

HOPE *worldwide* Canada
Financial Statements
December 31, 2018

HOPE WORLDWIDE CANADA
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December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of HOPE worldwide Canada

We have audited the accompanying financial statements of HOPE worldwide Canada, which comprise the statement of financial position as at December 31, 2018 and the statements of receipts over disbursements, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

(continues)

Independent Auditor's Report to the Members of HOPE worldwide Canada *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, HOPE worldwide Canada 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 HOPE worldwide Canada. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2018, any adjustments might be necessary to fundraising revenue and excess (deficiency) of receipts over disbursements reported in the statement of receipts and disbursements, excess (deficiency) of receipts over disbursements reported in the statement of changes in net assets, excess(deficiency) of receipts over disbursements reported in the statement of cash flows, and net assets reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of HOPE worldwide Canada as at December 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

ent Vaughan LLP

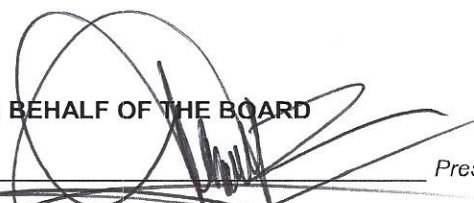
Woodbridge, ON
ENT Vaughan LLP
June 25, 2019


Chartered Professional Accountants
Licensed Public Accountants

HOPE WORLDWIDE CANADA
Statement of Financial Position
As at December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash (Note 4)	\$ 99,623	\$ 115,651
Cash - restricted funds	274,124	64,237
GST/HST recoverable	557	961
Chapter advances	3,847	5,800
TOTAL ASSETS	\$ 378,151	\$ 186,649
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,076	\$ 5,750
NET ASSETS		
Unrestricted fund	95,951	116,662
Restricted- moscow orphans fund	209,250	2,550
Restricted - disaster relief fund	64,874	61,687
	370,075	180,899
TOTAL LIABILITIES AND NET ASSETS	\$ 378,151	\$ 186,649

ON BEHALF OF THE BOARD


 _____ *President*


 _____ *Treasurer*

HOPE WORLDWIDE CANADA
Statement of Changes in Net Assets
For the Year Ended December 31, 2018

	Unrestricted Fund	Restricted- Moscow Orphans Fund	Restricted - Disaster Relief Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 116,662	\$ 2,550	\$ 61,687	\$ 180,899	\$ 395,020
Excess (deficiency) of receipts over disbursements	11,963	206,700	(29,487)	189,176	(214,121)
Interfund transfer (<i>Note 6</i>)	(32,674)	-	32,674	-	-
NET ASSETS - END OF YEAR	\$ 95,951	\$ 209,250	\$ 64,874	\$ 370,075	\$ 180,899

HOPE WORLDWIDE CANADA
Statement of Receipts over Disbursements
For the Year Ended December 31, 2018

	Unrestricted Funds	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2018 Total	2017 Total
RECEIPTS					
Received donations	\$ 2,815	\$ 400,000	\$ 101,000	503,815	19,943
Receipts from Canadian charities	29,261	10,000	8,703	47,964	20,659
Administration fee collected	28,699	-	-	28,699	17,855
Receipts from Hope worldwide US	21,124	-	-	21,124	21,413
Corporate donations	20,374	-	-	20,374	1,200
Non received donations	16,042	-	550	16,592	10,970
Fund raising events	9,884	-	-	9,884	52,073
Grant	2,564	-	1,149	3,713	-
McCreary HYC fund	1,000	-	-	1,000	18,433
	131,763	410,000	111,402	653,165	162,546
Interest income	-	-	292	292	128
Total Receipts	131,763	410,000	111,694	653,457	162,674
DISBURSEMENTS					
Projects foreign countries	-	196,250	137,432	333,682	283,045
Program expenses	41,881	-	-	41,881	37,337
Administration fee	21,574	7,000	150	28,724	17,855
Fund raising/event expenses	19,145	-	-	19,145	3,225
Professional fees	11,997	-	-	11,997	12,510
Conferences/seminars	8,320	-	-	8,320	2,218
Insurance	5,923	-	-	5,923	5,896
Travel	4,198	-	570	4,768	4,999
Salaries and wages	1,011	-	2,811	3,822	-
Office and general expenses	2,984	-	-	2,984	1,107
Advertising and promotion	1,086	-	156	1,242	2,436
Interest and bank charges	591	50	62	703	-
Training	519	-	-	519	762
HYC sponsorship	400	-	-	400	-
Benevolence	171	-	-	171	4,850
Website expense	-	-	-	-	555

