

Financial Statements

Ashesi University Foundation Canada

December 31, 2022

(Expressed in Canadian dollars)

Ashesi University Foundation Canada

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Independent auditor's report

March 21, 2023

To the directors of **Ashesi University Foundation Canada:**

Opinion

We have audited the accompanying financial statements of **Ashesi University Foundation Canada** (the "Foundation"), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and 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 Foundation as at December 31, 2022 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.

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 Foundation 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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



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

Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 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 judgement 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation to cease to continue as a going concern.



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.



Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



Ashesi University Foundation Canada
Statement of Financial Position

(Expressed in Canadian dollars)

December 31	Unrestricted 2022 \$	Restricted 2022 \$	Endowment 2022 \$	Total 2022 \$	Total 2021 \$
ASSETS					
Current					
Cash	69,132		89,728	158,860	190,148
Harmonized sales tax recoverable	<u>7,483</u>			<u>7,483</u>	
	76,615	NIL	89,728	166,343	190,148
Investments [note 3]	NIL	936,455	332,587,807	333,524,262	84,752,425
	<u>76,615</u>	<u>936,455</u>	<u>332,677,535</u>	<u>333,690,605</u>	<u>84,942,573</u>
LIABILITIES					
Current					
Accounts payable and accrued liabilities	43,161			43,161	9,000
Due to related party [note 4]	<u>33,454</u>			<u>33,454</u>	
	76,615	NIL	NIL	76,615	9,000
NET ASSETS	NIL	936,455	332,677,535	333,613,990	84,933,573
	<u>76,615</u>	<u>936,455</u>	<u>332,677,535</u>	<u>333,690,605</u>	<u>84,942,573</u>

see accompanying notes

On behalf of the Board:

Director

Director

Ashesi University Foundation Canada
Statement of Operations and Changes in Net Assets

(Expressed in Canadian dollars)

Year ended December 31	Unrestricted 2022 \$	Restricted 2022 \$	Endowment 2022 \$	Total 2022 \$	Total 2021 \$
Revenue					
Grants		940,486	251,387,166	252,327,652	84,386,500
Investment income		2,241	1,190,033	1,192,274	
(Gain) loss on foreign exchange			(931,710)	(931,710)	556,090
Loss on sale of investments			(1,335,474)	(1,335,474)	
Net change in fair value of investments		(6,272)	(1,641,923)	(1,648,195)	
	<u>NIL</u>	<u>936,455</u>	<u>248,668,092</u>	<u>249,604,547</u>	<u>84,942,590</u>
Expenses					
Direct program initiatives	407,269			407,269	
Investment management fees			291,695	291,695	
Professional and consulting fees	107,316			107,316	9,000
Administration [note 4]	68,573			68,573	17
Salaries and benefits	49,277			49,277	
	<u>632,435</u>	<u>NIL</u>	<u>291,695</u>	<u>924,130</u>	<u>9,017</u>
Excess (deficiency) of revenue over expenses for the year	(632,435)	936,455	248,376,397	248,680,417	84,933,573
Net assets , beginning of year	NIL	84,933,573	NIL	84,933,573	NIL
Net assets released from program restrictions [note 5]	632,435		(632,435)	NIL	NIL
Interfund transfers [note 5]		(84,933,573)	84,933,573	NIL	NIL
Net assets , end of year	NIL	936,455	332,677,535	333,613,990	84,933,573

see accompanying notes

Ashesi University Foundation Canada

Statement of Cash Flows

(Expressed in Canadian dollars)

Year ended December 31	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	248,680,417	84,933,573
Adjustment for items not affecting cash -		
Loss on sale of investments	1,335,474	
Net change in fair value of investments	<u>1,648,195</u>	
	251,664,086	84,933,573
Changes in non-cash working capital balances -		
(Increase) decrease in harmonized sales tax recoverable	(7,483)	
Increase (decrease) in accounts payable and accrued liabilities	34,161	9,000
Increase (decrease) in amount due to related party	<u>33,454</u>	
	<u>251,724,218</u>	<u>84,942,573</u>
INVESTING ACTIVITIES		
Purchase of investments	(498,518,869)	(84,752,425)
Proceeds on sale of investments	<u>246,763,363</u>	
	<u>(251,755,506)</u>	<u>(84,752,425)</u>
Net change in cash during the year	(31,288)	190,148
Cash , beginning of year	190,148	NIL
Cash , end of year	<u>158,860</u>	<u>190,148</u>

see accompanying notes

Ashesi University Foundation Canada

Notes to Financial Statements

(Expressed in Canadian dollars)

December 31, 2022

1. PURPOSE OF THE FOUNDATION

Ashesi University Foundation Canada (the "Foundation") aims to advance education by:

- providing financial assistance to students to attend post-secondary education institutions and awards to post-secondary students and graduates to encourage academic excellence;
- providing entrepreneurial training and support to recent graduates;
- conducting and/or funding research in the fields of education, business training, computer science, engineering, information systems and economic development.
- providing workshops seminars, and conferences on topics related to teaching and secondary and post-secondary education in Africa.

