



CANOPY LIFE
INTERNATIONAL

ATLANTA, GEORGIA
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

CANOPY LIFE INTERNATIONAL, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	
STATEMENTS OF FINANCIAL POSITION	1
STATEMENTS OF ACTIVITIES AND NET ASSETS	2
STATEMENTS OF FUNCTIONAL EXPENSES	3-4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-11



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Canopy Life International, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Canopy Life International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canopy Life International, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Canopy Life International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Canopy Life International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Canopy Life International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Canopy Life International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Jones and Kelly

April 19, 2023

CANOPY LIFE INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash and cash equivalents	\$ 921,588	\$ 835,127
Pledges receivable, net	35,000	202,095
Refundable advance to Canopy Life		
International - Kenya	-	32,437
Prepaid expenses	14,349	-
Investments	232,035	-
Total assets	\$ 1,202,972	\$ 1,069,659

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts payable and accrued expenses	\$ 33,208	\$ 23,221
Total liabilities	33,208	23,221
NET ASSETS		
Without donor restrictions	1,089,630	683,032
With donor restrictions	80,134	363,406
Total net assets	1,169,764	1,046,438
Total liabilities and net assets	\$ 1,202,972	\$ 1,069,659

The accompanying notes to financial statements are
an integral part of these statements.

CANOPY LIFE INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES						
Contributions and support						
Contributions	\$ 990,791	\$ 163,733	\$ 1,154,524	\$ 614,227	\$ 261,110	\$ 875,337
Special events	11,166	-	11,166	6,400	-	6,400
Rental income	-	-	-	8,550	-	8,550
Other income	126	-	126	1,359	-	1,359
Investment loss	(7,877)	-	(7,877)	-	-	-
Total contributions and support	<u>994,206</u>	<u>163,733</u>	<u>1,157,939</u>	<u>630,536</u>	<u>261,110</u>	<u>891,646</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>447,005</u>	<u>(447,005)</u>	<u>-</u>	<u>48,455</u>	<u>(48,455)</u>	<u>-</u>
EXPENSES						
Program services	677,347	-	677,347	370,743	-	370,743
Management and general	211,178	-	211,178	152,777	-	152,777
Fundraising	116,524	-	116,524	149,997	-	149,997
Total functional expenses	<u>1,005,049</u>	<u>-</u>	<u>1,005,049</u>	<u>673,517</u>	<u>-</u>	<u>673,517</u>
Direct cost of special events	<u>29,564</u>	<u>-</u>	<u>29,564</u>	<u>20,709</u>	<u>-</u>	<u>20,709</u>
Total expenses	<u>1,034,613</u>	<u>-</u>	<u>1,034,613</u>	<u>694,226</u>	<u>-</u>	<u>694,226</u>
CHANGE IN NET ASSETS	406,598	(283,272)	123,326	(15,235)	212,655	197,420
NET ASSETS, BEGINNING OF YEAR	<u>683,032</u>	<u>363,406</u>	<u>1,046,438</u>	<u>698,267</u>	<u>150,751</u>	<u>849,018</u>
NET ASSETS, END OF YEAR	<u>\$ 1,089,630</u>	<u>\$ 80,134</u>	<u>\$ 1,169,764</u>	<u>\$ 683,032</u>	<u>\$ 363,406</u>	<u>\$ 1,046,438</u>

The accompanying notes to financial statements are
an integral part of these statements.

CANOPY LIFE INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants to Canopy Life				
International - Kenya	\$ 521,288	\$ -	\$ -	\$ 521,288
Salaries, benefits and taxes	37,462	95,261	77,558	210,281
Program travel	107,742	-	-	107,742
Contract labor	938	69,027	19,543	89,508
Donor and volunteer expenses	-	-	31,007	31,007
Meetings and travel	6,320	15,731	1,126	23,177
Bank and administrative fees	1,415	10,352	9,973	21,740
Supplies and materials	2,131	5,153	5,247	12,531
Occupancy	-	8,129	-	8,129
Other expenses	51	6,048	1,459	7,558
Advertising and promotion	-	1,477	175	1,652
	<u>677,347</u>	<u>211,178</u>	<u>146,088</u>	<u>1,034,613</u>
Total expenses				
Direct cost of special events	-	-	(29,564)	(29,564)
	<u>-</u>	<u>-</u>	<u>(29,564)</u>	<u>(29,564)</u>
Total functional expenses	<u>\$ 677,347</u>	<u>\$ 211,178</u>	<u>\$ 116,524</u>	<u>\$ 1,005,049</u>

The accompanying notes to financial statements are
an integral part of this statement.

