

LIGHT UP THE WORLD
2023 Consolidated Financial Statements
Year ended December 31, 2023

Light Up The World
2023 Consolidated Financial Statements
For the year ended December 31, 2023

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Versatile Accounting Professional Corporation

Chartered Professional Accountant

Independent Auditor's Report

To the Board members of
Light Up The World

Opinion

I have audited the financial statements of Light Up The World (LUTW), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, 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 my opinion, the accompanying LUTW consolidated financial statements present fairly, in all material respects, the financial position of LUTW as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

In common with many not-for-profit organizations, the LUTW derives revenue from fundraising and donation 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 the LUTW. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. My audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the LUTW in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- ♦ Identify and assess the risks of material misstatement of the consolidated 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 my 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 LUTW'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 LUTW's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the LUTW to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the LUTW to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

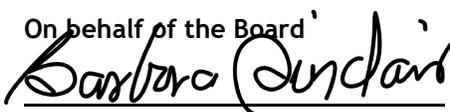
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Per: Karim Bharwani CPA, CA
Chartered Professional Accountant
Calgary, Alberta

April 11, 2025

Light Up The World
Consolidated Statement of Financial Position

December 31	2023	2022
Assets		
Current		
Cash	\$ 128,149	\$ 109,720
Accounts receivable	7,400	13,766
Inventories (note 3)	-	18,476
Prepaid expenses	2,223	2,290
GST receivable	3,538	2,732
	141,310	146,984
Loan receivable from employee	1,104	-
	\$ 142,414	\$ 146,984
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 23,378	\$ 36,550
Loan payable (note 6)	-	55,000
Deferred contribution (note 7)	36,671	55,985
	60,049	147,535
Net assets (net deficiency)	82,365	(551)
	\$ 142,414	\$ 146,984

On behalf of the Board

 Member


 Member

The accompanying notes are an integral part of these financial statements

Light Up The World
Consolidated Statement of Operations

For the year ended December 31	2023	2022
Revenue		
Volunteer revenue	\$ 39,549	\$ 51,000
Contributions	168,705	112,352
Government assistance, Canada emergency wage subsidy program	-	14,123
Interest income	40	27
Project revenue	432,530	101,707
	640,824	279,209
Expenditures		
Administration (schedule 1)	239,000	176,860
Program expenditure (schedule 2)	318,009	136,590
	557,009	313,450
Excess (deficiency) of revenue over expenditures before undernoted item	83,815	(34,241)
Other expense		
Unrealized loss on foreign exchange	899	-
Excess (deficiency) of revenue over expenditures	\$ 82,916	\$ (34,241)

The accompanying notes are an integral part of these financial statements

Light Up The World
Consolidated Statement of Changes in Net Assets

For the year ended December 31	2023	2022
Net assets (net deficiency), beginning of year	\$ (551)	\$ 33,690
Excess (deficiency) of revenue over expenditures	82,916	(34,241)
Net assets (net deficiency), end of year	\$ 82,365	\$ (551)

The accompanying notes are an integral part of these financial statements

Light Up The World
Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 82,916	\$ (34,241)
Items not involving cash		
Government assistance, CEBA loan forgiveness	-	(20,000)
Impairment of inventory	29,282	13,320
	112,198	(40,921)
Net change in non-cash working capital items		
Accounts receivable	6,366	68,659
Inventories	(10,806)	16,673
Prepaid expenses	67	361
GST	(806)	733
Accounts payable and accrued liabilities	(13,172)	(18,654)
Deferred contribution (note 7)	(19,314)	33,373
Loan receivable	(1,104)	-
	(38,769)	101,145
Cash flows from operating activities	73,429	60,224
Financing activities		
Decrease in loan payable	(15,000)	(33,000)
Proceeds / (payment) of CEBA loan	(40,000)	20,000
Cash flows from financing activities	(55,000)	(13,000)
Net change in cash during the year	18,429	47,224
Cash, beginning of year	109,720	62,496
Cash, end of year	\$ 128,149	\$ 109,720

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

Light Up The World (“LUTW”) was incorporated under the Alberta Companies Act with the objective of fostering the development of renewable and alternative energy through projects that have positive social and environmental impact. LUTW has focused on providing solar-powered lighting solutions considered to be affordable, safe, healthy, efficient and environmentally responsible to people and organizations that do not have access to power for adequate lighting. In pursuit of the fulfillment of this mission, LUTW has continued developing, selling, installing and providing training on the installation of these low-cost, low-energy solar-powered lighting solutions to government and other agencies and interested organizations.