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HOPE WORLDWIDE CANADA

Statement of Receipts over Disbursements *(continued)*

For the Year Ended December 31, 2018

	Unrestricted Funds	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2018 Total	2017 Total
Total Disbursements	119,800	203,300	141,181	464,281	376,795
Excess (deficiency) of receipts over disbursements	\$ 11,963	\$ 206,700	\$ (29,487)	\$ 189,176	\$ (214,121)

HOPE WORLDWIDE CANADA
Statement of Cash Flow
For the Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of receipts over disbursements	\$ 189,176	\$ (214,121)
Changes in non-cash working capital:		
GST/HST recoverable	404	645
Accounts payable and accrued liabilities	2,326	(1)
Chapter advances	1,953	(1,703)
Employee deductions payable	-	(29)
	4,683	(1,088)
INCREASE (DECREASE) IN CASH FLOW	193,859	(215,209)
Cash - beginning of year	179,888	395,097
CASH - END OF YEAR (Note 4)	\$ 373,747	\$ 179,888

HOPE WORLDWIDE CANADA
Notes to Financial Statements
For the Year Ended December 31, 2018

1. PURPOSE OF THE ORGANIZATION

HOPE Worldwide CANADA (the "organization") is a charitable organization incorporated provincially in November 1993 under the Not-for-profit Corporations Act of Ontario. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization principal objectives are: to care for the poor, needy and aged; to support medical facilities for the sick; to provide food and shelter for the homeless; to provide education and training for unskilled youth; to provide relief for victims of famine and disaster and to care for widows and orphans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

HOPE worldwide Canada follows the restricted fund method of accounting for contributions.

The Unrestricted Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating grants.

The Restricted Fund reports resources that are to be used for external programs specifically Restricted - Moscow Orphans Fund & Restricted Disaster Relief Fund.

Cash and Cash Equivalents

The organization considers monies in the bank and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents. These are monies that are readily available for use by the Board of Directors.

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HOPE WORLDWIDE CANADA
Notes to Financial Statements
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued.

Measurement of financial instruments: HOPE worldwide Canada initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

HOPE worldwide Canada subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash and cash equivalents, and advances receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and all accruals.

Impairment: Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs: The organization's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

Net assets

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

Revenue recognition

HOPE worldwide Canada recognizes all donations (unrestricted and restricted) as revenue when received. Income from Fundraising events is recognized as revenue when the event occurs and monies are received.

(*continues*)

HOPE WORLDWIDE CANADA
Notes to Financial Statements
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Accounts which include estimates are advances receivable, HST recoverable, and accounts payable.

Contributed services

A substantial number of unpaid volunteers have made significant contributions of their time to HOPE worldwide Canada. These volunteers have a significant impact on making the organization effective. However, the value of these services is not reflected in the financial statements because of the difficulty in determining their fair value.

3. RESTRICTED FUNDS

Restricted - Moscow fund

This fund accounts for the funding received and expenses incurred for programs in Moscow to care for orphans and the aged. Effective March 1, 2010 a contract for services was agreed to between HOPE worldwide Canada and HOPE worldwide - Russia for the purpose of performing charitable services.

Restricted - Disaster fund

This fund accounts for the funding received and the expenses incurred for relief in various countries of the world. HOPE worldwide Canada has contracts for services with specified project designates to carry out relief efforts in the following countries: Ukraine; Cote D'Ivoire; India; Philippines, Cambodia; Kenya;Haiti and Nepal.

4. CASH

	<u>2018</u>	<u>2017</u>
Cash	\$ 99,623	\$ 115,651
Cash - restricted funds	274,124	64,237
	\$ 373,747	\$ 179,888

5. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, GST/HST recoverable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value, unless otherwise noted, due to the relatively short periods to maturity of the instruments.

HOPE WORLDWIDE CANADA
Notes to Financial Statements
For the Year Ended December 31, 2018

6. INTERFUND TRANSFERS

The Board of Directors approved that funds be transferred from the Unrestricted Fund to cover potential short falls in the Restricted-Disaster Relief Fund. The Board of Directors approved the transfer to ensure the fund is at the appropriate levels. During the period \$32,674 was transferred from the operating fund to the Restricted Fund.