CANOPY LIFE INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants to Canopy Life				
International - Kenya	\$ 298,547	\$ -	\$ -	\$ 298,547
Salaries, benefits and taxes	44,352	58,786	87,448	190,586
Program travel	7,844	-	-	7,844
Contract labor	423	38,933	8,199	47,555
Donor and volunteer expenses	-	504	23,383	23,887
Meetings and travel	17,686	17,135	1,483	36,304
Bank and administrative fees	1,322	6,588	10,562	18,472
Supplies and materials	569	6,808	4,282	11,659
Occupancy	-	18,776	-	18,776
Other expenses	-	5,247	-	5,247
Advertising and promotion	-	-	35,349	35,349
	<u>370,743</u>	<u>152,777</u>	<u>170,706</u>	<u>694,226</u>
Total expenses				
Direct cost of special events	-	-	(20,709)	(20,709)
	<u>-</u>	<u>-</u>	<u>(20,709)</u>	<u>(20,709)</u>
Total functional expenses	<u>\$ 370,743</u>	<u>\$ 152,777</u>	<u>\$ 149,997</u>	<u>\$ 673,517</u>

The accompanying notes to financial statements are
an integral part of this statement.

CANOPY LIFE INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 123,326	\$ 197,420
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
In-kind stock donation	(10,434)	-
Unrealized loss on investments	10,166	-
Paycheck Protection Program loan forgiveness	-	(27,300)
Change in stock in transit	-	10,000
Change in pledges receivable, net	167,095	(202,095)
Change in refundable advance to Canopy Life International - Kenya	32,437	(32,437)
Change in prepaid expenses and other assets	(14,349)	1,640
Change in security deposits	-	1,593
Change in accounts payable and accrued liabilities	9,987	15,733
Total adjustments	<u>194,902</u>	<u>(232,866)</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>318,228</u>	<u>(35,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment	10,434	-
Purchase of investments	<u>(242,201)</u>	<u>-</u>
Net cash and cash equivalents used in investing activities	<u>(231,767)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,461	(35,446)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>835,127</u>	<u>870,573</u>
CASH AND CASH EQUIVALENTS		
End of year	<u>\$ 921,588</u>	<u>\$ 835,127</u>

The accompanying notes to financial statements are
an integral part of these statements.

CANOPY LIFE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The accompanying financial statements include the accounts of Canopy Life International, Inc. (the "Organization"), a nonprofit corporation. The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization's mission is to adopt a curriculum that focuses on building a country's next generation of leaders through quality education, intentional relationships and environments that spark the imagination. Specifically, the Organization is integrating design thinking (Stanford University) into the national Kenyan curriculum, adjusting the teaching model to promote critical thinking among the students and exposing them to the arts and other worldview experiences otherwise unreachable to students in their economic positions. The Organization is also a Christian organization, standing firmly on the values of faith, family and Jesus Christ to guide students into strong character and purpose.

B. The Organization's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from restrictions."

C. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CANOPY LIFE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

D. Cash equivalents at December 31, 2022 and 2021 consist primarily of money market funds held in investment accounts. The Organization considers all short-term, interest-bearing deposits with maturities of three months or less to be cash equivalents. The balances in the Organization's bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

E. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

F. Contributions, including unconditional promises to give from private companies, foundations, and individuals, are recorded as revenue when the unconditional pledge is made. All contributions are available for unrestricted use unless specifically restricted by the donor. At December 31, 2022 and 2021, the Organization considered all contributions receivable to be fully collectible within a year; therefore, an allowance for uncollectible contributions receivable has not been recorded.

G. The Organization has established a child sponsorship program where donors can choose to give on a monthly basis. The basic sponsorship covers basic needs and the residential program within the school: food, school uniforms, consumable supplies, etc. There are no specific terms for the sponsorships, which can be canceled at any time. There is no way to estimate the life of any sponsorship; therefore, the sponsorship revenue is recorded when the actual payment is received by the Organization.

H. All non-cash gifts are recorded at their estimated fair value at date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No amounts have been recognized in the financial statements for general volunteer services since these services do not meet the criteria.

I. The costs of providing the various programs and other activities are summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and taxes and contract labor, which are allocated on the basis of estimates of time and effort. Additionally, bank fees, insurance, travel, and other support are allocated between the program and/or supporting services benefited.