The Foundation was incorporated on September 23, 2020 under the Canada Not-for-profit Corporations Act as a corporation without share capital. The Foundation is classified as a private charitable foundation as defined in paragraph 149.1(1) of the Income Tax Act (Canada) [the "Act"] and, therefore, is exempt from income tax providing that it complies with donation and certain other requirements as specified by the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted Fund

Unrestricted funds can be used in accordance with charitable objectives at the discretion of the Foundation.

Restricted Fund

Restricted funds can only be used for particular restricted purposes within the charitable objectives of the Foundation. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Endowment Fund

Endowment funds must be held in perpetuity as a sustainable source of funding towards particular restricted purposes as specified by the donor.

Ashesi University Foundation Canada

Notes to Financial Statements

(Expressed in Canadian dollars)

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting (continued)

Net assets released from program restrictions

When a donor's restriction has been satisfied, net assets are released from the respective fund and added to the Unrestricted Fund.

Revenue recognition

Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income comprises interest, dividends and other distributions from investments and is recognized on an accrual basis. Gains and losses on the sale of investments are recognized in the statement of operations and changes in net assets when realized. The excess or deficiency of the fair value over the cost of investments held by the Foundation represents an unrealized gain or loss on the investments. The net change in fair value of investments is reported on the statement of operations and changes in net assets.

Cash

Cash includes cash on hand and balances within bank accounts held with financial institutions.

Foreign exchange transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Other assets, liabilities, revenue and expenses denominated in a foreign currency are translated at the exchange rate prevailing on the date of the transaction. Exchange gains and losses are included in the statement of operations and changes in net assets.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and liabilities at amortized cost with the exception of certain investments which are measured at fair value.

The Foundation has elected to measure all investments at fair value, including investments that are not quoted in an active market, when the fair value can be obtained from an independent asset management firm. Investments for which fair value cannot be obtained are measured at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, accounts payable and accrued liabilities and amounts due to related party.

Ashesi University Foundation Canada

Notes to Financial Statements

(Expressed in Canadian dollars)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations and changes in net assets. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations and changes in net assets.

3. INVESTMENTS

The Foundation's investments are summarized as follows:

	2022	2021
	\$	\$
<hr/>		
Investments measured at fair value		
Foreign diversifying funds	143,829,584	25,425,736
Foreign fixed income funds	108,884,158	59,326,689
Foreign equity funds	50,288,834	
Foreign real asset funds	29,572,792	
Foreign cash equivalents	(20,217)	
	<hr/>	<hr/>
	332,555,151	84,752,425
<hr/>		
Investments measured at amortized cost		
Foreign equity funds	969,111	
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Total investments	333,524,262	84,752,425
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Ashesi University Foundation Canada

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(Expressed in Canadian dollars)

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4. RELATED PARTY TRANSACTIONS

Ashesi University

Ashesi University (the "University") is a private, non-profit university located in Ghana, Africa. The University's Founder and President is a director of the Foundation. The Foundation operates under a contractor agreement with the University to provide publicly available scholarships for students attending the University.

Direct program initiatives expense includes \$407,268 (2021 - \$NIL) of funds allocated to the University under the terms of the contractor agreement.

Ashesi University Foundation

The Foundation operates in conjunction with Ashesi University Foundation ("AUF"), an established charitable organization headquartered in the United States with congruent objectives, which assists in the administration of the charitable activities and programs of the Foundation. AUF is the sole member of the Foundation, and two directors of AUF also serve as directors of the Foundation.

Administration expense includes \$57,632 (2021 - \$NIL) of fees charged by AUF for administrative services and expenditures incurred on behalf of the Foundation.

The statement of financial position reflects an amount due to AUF of \$33,454 (2021 - \$NIL). This balance is non-interest bearing, unsecured and has no fixed terms of repayment.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

5. INTERFUND TRANSFERS

Transfers between funds are required when resources of the restricted fund or endowment fund have been authorized to finance activities pursuant to donor stipulations. During the year, the following interfund transfers occurred:

- \$84,933,573 was transferred from the restricted fund to the endowment fund in accordance with donor stipulations.
- \$632,435 was transferred from the endowment fund to the unrestricted fund upon satisfying donor restrictions.

Ashesi University Foundation Canada

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December 31, 2022

6. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Foundation is primarily exposed to market risk through its financial instruments. The Foundation is not exposed to significant credit risk or liquidity risk. The Foundation has no changes in its risk exposure from the previous period.

Market risk

The Foundation is exposed to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, other price risk and interest rate risk. The Foundation is exposed to other price risk and interest rate risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The interest rate risk exposure arises from its fixed income investments.

Other price risk

Other price risk results from changes in market prices (other than those arising from currency risk or interest rate). The Foundation is exposed to other price risk through its investments. The investments are exposed to economic changes and other fluctuations in domestic and global markets, as well as risks specific to issuers that may affect the market value of their securities.