendered. Fees for any additional services will be established separately.

Billing

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.50% per month or 18.00% (APR) per annum. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST and PST) incurred.

Termination

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party [*not less than 30 calendar days before the effective date of termination*]. If early termination takes place, World Neighbours Canada Society shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the audit or are unable to come to a conclusion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may issue a denial of assurance on the financial statements. If this occurs, we will communicate the reasons and provide details.

Survival of Terms

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

Conclusion

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the attached copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your society.

Respectfully,

KH KELOWNA CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Jonathan J. Cone, CPA, CGA

Acknowledged and agreed to on behalf of World Neighbours Canada Society by:



Bruce Petch,



Date signed

Appendix A - Expected Form of Report

To the Members of World Neighbours Canada Society

Opinion

We have audited the financial statements of World Neighbours Canada Society (the Society), which comprise the statement of financial position as at June 30, 2021, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2021, and the results of its operations and cash flow for the period 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 Society 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.

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.

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

Those charged with governance are responsible for overseeing the Society'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 Society's internal control.

Appendix A *(continued)*

- 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 Society'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 Society 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.

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.

WORLD NEIGHBOURS CANADA SOCIETY

PO Box 1771
Oliver, BC
V0H 1T0

December 16, 2020

Confidential

Client Number: WORLD06

KH Kelowna Chartered Professional Accountants Inc.
203 - 1740 Gordon Drive
Kelowna British Columbia V1Y 3H2

Dear Sir / Madam:

This representation letter is provided in connection with your audit of the financial statements of World Neighbours Canada Society for the year ended June 30, 2020, for the purpose of you expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

1. Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 15, 2020 for:

- Preparing and fairly presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- Providing you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d) Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

2. Fraud and Non Compliance

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:

2. **Fraud and Non Compliance** *(continued)*

- i. Management;
 - ii. Employees who have significant roles in internal control; or
 - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
 - c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
 - d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
 - e. The results of our risk assessments regarding possible fraud or error in the financial statements.

3. **Related Parties**

We confirm that there were no related-party relationships or transactions that occurred during the period.

4. **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. **Subsequent Events**

6. **Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

7. **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

8. **Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

Acknowledged and agreed on behalf of World Neighbours Canada Society by:



Bruce Petch

December 14, 2020

Date signed


World Neighbours Canada Society

Summary of misstatements

Year end: June 30, 2020

Overstatement (understatement)

Description	WP Ref	<i>a</i> Assets	<i>b</i> Liabilities	<i>a - b</i> Equity	<i>d</i> Revenue	<i>e</i> Expense	<i>d - e</i> Profit
		-	-	-	-	-	-
From Prior years		321.00	-	321.00	-	-	-
Identified this year (IM)							
Prepaid not recorded		(320.00)	-	(320.00)	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Likely & Projected							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Likely Aggregate Misstatement (LAM) = Sum of all above		1.00	-	1.00	-	-	-
Acceptable Materiality (<i>Use Professional judgement here</i>)		6,100.00	6,100.00	6,100.00	-	-	-
Room for further possible misstatement LAM - Materiality = Comfort zone		6,099.00	6,100.00	6,099.00	-	-	-

Prepared by	Reviewed by	Cold Review	Client approve
NH 11/18/20	JC 12/15/20		

December 17, 2020

World Neighbours Canada Society
PO Box 1771
Oliver BC V0H 1T0

Attention: Bruce Petch,

Dear Sir:

This letter has been prepared to assist you with your review of the financial statements of World Neighbours Canada Society for the year ending June 30, 2020. We look forward to meeting with you and discussing the matters outlined below.

Audit Status

We have completed the audit of the financial statements, with the exception of the following items:

1. Receipt of a signed representation letter by management;
2. Obtaining evidence of the Board's approval of the financial statements;

Once these items have been completed, we will date and sign our auditor's report.

Significant Matters Arising

Other Matters

We have not identified any other significant matters that we wish to bring to your attention at this time.

Significant Difficulties Encountered

There were no significant difficulties encountered during our audit.

Comments on Accounting Practices

Accounting Policies

The significant accounting policies used by the entity are outlined in Note 3 to the financial statements.

- There were no significant changes in accounting policies
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances
- We did not identify any significant accounting policies in controversial or emerging areas.

Significant Accounting Estimates

The following significant estimates/judgments are contained in the financial statements:

- Deferred revenue

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

Uncorrected Misstatements

We accumulated uncorrected misstatements that we identified during our audit and communicated them to management. We then requested that management correct these misstatements. All uncorrected misstatements for the current period have been corrected with the exception of the following:

#	Nature of Uncorrected Misstatement	Effect on the Financial Statements	Management's Reason for Not Correcting
1	Prepaid expenses not recorded	Decreases prepaid assets by \$320 and increases expenses by \$320.	Not considered material

Uncorrected misstatements from prior year financial statements are outlined below:

#	Nature of Uncorrected Misstatement	Effect on the Financial Statements	Management's Reason for Not Correcting
1	Prepaid expenses not recorded	Increase in prepaid asset by \$321 and decrease in expenses by \$321	Not considered material

Written Representations

In a separate communication, as attached, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Other Audit Matters of Governance Interest

We did not identify any other matters to bring to your attention at this time.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of World Neighbours Canada Society to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Encl.