CANOPY LIFE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

J. The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no activities subject to unrelated business income, and accordingly, has no unrelated business income tax.

K. Advertising and marketing costs are expensed as incurred.

L. Management has evaluated events and transactions that occurred through April 19, 2023, which is the date these financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by unconditional contributions. The Organization also receives certain contributions with donor restrictions for various purposes. The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative, or fundraising purposes, in accordance with the donor's restrictions, if applicable.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 921,588	\$ 835,127
Pledges and other receivables, net	35,000	202,095
Investments	<u>232,035</u>	<u>-</u>
Total financial assets, at year end	1,188,623	1,037,222
Less amounts unavailable for general expenditure:		
Donor restrictions for specified purposes	<u>(45,134)</u>	<u>(163,406)</u>
Total financial assets available for general expenditure	<u>\$ 1,143,489</u>	<u>\$ 873,816</u>

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

CANOPY LIFE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

3. PLEDGES RECEIVABLE

The Organization records unconditional pledges in the period made by donors and allowances are provided for amounts estimated as uncollectible. All contributions are available for unrestricted purposes unless specifically restricted by the donor. At December 31, 2022 and 2021, all pledges are expected to be collected within one year of the financial statements date, and no allowance has been recorded. Pledges receivable at December 31, 2021 include \$200,000 due from one donor.

4. FAIR VALUE OF INVESTMENT SECURITIES

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2022, the only assets or liabilities that are measured at fair value on a recurring basis are investments. The Organization's investments consist of mutual funds which are valued at the closing price reported on the active market on which the individual securities are traded. Such investments are classified within Level 1 of the valuation hierarchy.

CANOPY LIFE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Investments consist of the following at December 31, 2022:

Mutual funds - bond	\$ 116,446
Mutual funds - equity	<u>115,589</u>
Total investments	<u><u>\$ 232,035</u></u>

Investment earnings consist of the following at December 31, 2022:

Dividend and interest income	\$ 2,881
Unrealized loss	(10,166)
Investment fees	<u>(592)</u>
Investment loss	<u><u>\$ (7,877)</u></u>

5. PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received a \$27,300 loan under the Paycheck Protection Program ("PPP") which was established as part of the U.S. government's Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in March 2020. The loan bore interest at 1%, was unsecured, and was eligible for forgiveness as long as the Organization used the loan proceeds for eligible purposes (including payroll, related benefits, rent and utilities) during a defined period. The Organization received forgiveness confirmation of the loan in 2021 and recorded the full amount as a contribution on the Statements of Activities and Net Assets.

6. NET ASSETS WITH DONOR RESTRICTIONS

Changes to net assets with donor restrictions are as follows:

	<u>December 31,</u> <u>2021</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>December 31,</u> <u>2022</u>
Subject to expenditure for specified purpose:				
Travel to Kenya	\$ 23,311	\$ 128,733	\$ (106,910)	\$ 45,134
Time or general purpose	<u>340,095</u>	<u>35,000</u>	<u>(340,095)</u>	<u>35,000</u>
	<u><u>\$ 363,406</u></u>	<u><u>\$ 163,733</u></u>	<u><u>\$ (447,005)</u></u>	<u><u>\$ 80,134</u></u>

CANOPY LIFE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>December 31,</u> <u>2020</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>December 31,</u> <u>2021</u>
Subject to expenditure for specified purpose:				
Travel to Kenya	\$ 2,045	\$ 29,110	\$ (7,844)	\$ 23,311
Time or general purpose	<u>148,706</u>	<u>232,000</u>	<u>(40,611)</u>	<u>340,095</u>
	<u>\$ 150,751</u>	<u>\$ 261,110</u>	<u>\$ (48,455)</u>	<u>\$ 363,406</u>

7. RELATED PARTY TRANSACTIONS

The Organization raises funds in the United States, then grants the majority of such funds to Canopy Life International Kenya, a nongovernmental organization organized under the laws of Kenya. The Organization provided \$521,288 and \$298,547, respectively, in support to Canopy Life International Kenya, Inc. for the years ended December 31, 2022 and 2021.

8. CONCENTRATION OF SUPPORT

For the years ended December 31, 2022 and 2021, one donor represented approximately 26% and 29% of total contributions to the Organization, respectively.

9. OPERATING LEASE

In September 2018, the Organization entered into a three-year lease agreement for office space. The total rent expense for the year ended December 31, 2021 was \$17,692. The lease terminated in October 2021.