

HOPE WORLDWIDE CANADA
Financial Statements
December 31, 2020

HOPE WORLDWIDE CANADA
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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of HOPE Worldwide Canada

Qualified Opinion

We have audited the financial statements of HOPE Worldwide Canada (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, receipts and disbursements and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 Organization. Therefore, we were 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 year ended December 31, 2020, current assets and net assets as at December 31, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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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 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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 achieves fair presentation.

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.

ent Vaughan LLP

Woodbridge, ON
June 15, 2021

ENT Vaughan LLP
Chartered Professional Accountants
Licensed Public Accountants

HOPE WORLDWIDE CANADA
Statement of Financial Position
As at December 31, 2020

| | 2020 | 2019 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (Note 4) | \$ 106,508 | \$ 91,044 |
| Cash - restricted funds (Note 4) | 296,182 | 277,168 |
| GST/HST recoverable | 1,495 | 1,997 |
| Chapter advances | 1,300 | 3,919 |
| TOTAL ASSETS | \$ 405,485 | \$ 374,128 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 7,816 | \$ 13,989 |
| NET ASSETS | | |
| Net assets | 397,669 | 360,139 |
| LIABILITIES AND NET ASSETS | \$ 405,485 | \$ 374,128 |

ON BEHALF OF THE BOARD

Neville Yee

President

Linda J Craigmyle

Treasurer

HOPE WORLDWIDE CANADA
Statement of Changes in Net Assets
For the Year Ended December 31, 2020

| | 2019 Balance | Excess of receipts over disbursements | Fund transfer | 2020 Balance |
|--|-------------------|---|---------------|--------------------------|
| Unrestricted operating fund | \$ 82,971 | \$ 25,277 | \$ (6,761) | \$ 101,487 |
| Externally restricted - Moscow orphans and seniors fund | 206,549 | 3,196 | - | 209,745 |
| Internally restricted - Projects & disaster relief fund | 70,619 | 9,057 | 6,761 | 86,437 |
| | <u>\$ 360,139</u> | <u>\$ 37,530</u> | <u>\$ -</u> | <u>\$ 397,669</u> |

HOPE WORLDWIDE CANADA
Statement of Receipts and Disbursements
For the Year Ended December 31, 2020

| | Unrestricted Operating | Externally Restricted Moscow Orphans and Seniors | Internally Restricted Projects & Disaster Relief | 2020 Total | 2019 Total |
|----------------------------------|---------------------------|--|---|-----------------------|----------------|
| RECEIPTS | | | | | |
| Received donations | \$ 7,454 | \$ 200,000 | \$ 50,275 | \$ 257,729 | \$ 265,921 |
| Receipts from Canadian charities | 20,846 | - | 46,276 | 67,122 | 54,456 |
| Fund raising events | 21,855 | - | 9,574 | 31,429 | 26,351 |
| Administration fee collected | 26,771 | - | - | 26,771 | 28,793 |
| Receipts from Hope Worldwide US | 4,358 | - | - | 4,358 | 20,929 |
| Non received donations | 1,533 | - | - | 1,533 | 10,226 |
| Corporate donations | - | - | - | - | 8,640 |
| Grant | - | - | - | - | 3,512 |
| Blue Nose received | - | - | - | - | 710 |
| | 82,817 | 200,000 | 106,125 | 388,942 | 419,538 |
| DISBURSEMENTS | | | | | |
| Projects foreign countries | 14,380 | 189,454 | 82,043 | 285,877 | 278,674 |
| Administration fee | 7,852 | 7,000 | 11,919 | 26,771 | 28,793 |
| Professional fees | 12,873 | - | - | 12,873 | 10,654 |
| Program expenses | 10,604 | - | 1,400 | 12,004 | 46,628 |
| Insurance | 6,516 | - | - | 6,516 | 6,145 |
| Office and general expenses | 3,326 | - | - | 3,326 | 5,228 |
| Bank and fee charges | 773 | 350 | 1,706 | 2,829 | 828 |
| Website expense | 832 | - | - | 832 | 583 |
| Advertising and promotion | 658 | - | - | 658 | 1,974 |
| Fund raising/event expenses | 379 | - | - | 379 | 4,166 |
| Training | 244 | - | - | 244 | - |
| Benevolence | 100 | - | - | 100 | - |
| Travel | 18 | - | - | 18 | 24,501 |
| Conferences/seminars | - | - | - | - | 10,439 |
| HYC sponsorship | - | - | - | - | 9,300 |
| Salaries and wages | - | - | - | - | 3,732 |

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HOPE WORLDWIDE CANADA

Statement of Receipts and Disbursements (continued)

For the Year Ended December 31, 2020

| | Unrestricted Operating | Externally Restricted Moscow Orphans and Seniors | Internally Restricted Projects & Disaster Relief | 2020 Total | 2019 Total |
|---|---------------------------|--|---|-----------------------|-------------------|
| | 58,555 | 196,804 | 97,068 | 352,427 | 431,645 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS FROM OPERATIONS | 24,262 | 3,196 | 9,057 | 36,515 | (12,107) |
| OTHER INCOME | | | | | |
| Interest income | 1,015 | - | - | 1,015 | 1,451 |
| Other income | - | - | - | - | 720 |
| | 1,015 | - | - | 1,015 | 2,171 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | \$ 25,277 | \$ 3,196 | \$ 9,057 | \$ 37,530 | \$ (9,936) |

HOPE WORLDWIDE CANADA
Statement of Cash Flows
For the Year Ended December 31, 2020

| | 2020 | 2019 |
|--|-------------------|------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of receipts over disbursements | \$ 37,530 | \$ (9,936) |
| Changes in non-cash working capital: | | |
| Cash - restricted funds | (19,014) | (3,044) |
| GST/HST recoverable | 502 | (1,440) |
| Accounts payable and accrued liabilities | (6,173) | 5,913 |
| Chapter advances | 2,619 | (72) |
| | (22,066) | 1,357 |
| INCREASE (DECREASE) IN CASH FLOW | 15,464 | (8,579) |
| Cash - beginning of year | 91,044 | 99,623 |
| CASH - END OF YEAR (Note 4) | \$ 106,508 | \$ 91,044 |

HOPE WORLDWIDE CANADA
Notes to Financial Statements
December 31, 2020

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 (ASNFPPO).

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 Externally Restricted Moscow Orphans and Seniors Fund and Internally Restricted Projects & 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
December 31, 2020

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
December 31, 2020

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

Externally Restricted Moscow Orphans and Seniors 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.

Internally Restricted Projects & Disaster Relief 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>2020</u> | <u>2019</u> |
|-------------------------|-------------------|-------------------|
| Cash | \$ 106,508 | \$ 91,044 |
| Cash - restricted funds | 296,182 | 277,168 |
| | <u>\$ 402,690</u> | <u>\$ 368,212</u> |

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
December 31, 2020

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 \$6,761 was transferred from the operating fund to the Restricted Fund.

7. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at June 15, 2021, the organization is aware of changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.