World Neighbours Canada Society

Year End: June 30, 2020

Adjusting Journal Entries

Date: 7/1/2019 To 6/30/2020

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	6/30/2020	N	Deferred revenue	2590	EMAIL. 2. 3	✓		57,811.21		
1	6/30/2020	N	Global Affairs Canada	5097	EMAIL. 2. 3	✓	57,811.21			
to record defferred revenue										
2	6/30/2020	N	Cash	1010	HH	✓		57,811.21		
2	6/30/2020	N	Restricted Cash	1011	HH	✓	57,811.21			
to reclassify restricted cash										
							115,622.42	115,622.42		
			Net Income (Loss)	59,247.77						

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NH 11/18/2020	JC 12/10/2020		

World Neighbours Canada Society

Year End: June 30, 2020

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/19	%Chg
1010 Cash	0.00	(57,811.21)	0.00	(57,811.21)	¹ HH	0.00	0
1020 Valley First - Bank	288.47	0.00	0.00	288.47	A. 1	1,965.33	(85)
1021 Valley First - share acct	33.32	0.00	0.00	33.32	A. 1	32.37	3
1025 Tangerine formerly (ING Direct)	205,970.93	0.00	0.00	205,970.93	² A. 2	87,236.04	136
A Cash	206,292.72	(57,811.21)	0.00	148,481.51		89,233.74	66
1011 Restricted Cash	0.00	57,811.21	0.00	57,811.21	HH	0.00	0
F Restricted Cash	0.00	57,811.21	0.00	57,811.21		0.00	0
5010 Donations - Cash	(46,299.59)	0.00	0.00	(46,299.59)	203	(29,475.00)	57
5025 Donations -Rotary	(9,995.00)	0.00	0.00	(9,995.00)	202	(6,000.00)	67
5035 Donations -Charitable Giving	(8,480.33)	0.00	0.00	(8,480.33)	³ 203-1	(7,461.63)	14
5060 Donations - Other charities	(97.50)	0.00	0.00	(97.50)		(208.00)	(53)
5091 Donations -Canada Helps - charity	(186.77)	0.00	0.00	(186.77)		(345.96)	(46)
5097 Global Affairs Canada	(206,408.00)	57,811.21	0.00	(148,596.79)	⁴ 201	(159,890.00)	(7)
7150 Interest	(1,036.62)	0.00	0.00	(1,036.62)		(919.39)	13
20 Sales or gross income	(272,503.81)	57,811.21	0.00	(214,692.60)		(204,299.98)	5
6520 Project donations - Honduras	34,423.09	0.00	0.00	34,423.09		81,740.68	(58)
6530 Project donations - Nepal	46,000.00	0.00	0.00	46,000.00		73,084.42	(37)
6550 Project donations- Burkina Faso, Af	56,200.00	0.00	0.00	56,200.00		51,000.00	10
30 Cost of sales	136,623.09	0.00	0.00	136,623.09	⁴	205,825.10	(34)
6030 Bank charges and interest	258.00	0.00	0.00	258.00		342.25	(25)
6170 Insurance	776.00	0.00	0.00	776.00	D1	760.00	2
6240 Licences and dues	250.00	0.00	0.00	250.00	D2	250.00	0
6250 Office expense and postage	1,662.00	0.00	0.00	1,662.00		899.33	85
6260 Accounting	14,726.25	0.00	0.00	14,726.25		15,015.00	(2)
6430 Travel	1,149.49	0.00	0.00	1,149.49		414.00	178
40 Operating expenses	18,821.74	0.00	0.00	18,821.74		17,680.58	6
2560 Accounts payable & accrued liabilit	(7,665.00)	0.00	0.00	(7,665.00)	⁵ ✓	(7,665.00)	0
BB Accounts payable & acc. liab.	(7,665.00)	0.00	0.00	(7,665.00)		(7,665.00)	0
2590 Deferred revenue	0.00	(57,811.21)	0.00	(57,811.21)	✓ EMAIL. 2. 3	0.00	0
HH Other current liabilities	0.00	(57,811.21)	0.00	(57,811.21)		0.00	0
4500 Net assets	(81,568.74)	0.00	0.00	(81,568.74)	✓	(100,774.44)	(19)
TT Retained Income	(81,568.74)	0.00	0.00	(81,568.74)		(100,774.44)	(19)
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0</u>
Net Income (Loss)	117,058.98			59,247.77		(19,205.70)	(408)

1. contra account against unrestricted cash

2. Tangerine reduced by amount restriced by government for specific projects (if necessary)


3. Stripe donations

4. TO BE DISCUSSED WITH CLIENT AT DRAFT STAGE: GOV REVENUE > COS, WHY?

5. Casorso accounting fee 3,045.00 (estimated)

KHHW accounting fee 4,620.00 (estimated)

Total 7,665.00

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NH 11/18/2020	JC 12/10/2020		

12/17/2020
11:03 AM

16.0

World Neighbours Canada Society

Year End: June 30, 2020

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/19 %Chg
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12/17/2020
11:03 AM

Prepared by	Reviewed by	Cold Review	Client approve
NH 11/18/2020	JC 12/10/2020		

16. 0-1