

CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED

(Limited by Guarantee)

FINANCIAL STATEMENTS

31 MARCH 2020

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(Limited by Guarantee)

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INDEPENDENT AUDITORS' REPORT

To the Members of
Creative Language-Based Learning (CLBL) Foundation
Limited
(Limited by Guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Creative Language-Based Learning Foundation Limited (the foundation) set out on pages 4 to 12, which comprise the statement of financial position as at 31 March 2020, and the statements of income and expenditure and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the foundation as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and comply with the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 the financial statements that give a true and fair view in accordance with IFRS for SMEs and the requirements of the Jamaican Companies Act, 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 to 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Creative Language-Based Learning (CLBL) Foundation Limited
(Limited by Guarantee)

Auditors' 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 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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.
- 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 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 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 foundation 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 manner that presents a true and fair view.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Creative Language-Based Learning (CLBL) Foundation Limited
(Limited by Guarantee)

Report on additional matters as required by the Jamaican Companies Act

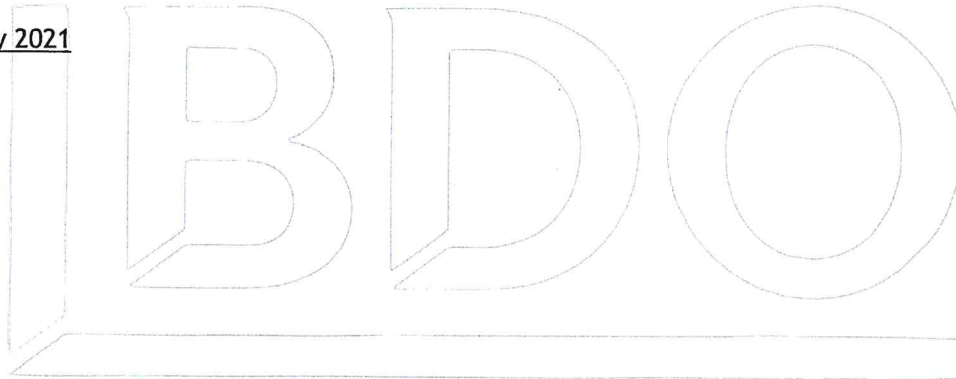
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

A handwritten signature in black ink, appearing to be 'BDO'.

Chartered Accountants

28 January 2021



CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED

(Limited by Guarantee)

STATEMENT OF INCOME AND EXPENDITURE

YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>
REVENUE	5	33,539,696
Direct expense	6	(22,464,986)
		11,074,710
Other income	7	<u>22,231</u>
		11,096,941
Administrative expenses	8	(6,476,859)
SURPLUS FOR THE YEAR		<u><u>4,620,082</u></u>

CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED


(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION


31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>
<u>ASSETS</u>		
NON-CURRENT ASSET:		
Property, plant and equipment	9	<u>4,066,494</u>
CURRENT ASSETS:		
Withholding tax		4,322
Cash and cash equivalents	10	<u>7,456,588</u>
		<u>7,460,910</u>
TOTAL ASSETS		<u>11,527,404</u>
<u>RESERVE AND LIABILITIES</u>		
RESERVE:		
Accumulated surplus		<u>4,620,082</u>
CURRENT LIABILITIES:		
Payables	11	5,762,214
Director's current account	12	<u>1,145,108</u>
		<u>6,907,322</u>
TOTAL RESERVE AND LIABILITIES		<u>11,527,404</u>

Approved for issue by the Board of Directors on 28 January 2021 and signed on its behalf by:



 Joseph M. Matalon - Chairman



 Mandy Melville - Director

CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED

(Limited by Guarantee)

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Surplus for the year		4,620,082
Adjustments for:		
Depreciation	9	1,988,489
Unrealized foreign exchange gain		(259,970)
Interest income	7	<u>(18,469)</u>
		6,330,132
Changes in operating assets and liabilities:		
Taxation recoverable		(4,322)
Payables		5,762,214
Director's current account		<u>1,145,108</u>
Cash provided by operating activities		<u>13,233,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received		18,469
Purchase of property, plant and equipment	9	<u>(6,054,983)</u>
Cash used in investment activities		<u>(6,036,514)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,196,618
Exchange gain on foreign cash balances		<u>259,970</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	<u>7,456,588</u>

CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

- (a) Creative Language-Based Learning (CLBL) Foundation Limited (the foundation), is a charitable organization which was incorporated under the Companies Act of Jamaica on 15 February 2019 and commenced operations on 1 April 2019 as an organisation limited by guarantee. The registered office is located at 2-2B Shortwood Road, Kingston 8.
- (b) The purpose of the foundation is to develop an island-wide network of early childhood and special needs teachers skilled in diagnosing the impact that sensory cognitive deficits have on a child's learning ability and tracking these deficits with process-based instruction.
- (c) The foundation was declared an approved charitable organization for the purpose of Section 12(h) of the Income Tax Act. Thereby its income is exempt from Income Tax. The exemption certificate expires on 4 June 2021.

2. REPORTING CURRENCY:

Items included in the financial statements of the foundation are measured using the currency of the primary economic environment in which the foundation operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the foundation's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the foundation's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the statement of income and expenditure.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical or deemed cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The annual rates are as follows:

Computers	20%
Teacher kits	33 1/3%

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining surplus or deficit.

(d) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Classification

The foundation classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset.

The foundation's loans and receivables comprise cash and cash equivalents which are included in current assets.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

(ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the foundation commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the foundation has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial liabilities

The foundation's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date other payables was classified as financial liabilities.

(f) Revenue recognition

Revenue represents income earned from fundraising activities and sponsorship of projects. Revenue is recognized when no significant uncertainty as to its collectability exists.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the foundation's accounting policies

In the process of applying the foundation's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The foundation makes certain estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The foundation applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

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31 MARCH 2020

5. REVENUE:

Revenue represents amounts received as donations from current partners such as the CHASE Fund, Jamaica Social Investment Fund and other private donors.

6. DIRECT EXPENSES:

	<u>2020</u>
	<u>\$</u>
Interview and selection	1,669,086
Coaching	13,738,672
Summer school	<u>7,057,228</u>
	<u><u>22,464,986</u></u>

7. OTHER INCOME:

	<u>2020</u>
	<u>\$</u>
Interest income	18,469
Miscellaneous income	<u>3,762</u>
	<u><u>22,231</u></u>

8. ADMINISTRATIVE EXPENSES:

	<u>2020</u>
	<u>\$</u>
Foreign exchange loss	192,686
Bank charges	64,179
Video production	236,600
Website and social media	2,325,651
Health insurance	262,454
Rent	952,300
Audit fee	235,000
Depreciation	1,988,489
Other expenses	<u>219,500</u>
	<u><u>6,476,859</u></u>

CREATIVE LANGUAGE-BASED LEARNING (CLBL) FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

9. PROPERTY, PLANT AND EQUIPMENT:

	<u>Teacher Kits</u>	<u>Computer Software</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
At deemed cost:			
Additions	<u>5,961,383</u>	<u>93,600</u>	<u>6,054,983</u>
31 March 2020	<u>5,961,383</u>	<u>93,600</u>	<u>6,054,983</u>
Depreciation:			
Charge for the period	<u>1,986,929</u>	<u>1,560</u>	<u>1,988,489</u>
31 March 2020	<u>1,986,929</u>	<u>1,560</u>	<u>1,988,489</u>
Carrying value:			
31 March 2020	<u>3,974,454</u>	<u>92,040</u>	<u>4,066,494</u>

10. CASH AND CASH EQUIVALENTS:

	<u>2020</u>
	<u>\$</u>
Chequing account	1,438,776
USD savings account	<u>6,017,812</u>
	<u>7,456,588</u>

11. PAYABLES:

	<u>2020</u>
	<u>\$</u>
Other payable and accruals	<u>5,762,214</u>

12. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>2018</u>
	<u>\$</u>
(a) Transactions between the foundation and its related party	
Expenses paid on behalf of the foundation	<u>1,145,108</u>
(b) Year-end balances arising from transactions with related party	
Due to -	
Director	<u>1,145,108</u>

There are no specified repayment terms of the amounts due to the director and no interest is charged on the amounts.