LUTW is registered as a charitable organization for income tax purposes; consequently LUTW is not taxable and is authorized to issue charitable donation receipts for income tax purposes.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit standards in Part III of the CPA Handbook, the following are the significant accounting policies:

Principles of consolidation

These consolidated financial statements include the accounts of LUTW and its wholly owned subsidiary based in Peru, Light Up The World. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the LUTW.

Intercompany balances and transactions, and any unrealized income and expenses arising from Intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency translation and transactions

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Exchange gains and losses are included in the determination of excess of revenues over expenses for the period.

Financial statements of integrated foreign operations are translated as follows: monetary items at the exchange rate at the balance sheet date; non-monetary items, including amortization thereon, at historical exchange rates and; revenue and expense at the average rates of exchange in effect for the period. Exchange gains and losses are included in the determination of excess of revenues over expenses for the period.

2. Summary of significant accounting policies – continued

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of LUTW and its subsidiary.

Financial instruments

(i) Measurement of financial instruments

The LUTW initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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

Financial assets measured at amortized cost include cash, accounts receivable, inventories, prepaid expenses and GST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long payable and deferred contributions.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

2. Summary of significant accounting policies – continued

Revenue recognition

LUTW follows the deferral method of accounting for contributions.

Contributions subject to externally imposed restrictions are recognized as revenue in the year in which the related expenses are incurred. Contributions received which do not have any externally imposed restrictions as to use, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Board of Directors may from time to time set aside portions of these unrestricted contributions for specified purposes. Contributions to which these internally imposed restrictions apply are included in revenue and subsequently set aside as internally restricted net assets.

Contributed materials and supplies that would otherwise be paid for by LUTW and fair value can be determined are recorded at fair value when provided.

Revenue from sale of inventory are recognized at the time goods are shipped to customers, or when equipment is delivered and installed at customers' homes and collectability is reasonably assured.

Contributed services

Directors, committee members and owners volunteer their time to assist in the LUTW's activities. While these services benefit the LUTW considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Allocated expenses

Certain officers and employees perform a combination of program, fundraising, development education and administrative functions. As a result, salaries are allocated based on functional activity. Allocations are reviewed on a periodic basis to ensure the distribution of costs reasonably approximates the time incurred on the various functions.

Government assistance

LUTW periodically applies for financial assistance under available government incentive and subsidy programs. Government subsidy is recognized as revenue in the period that the related expenses are incurred or when received.

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2023

2. Summary of significant accounting policies – continued

Inventories

Inventory is stated at lower of cost and net realizable value. Cost is determined using the weighted-average cost method, and net realizable value is the estimated selling price in the normal course of business less the estimated cost necessary to make the sale.

Measurement uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

Cash

Cash consists of balances with financial institutions.

3. Inventories

	2023	2022
Inventories, beginning of year	\$ -	\$ 35,149
Inventories purchased	-	-
Inventories sold included in cost of sales	-	(3,353)
Inventories written down	-	(13,320)
Inventories, end of year	\$ -	\$ 18,476

Inventories sold represent the cost of purchasing inventory for resale. Included in program expenditure on the consolidated statement of operations is \$117,798 (2022 - \$23,906) in installation costs.

Program expenditure includes expenses of \$29,282 (2022 - \$13,320) related to the write down of inventory from cost to net realizable value for its Canadian and Peru location.

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2023

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$NIL (2022 - \$25,505), which includes amounts payable for payroll related taxes.

5. Loan payable

LUTW received loan funding from Butterfly Effect Microcredit Foundation. The loan carries an interest rate of 3.45%, matures in 3 years, and has no annual principle repayment requirements. At the end of the 3 year term, LUTW has the option to extend the term for another 6 months. Proceeds from the loan are to be used by LUTW for microcredit loans to qualified borrowers in Peru to help with the design, development, and construction of community based renewable energy systems associated with residential electricity, economic development, potable water and watershed protection. The balance of the loan as at December 31, 2023 is \$NIL (2022 - \$15,000). The loan was obtained on July 30, 2019.

