

LIGHT UP THE WORLD
2024 Consolidated Financial Statements
Year ended December 31, 2024

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For the year ended December 31, 2024

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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 consolidated financial statements of Light Up The World, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the LUTW as at December 31, 2024, and the consolidated results of its operations and its consolidated 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 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, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 years. My audit opinion on the financial statements for the year ended December 31, 2024 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.

Versatile Accounting Professional Corporation

Chartered Professional Accountant
Per: Karim Bharwani CPA, CA

Calgary, Alberta

August 20, 2025

Light Up The World
Consolidated Statement of Financial Position

December 31	2024	2023
Assets		
Current		
Cash (note 3)	\$ 208,474	\$ 128,149
Accounts receivable	1,200	7,400
Inventories (note 4)	38,254	-
Prepaid expenses	2,223	2,223
GST receivable	-	3,538
	250,151	141,310
Loan receivable from employee	-	1,104
Property and equipment, net of accumulated amortization (note 5)	1,264	-
	\$ 251,415	\$ 142,414
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities	\$ 24,450	\$ 23,378
GST payable	2,142	-
Deferred contribution (note 6)	65,635	36,671
	92,227	60,049
Net assets	159,188	82,365
	\$ 251,415	\$ 142,414

On behalf of the Board

Barbara Sinclair Member

M. H. Bate 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	2024	2023
Revenue		
Project revenue	\$ 420,288	\$ 432,530
Contributions	138,813	168,705
Interest income	9	40
Volunteer revenue	3,863	39,549
	562,973	640,824
Expenditures		
Program expenditure (schedule 2)	298,765	318,009
Administration (schedule 1)	218,096	239,000
	516,861	557,009
Excess of revenue over expenditures before undernoted item	46,112	83,815
Other expense		
Unrealized loss on foreign exchange	20	899
Excess of revenue over expenditures	\$ 46,092	\$ 82,916

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	2024	2023
Net assets (net deficiency), as previously stated	\$ 82,365	\$ (551)
Prior period adjustment	30,731	-
Net assets (net deficiency), beginning of year, as restated	113,096	(551)
Excess of revenue over expenditures	46,092	82,916
Net assets, end of year	\$ 159,188	\$ 82,365

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	2024	2023
Operating activities		
Excess of revenue over expenditures	\$ 46,092	\$ 82,916
Items not involving cash		
Amortization	479	-
Prior period adjustments	30,730	-
Impairment of inventory	-	29,282
	77,301	112,198
Net change in non-cash working capital items		
Accounts receivable	6,200	6,366
Inventories	(38,254)	(10,806)
Prepaid expenses	-	67
Government remittances	5,680	(806)
Accounts payable and accrued liabilities	1,073	(13,172)
Loan receivable	1,104	(1,104)
Deferred contribution received during the year	650,520	621,509
Deferred contribution spent during the year	(621,556)	(640,823)
	4,767	(38,769)
Cash flows from operating activities	82,068	73,429
Financing activities		
Decrease in loan payable	-	(15,000)
Re-payment of CEBA loan	-	(40,000)
Cash flows from financing activities	-	(55,000)
Investing activity		
Purchase of property and equipment and cash flows from investing activity	(1,743)	-
Net change in cash during the year	80,325	18,429
Cash, beginning of year	128,149	109,720
Cash, end of year	\$ 208,474	\$ 128,149

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 LUTW follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

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

The LUTW uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the rate in effect on the transaction date. Balances for the current year appearing in the income statement, except for the cost of inventories and depreciation translated at historic rates, are translated at average year rates. Exchange gains and losses are included in the income statement.

Functional and presentation currency

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

2. Summary of significant accounting policies – continued

Property and equipment

Equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate is as follows:

Computer equipment	55%
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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, Inventories, and prepaid expenses.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, GST 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.

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.

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.

