

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

FINANCIAL STATEMENTS

APRIL 30, 2020



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, 2020 and the statement of operations, statement of changes in net assets and statement of 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.

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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 and fundraising, 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 and fundraising revenue, net revenue, and cash flows from operations for the year ended April 30, 2020 and April 30, 2019 and current assets and net assets as at April 30, 2020 and April 30, 2019. Our conclusion on the financial statements for the year ending April 30, 2019 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, 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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
August 25, 2020.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT		
Cash	\$ 77,841	\$ 114,495
Short-term investments	15,898	15,534
Accounts receivable	-	500
Prepaid expenses	<u>1,040</u>	<u>2,961</u>
	<u>\$ 94,779</u>	<u>\$ 133,490</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,898	\$ 3,074
Deferred contribution (note 4)	<u>23,589</u>	<u>31,522</u>
	26,487	34,596
NET ASSETS		
UNRESTRICTED	53,292	83,894
RESERVE FUND (note 5)	<u>15,000</u>	<u>15,000</u>
	<u>68,292</u>	<u>98,894</u>
	<u>\$ 94,779</u>	<u>\$ 133,490</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, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>
UNRESTRICTED		
BALANCE - BEGINNING OF YEAR	\$ 83,894	\$ 57,004
Net revenue (expense) for the year	(<u>30,602</u>)	<u>26,890</u>
BALANCE - END OF YEAR	\$ <u><u>53,292</u></u>	\$ <u><u>83,894</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, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>
REVENUE		
Donations		
General	\$ 89,904	\$ 108,380
Volunteer travel	30,035	35,382
Sponsorship	21,215	13,265
Girls Hostel	19,361	111,088
Informal Education	15,681	5,755
Learning in Longido		
- Computer program	759	18,092
- Playground	1,250	-
- Program	5,539	5,795
- Reading program	-	1,376
Micro-Business	832	3,973
Fundraising events	17,986	32,640
Book sales and marketplace	1,113	2,456
Investment income	<u>541</u>	<u>477</u>
	204,216	338,679
EXPENSES		
Administration	2,974	3,052
Fundraising	5,811	6,741
Operating Grant to Learning in Longido (note 6)	48,047	56,557
Grant to Tembo Trust (note 6)		
- General	115,422	90,121
- Girls Hostel	19,361	111,087
Marketing	5,072	1,694
Professional fees	4,663	4,258
Program spending	1,052	307
Travel	<u>32,416</u>	<u>37,972</u>
	<u>234,818</u>	<u>311,789</u>
NET REVENUE (EXPENSE) FOR THE YEAR	<u><u>\$ (30,602)</u></u>	<u><u>\$ 26,890</u></u>

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue (expense) for the year	\$(30,602)	\$ 26,890
Changes in non-cash working capital		
- accounts receivable	500	(500)
- prepaid expenses	1,921	(2,961)
- accounts payable and accrued liabilities	(176)	575
- deferred revenue	<u>(7,933)</u>	<u>20,783</u>
	(36,290)	44,787
INVESTING ACTIVITIES		
Change in short-term investments	<u>(364)</u>	<u>(246)</u>
CHANGE IN CASH POSITION DURING THE YEAR	(36,654)	44,541
Cash position - beginning of year	<u>114,495</u>	<u>69,954</u>
CASH POSITION - END OF YEAR	<u><u>\$ 77,841</u></u>	<u><u>\$ 114,495</u></u>

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

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 (expense) as appropriate in the year they become known.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

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 the prior year.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

UNAUDITED

4. DEFERRED CONTRIBUTIONS

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

	<u>Balance - Beginning of Year</u>	<u>Plus: Amounts Received</u>	<u>Less: Revenue Recognized</u>	<u>Balance - End of Year</u>
General	\$ -	\$ 19,879	\$ 4,879	\$ 15,000
Girls Hostel	20,763	450	19,361	1,852
LIL Computer Centre	759	-	759	-
Informal Education	10,000	7,706	15,601	2,105
Micro-business	-	2,000	832	1,168
Sponsorship - Vocational	<u>-</u>	<u>10,000</u>	<u>6,536</u>	<u>3,464</u>
	<u>\$ 31,522</u>	<u>\$ 61,503</u>	<u>\$ 69,436</u>	<u>\$ 23,589</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.

TANZANIA EDUCATION AND MICRO-BUSINESS OPPORTUNITY (TEMBO)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

UNAUDITED

6. RELATED PARTY TRANSACTIONS

TEMBO Trust and Learning in Longido (LIL) were created to carry out TEMBO Canada's mandate of providing education and empowerment for girls and women in Longido and Kimokouwa Villages. There are two members of the TEMBO Canada's Board of Directors on both TEMBO Trust and LIL's Board of Directors and seven Tanzanian citizens on the Board of TEMBO Trust and nine Tanzanian citizens on the Board of Directors of LIL. As the Organization exerts significant influence over TEMBO Trust and LIL, the two organizations are related to TEMBO Canada. TEMBO Canada provides funding to both organizations in order to carry out their day to day activities. Both TEMBO Trust and LIL predominantly rely on the funding from the Organization. These transactions were carried out in the normal course of operations and are recorded at the exchange amount.

In February 2020, a member of the Board of Directors made a donation of shares with a fair value on the date of donation of \$19,879. The transaction was measured at the exchange amount, which was equivalent to the fair market value of the shares as at the date of the donation. As per the stipulations of the donor, 25% of the donation has been recognized as revenue in the year and the remainder as a deferred contribution to be recognized equally over the next three years.

7. SUBSEQUENT EVENT

In March of 2020, the Province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the COVID-19 disease. The State of Emergency has extended beyond the Organization's year-end of April 30, 2020. Governments in North America have and continue to implement financial easing policies to mitigate the financial impact on the economy in which the Organization operates. The financial impact on the Organization as a result of COVID-19 is unknown, the potential impact on future operations are not able to be determined. No amounts have been recognized in the financial statements relating to the potential financial impact on the Organization as a result of COVID-19.