

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

FINANCIAL STATEMENTS

APRIL 30, 2019



MCCAY DUFF LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Tanzania Education and Micro-Business Opportunity (TEMBO)

We have reviewed the accompanying financial statements of Tanzania Education and Micro-Business Opportunity (TEMBO) that comprise the statement of financial position as at April 30, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

.../2



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

Basis for Qualified Conclusion

In common with many charitable organizations, TEMBO derives revenue from the general public in the form of donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenue, net revenue, and cash flows from operations for the year ended April 30, 2019 and April 30, 2018 and current assets and net assets as at April 30, 2019 and April 30, 2018. Our conclusion on the financial statements for the year ending April 30, 2018 was modified accordingly.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Tanzania Education and Micro-Business Opportunity (TEMBO) as at April 30, 2019, 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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
August 26, 2019.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash	\$ 114,495	\$ 69,954
Short-term investments	15,534	15,288
Accounts receivable	500	-
Prepaid expenses	<u>2,961</u>	<u>-</u>
	<u>\$ 133,490</u>	<u>\$ 85,242</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,074	\$ 2,499
Deferred contribution (note 4)	<u>31,522</u>	<u>10,739</u>
	34,596	13,238
NET ASSETS		
UNRESTRICTED	83,894	57,004
RESERVE FUND (note 5)	<u>15,000</u>	<u>15,000</u>
	<u>98,894</u>	<u>72,004</u>
	<u>\$ 133,490</u>	<u>\$ 85,242</u>

Approved on behalf of the Board:

Director

Director

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>
UNRESTRICTED		
BALANCE - BEGINNING OF YEAR	\$ 57,004	\$ 50,832
Net revenue for the year	<u>26,890</u>	<u>6,172</u>
BALANCE - END OF YEAR	\$ <u><u>83,894</u></u>	\$ <u><u>57,004</u></u>
 RESERVE FUND		
BALANCE - BEGINNING AND END OF YEAR	\$ <u><u>15,000</u></u>	\$ <u><u>15,000</u></u>

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>
REVENUE		
Donations		
Girls Hostel	\$ 111,088	\$ -
General	108,380	78,095
Informal Education	5,755	13,177
Learning in Longido		
- Program	5,795	10,165
- Reading program	1,376	1,739
- Computer program	18,092	-
Micro-Business	3,973	104
Sponsorship	13,265	9,045
Volunteer travel	35,382	26,799
Fundraising events	32,640	35,118
Book sales and marketplace	2,456	4,155
Investment income	<u>477</u>	<u>270</u>
	338,679	178,667
EXPENSES		
Administration	3,052	3,521
Fundraising	6,741	5,972
Operating Grant to Learning in Longido	56,557	34,715
Grant to Tembo Trust (note 6)		
- General	90,121	92,549
- Girls Hostel	111,087	-
Marketing	1,694	2,879
Professional fees	4,258	3,147
Program spending	307	919
Travel	<u>37,972</u>	<u>28,793</u>
	<u>311,789</u>	<u>172,495</u>
NET REVENUE FOR THE YEAR	<u>\$ 26,890</u>	<u>\$ 6,172</u>

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue for the year	\$ 26,890	\$ 6,172
Changes in non-cash working capital		
- accounts receivable	(500)	-
- prepaid expenses	(2,961)	986
- accounts payable and accrued liabilities	575	(47)
- deferred revenue	<u>20,783</u>	<u>8,367</u>
	44,787	15,478
INVESTING ACTIVITIES		
Change in short-term investments	<u>(246)</u>	<u>(264)</u>
CHANGE IN CASH POSITION DURING THE YEAR	44,541	15,214
Cash position - beginning of year	<u>69,954</u>	<u>54,740</u>
CASH POSITION - END OF YEAR	<u>\$ 114,495</u>	<u>\$ 69,954</u>

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

UNAUDITED

1. ORGANIZATION

The Organization was originally incorporated without share capital on March 2, 2011 under the Canada Corporations Act, and received certification of continuance under the Canada Not-for-profit Corporations Act on August 19, 2014. The Organization is a registered charity, and is exempt from income tax. The Organization raises funds to educate and empower girls and women through education sponsorship, microbusiness, and informal education.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated, and collection is reasonably assured.

Revenue from fundraising events is recognized in the year in which the related event is held. If received in advance for a future event, this revenue is deferred until the event has taken place.

Revenue from book sales and marketplace is recognized when delivery has occurred, and collection is reasonably assured.

Investment income includes dividends and interest received on investments. Revenue is recognized in the year in which the income is received or receivable, if the amount can be reasonably estimated and collection reasonably assured.

(b) Use of Estimates

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, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue as appropriate in the year they become known.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

UNAUDITED

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial Instruments

The Organization's financial instruments consist of cash, short-term investments and accounts payable and accrued liabilities.

Measurement:

Financial instruments are recorded at fair value on initial recognition.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment:

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net income. A previously recognized write-down can be reversed to the extent of the improvement.

(d) Volunteer Services

The Organization receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's assessment that the Organization is not exposed to significant liquidity, interest rate, credit, market or currency risks arising from its financial instruments. There has been no change to the risk exposure from 2018.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

UNAUDITED

4. DEFERRED CONTRIBUTIONS

Deferred contributions are restricted for use towards the applicable expenses for which the funding was received.

	Balance - Beginning of Year	Plus: Amounts Received	Less: Revenue Recognized	Balance - End of Year
Learning in Longido				
- Program	\$ -	\$ 5,795	\$ 5,795	\$ -
- Computer Centre	5,000	13,851	18,092	759
- Reading Program	1,376	-	1,376	-
Micro-business donations	3,163	810	3,973	-
Informal Education donations	-	15,755	5,755	10,000
Girls Hostel	-	131,851	111,087	20,763
Sponsorship				
- General	-	12,065	12,065	-
- Directed	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>
	<u>\$ 10,739</u>	<u>\$ 180,127</u>	<u>\$ 159,343</u>	<u>\$ 31,522</u>

5. RESERVE FUND

On August 16, 2016, the Organization's Board of Directors approved the creation of an internally restricted Reserve Fund for the long-term financial stability of the Organization in order to ensure it can meet its financial obligations to its partner organizations. During the fiscal year, there was no activity in the Reserve Fund.

6. RELATED PARTY TRANSACTIONS

TEMBO Trust was created to carry out the Organization's mandate of providing education and empowerment for girls and women in Longido and Kimokouwa Villages. TEMBO Trust is governed by a Board of Trustees which is composed of two members of the Organization's Board of Directors and three Tanzanian citizens. As the Organization exerts significant influence over TEMBO Trust, the two organizations are related. The Organization provides funding to TEMBO Trust in order to carry out its day to day activities. TEMBO Trust relies solely on the funding from the Organization. These transactions were carried out in the normal course of operations and are recorded at the exchange amount.