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2024

2. Summary of significant accounting policies – continued

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. Cash

	2024	2023
Bank balance CDN - Internally restricted	\$ 11,741	\$ -
Bank balance CDN - externally restricted	65,635	36,671
Outstanding deposits	3,000	-
Bank balance USD (converted to CDN)	61,141	37,209
Other cash account	3,177	3,912
Bank balance Peru (converted to CDN)	63,780	5,885
	<u>\$ 208,474</u>	<u>\$ 83,677</u>

USD balance as of year end is \$42,769 and Peru balance as of year end is \$49,434.

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2024

4. Inventories

	2024	2023
Inventories, beginning of year	\$ -	\$ -
Inventories purchased	31,986	-
Inventories used included in installation cost	(16,654)	-
Inventories written down	(7,810)	-
Prior period adjustment (note 8)	30,731	-
Inventories, end of year	\$ 38,253	\$ -

Inventories sold represent the cost of purchasing inventory for resale. Included in program expenditure on the consolidated statement of operations is \$119,258 (2023 - \$117,798) in installation costs.

Program expenditure includes expenses of \$7,810 (2023 - \$29,282) related to the write down of inventory from cost to net realizable value for its Canadian and Peru location.

5. Property and equipment

	2024
	Cost Accumulated amortization
Computer equipment	\$ 1,743 \$ 479
Net book value	\$ 1,264

Amortization of capital assets for the year was \$479 (2023 - \$nil) and is included in administration expenses.

Light Up The World
Notes to Consolidated Financial Statements
For the year ended December 31, 2024

6. Deferred contributions

	Opening balance (2023)	Contributions received in year	Included in revenue	Closing balance (2024)
Donations, contributions, grants & other income	\$ -	\$ 169,466	\$ (169,466)	\$ -
NAIT - Clean energy project	-	200,270	(151,009)	49,261
SAIT - Tourism trip	-	69,772	(69,772)	-
The district unit of Santa Ana	-	2,212	(2,212)	-
UNDP Rome Centre for Climate	-	21,374	(5,000)	16,374
Woree Litech Inc	-	95,139	(95,139)	-
Yukon Project	36,671	-	(36,671)	-
Western Colorado University	-	68,856	(68,856)	-
North Island College (project cancelled)	-	-	35,152	-
	\$ 36,671	\$ 627,089	\$ (562,973)	\$ 65,635

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

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

Liquidity risk is the risk the company may not be able to meet its obligations. The LUTW has a comprehensive plan in place to meet their obligations as they come due which is primarily from cash flow from grants, donation and project revenue.

8. Prior period adjustment

During the current year, management identified error in the prior year's financial statements related to the accounting for inventory (note 4). In the prior year, certain inventory purchases amounting to \$15,619 were incorrectly expensed to installation cost instead of being recorded as inventory. In addition, an impairment loss of \$15,112 was recognized in the prior year on inventory that should not have been impaired.

As a result, the prior year's financial statements have been restated to correct this error. The effect of the adjustment is an increase in inventory of \$30,731 and an increase in opening retained earnings of \$30,731 as at January 1, 2024. Net income for the year ended December 31, 2023 has been increased by \$30,731.

9. 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.

10. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.

Light Up The World
Schedules to Consolidated Financial Statements

Consolidated Administration

Schedule 1

	<u>2024</u>	<u>2023</u>
Professional fees	\$ 13,975	\$ 27,665
Office operating costs	19,092	40,070
Salaries and wages	156,887	152,969
Insurance	7,892	7,479
Peru office administration expenses	20,250	10,817
	<u>\$ 218,096</u>	<u>\$ 239,000</u>

Consolidated Program Expenditure

Schedule 2

	<u>2024</u>	<u>2023</u>
Program expenses	\$ 6,335	\$ 7,899
Program building occupancy	10,008	10,610
Travel and accomodation	132,765	103,476
Installation	119,258	127,665
Inventory write down	7,810	29,282
Consulting	9,454	22,251
Subcontract	13,135	16,826
	<u>\$ 298,765</u>	<u>\$ 318,009</u>