During the year LUTW has repaid the balance \$15,000 of outstanding loan.

LUTW received \$60,000 in government assistance under the Canada Emergency Business Account (“CEBA”) program during year 2020. CEBA is received in the form of an interest free loan, \$20,000 of which will be forgiven if the remaining \$40,000 is repaid by December 31, 2023. If the loan is not repaid, the loan converts on January 1, 2024 with interest payments determined by the lending financial institution payable at 5% annually.

LUTW repaid the \$40,000 in a lump sum prior to December 31, 2023.

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2023

6. Deferred contributions

	Opening balance (2022)	Contributions received in year	Included in revenue	Closing balance (2023)
Schneider Electric	\$ 10,000	\$ -	\$ (10,000)	\$ -
University of Calgary Student Union	5,500	-	(5,500)	-
Yukon University	40,485	-	(40,485)	-
Woree Litech Inc	-	83,603	(83,603)	-
Donations, contributions, grants & other income	-	213,387	(213,387)	-
Western Colorado University	-	54,398	(54,398)	-
North Island College	-	42,107	(42,107)	-
NAIT Distribution	-	102,550	(102,550)	-
Education Abroad	-	12,500	(12,500)	-
Yukon project	-	36,671	-	36,671
University of Calgary	-	32,639	(32,639)	-
Terra Nuova Centro	-	43,654	(43,654)	-
	\$ 55,985	\$ 621,509	\$ (640,823)	\$ 36,671

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2023

6. Deferred contributions – continued

	Opening balance (2021)	Contributions received in year	Included in revenue	Closing balance (2022)
Schneider Electric	\$ 10,000	\$ -	\$ -	\$ 10,000
University of Calgary Student Union	-	5,500	-	5,500
Yukon University	-	40,485	-	40,485
Canada Emergency Business Account	7,883	12,117	(20,000)	-
Donations, contributions, grant & other revenue	-	245,086	(245,086)	-
Canada emergency wage subsidy	-	14,123	(14,123)	-
	\$ 17,883	\$ 317,311	\$ (279,209)	\$ 55,985

7. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Currency risk

LUTW is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, LUTW renders certain services denominated in U.S. dollars and Peruvian soles. LUTW does not currently enter into forward contracts to mitigate this risk.

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. LUTW is exposed to credit risk with respect to the cash. LUTW manages credit risk on cash by depositing funds with reputable financial institutions.

Liquidity risk

LUTW does have a liquidity risk in the accounts payable and accrued liabilities of \$23,378 (2022 - \$36,550). Liquidity risk is the risk that the LUTW cannot repay its obligations when they become due to its creditors. LUTW reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintaining sufficient cash reserves in both local and foreign currencies, and, where possible, negotiating favorable payment terms with suppliers. Management continuously assesses the economic conditions in Peru to mitigate potential disruptions to cash flows. In the opinion of management the liquidity risk exposure to the LUTW is low and is not material.

8. Income Taxes

The organization is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes under Section 149(1)(f). As a registered charity, it is eligible to issue official donation receipts and must comply with specific requirements set by the Canada Revenue Agency (CRA) to maintain its charitable status.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Light Up The World
Schedules to Consolidated Financial Statements

Consolidated Administration	Schedule 1	
	2023	2022
Salaries and wages	\$ 152,969	\$ 126,212
Office operating costs	40,070	19,557
Professional fees	27,665	16,428
Insurance	7,479	8,894
Peru office administration expenses	10,817	5,665
Advertising and promotion	-	102
	\$ 239,000	\$ 176,860

Consolidated Program Expenditure	Schedule 2	
	2023	2022
Travel and accomodation	\$ 103,476	\$ 49,554
Salaries and wages	22,251	31,306
Installation	117,798	23,906
Inventory write down	29,282	13,320
Program building occupancy	10,610	7,700
Program expenses	7,899	7,451
Cost of goods sold	9,867	3,353
Subcontract	16,826	-
	\$ 318,009	\$ 136,590