

CANADA-MATHARE EDUCATION TRUST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Independent Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Members of:
Canada-Mathare Education Trust

Qualified Opinion

We have audited the financial statements of Canada-Mathare Education Trust, which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Canada-Mathare Education Trust 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Canada-Mathare Education Trust derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canada-Mathare Education Trust. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, cash flows from operations and net assets for both December 31, 2023 and the previous year.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of 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 auditors' 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 audit 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 controls.
- 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.
- 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 matter 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.



Frouin Group Professional Corporation
Ottawa, Ontario
March 6, 2026

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

FROUIN
GROUP

CANADA-MATHARE EDUCATION TRUST
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 121,159	\$ 160,248
Accounts receivable	61,514	1,600
HST recoverable	<u>5,147</u>	<u>407</u>
TOTAL ASSETS	<u>\$ 187,820</u>	<u>\$ 162,255</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 27,681	\$ 7,500
Deferred contributions (note 3)	<u>114,000</u>	<u>100,922</u>
TOTAL LIABILITIES	141,681	108,422
NET ASSETS		
Unrestricted	<u>46,139</u>	<u>53,833</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 187,820</u>	<u>\$ 162,255</u>

APPROVED ON BEHALF OF THE BOARD:

Director _____

Director _____

(See accompanying Notes to Financial Statements)

CANADA-MATHARE EDUCATION TRUST
AUDITED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUES		
Donation	\$ 26,960	\$ 40,234
Funding - Future Ready (note 3)	0	17,611
Funding - Hansen (note 3)	58,500	49,810
Government contributions (note 3)	162,353	64,585
Interest income	606	65
	<u>248,419</u>	<u>172,305</u>
EXPENSES		
Bank charges and interest	475	990
Fundraising expenses	691	204
Memberships	473	889
Office expenses	31,742	14,977
Professional fees	46,446	7,500
Program expenses	49,121	36,566
Recruitment costs	0	1,953
Scholarships	62,631	50,907
Subcontractors	53,991	46,697
	<u>245,570</u>	<u>160,683</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	2,849	11,622
Foreign Exchange Gain / (Loss)	<u>(10,543)</u>	<u>0</u>
EXCESS / (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ <u>(7,694)</u>	\$ <u>11,622</u>

(See accompanying Notes to Financial Statements)

CANADA-MATHARE EDUCATION TRUST
AUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
NET ASSETS, beginning of year	\$ 53,833	\$ 42,211
Excess / (deficiency) of revenue over expenses for the year	<u>(7,694)</u>	<u>11,622</u>
NET ASSETS, end of year	<u>\$ 46,139</u>	<u>\$ 53,833</u>

(See accompanying Notes to Financial Statements)

CANADA-MATHARE EDUCATION TRUST
AUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess / (deficiency) of revenue over expenses for the year	\$ (7,694)	\$ 11,622
Cash flows from current operating items	<u>(31,395)</u>	<u>42,470</u>
NET CHANGE IN CASH	(39,089)	54,092
CASH, beginning of year	<u>160,248</u>	<u>106,156</u>
CASH, end of year	<u>\$ 121,159</u>	<u>\$ 160,248</u>
REPRESENTED BY:		
Cash	<u>\$ 121,159</u>	<u>\$ 160,248</u>

(See accompanying Notes to Financial Statements)

CANADA-MATHARE EDUCATION TRUST
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. ORGANIZATION

The purpose of the Organization is to provide Advancement of Education to the residents of Mathare in Kenya. Many families cannot afford to send their children to secondary school due to high tuition fees and the cost of uniforms, textbooks, school supplies, and transportation. The Organization believes education is a human right and that every child should have access to education regardless of where they live or their family's income. They also believe education is the key to breaking the cycle of poverty and transforming communities, nations, and the World.

The Organization was incorporated on September 26, 2006 as a registered charity under the Income Tax Act and, as such, is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a. Revenue recognition

The Organization follows the deferral method of accounting for restricted revenue. Under this method, restricted contributions and donations for expenses of future periods are recognized as revenue in the year in which the related expenses are incurred provided that the amount can be reasonably estimated and the collection is reasonably assured.

Fundraising revenues and unrestricted donations are recognized when received due to the uncertainty involved in the collection of this type of revenue.

b. Contributed supplies and services

The Organization has elected not to recognize contributed supplies and services. Therefore, volunteers' contributed services and contributed materials are not recognized in the financial statements because of the difficulty in determining their fair value.

c. Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

d. Financial instruments

The carrying value of cash, accounts receivable, contributions and accounts payable approximate their fair value because of the relatively short period to maturity of the instruments.

It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

CANADA-MATHARE EDUCATION TRUST
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign currency transactions

The Organization uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of earnings are translated at average year rates. Exchange gains and losses are included in the statement of earnings.

f. Capital assets

Currently, property and equipment purchases are expensed in the period they occur. This is in accordance with accounting guidelines for not-for-profit entities when average gross revenues for the past two years is under \$500,000. No capital purchases were expensed in the current year.

3. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding that remains unspent at the end of the current fiscal period.

	2023	2022
Balance, beginning of the year	\$ 100,922	\$ 77,921
Contributions received during the year	233,931	155,007
Amount recognized during the year	<u>(220,853)</u>	<u>(132,006)</u>
Balance, end of the year	<u>\$ 114,000</u>	<u>\$ 100,922</u>

4. FINANCIAL RISK MANAGEMENT POLICY

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2023:

a) Currency risk

The Organization's functional currency is the Canadian dollar. The Organization is exposed to currency risk through its foreign cash account held in the Kenyan Shilling currency.

CANADA-MATHARE EDUCATION TRUST
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. FINANCIAL RISK MANAGEMENT POLICY (continued)

b) Liquidity risk

The Organization manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

c) Interest rate risk

The Organization is exposed to interest rate risk with regards to its cash. The Organization has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the Organization's results of operations. Therefore, this risk does not have a significant impact.