

SEVEN WELLS MINISTRIES (CANADA) INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Seven Wells Ministries (Canada) Inc.:

We have reviewed the accompanying financial statements of Seven Wells Ministries (Canada) Inc. that comprise the statement of financial position as at December 31, 2023, and the statements of operations and fund balances 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 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.

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.

Conclusion

Based on our review, 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 Seven Wells Ministries (Canada) Inc. as at December 31, 2023, 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.

Scarrow & Donald LLP

Chartered Professional Accountants
May 21, 2024
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

SEVEN WELLS MINISTRIES (CANADA) INC.

STATEMENT OF FINANCIAL POSITION

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash	\$ 30,692	\$ 101,889
GST receivable	<u>91</u>	<u>87</u>
	30,783	101,976
Capital assets (Note 3)	<u>-</u>	<u>840</u>
	<u>\$ 30,783</u>	<u>\$ 102,816</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,196	\$ 20,834
Government remittances payable	<u>1,140</u>	<u>3,162</u>
	11,336	23,996
NET ASSETS		
Net assets	<u>19,447</u>	<u>78,820</u>
	<u>19,447</u>	<u>78,820</u>
	<u>\$ 30,783</u>	<u>\$ 102,816</u>

SEVEN WELLS MINISTRIES (CANADA) INC.

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

	Year ended December 31	
	2023	2022
Revenue:		
Sponsorship	\$ 257,632	\$ 280,027
Donations	57,574	58,910
Product sales	237	762
Gain on sale of capital assets	2,660	-
	318,103	339,699
Expenses:		
Amortization	-	361
Bank charges and merchant fees	7,566	8,301
Office	12,915	11,264
Professional fees	15,986	15,108
Project transfer	288,680	225,359
Promotion	2,062	2,001
Travel and vehicle	1,814	35
Wages and benefits	48,453	48,577
	377,476	311,006
Difference between revenue and expenses	(59,373)	28,693
Net assets, beginning of year	78,820	50,127
Net assets, end of year	\$ 19,447	\$ 78,820

SEVEN WELLS MINISTRIES (CANADA) INC.

STATEMENT OF CASH FLOWS

	Year ended December 31	
	2023	2022
Cash flow from operating activities:		
Cash received from other donors and funders	\$ 315,443	\$ 339,699
Cash paid to suppliers and employees	<u>(390,140)</u>	<u>(300,321)</u>
	(74,697)	39,378
Cash flow from investing activities:		
Proceeds from disposal of capital assets	<u>3,500</u>	<u>-</u>
Change in cash	(71,197)	39,378
Cash, beginning of year	<u>101,889</u>	<u>62,511</u>
Cash, end of year	<u>\$ 30,692</u>	<u>\$ 101,889</u>

SEVEN WELLS MINISTRIES (CANADA) INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Purpose of the organization:

Seven Wells Ministries (Canada) Inc. is a provincial organization operating programs aimed at providing funding to sponsor children in Africa including vocational and educational programs. The Organization is incorporated under the Manitoba Corporations Act and is a Registered Charity.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Critical accounting estimates and judgements-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Revenue recognition-

The Organization 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 and product sales are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest income is recognized on a time proportion basis.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. Significant accounting policies (continued):

c) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for contributed assets which are recorded at fair market value at the time of the contribution plus all costs directly attributable to the acquisition. This requires estimation of the useful life of the asset and its salvage and residual value. When equipment and leaseholds are impaired, the excess of its net carrying amount over the asset's fair value or replacement cost is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

Capital assets are amortized over the useful life of the asset as follows:

Vehicles	30% declining balance
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d) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures cash and accounts payable and accrued liabilities at amortized cost.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. Capital assets:

	December 31			
	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ -	\$ -	\$ 3,500	\$ 2,660
Net book value	\$ -		\$ 840	

4. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Organization has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main sources of liquidity are its operations and external borrowings. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. No allowance for doubtful accounts has been recorded.

Currency risk-

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Organization is exposed to currency risk as it relates to balances in foreign currencies. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense. Included in the financial statements is cash U.S. dollars with a Canadian dollar equivalent of \$3,847 (2022 - \$4,112). Included in office expense is a foreign exchange loss of \$87 (2022 - \$172).