

**HOPE worldwide Canada
Financial Statements
December 31, 2021**

HOPE worldwide Canada
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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of HOPE worldwide Canada

Opinion

We have audited the financial statements of HOPE worldwide Canada (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021, 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 Opinion

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 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
May 14, 2022

ENT Vaughan LLP
Chartered Professional Accountants
Licensed Public Accountants

HOPE worldwide Canada
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 4)	\$ 211,532	\$ 106,508
Cash - restricted funds (Note 4)	270,785	296,182
GST/HST recoverable	1,413	1,495
Chapter advances	-	1,300
	<u>\$ 483,730</u>	<u>\$ 405,485</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,844	\$ 7,816
Employee deductions payable	59	-
	<u>8,903</u>	7,816
NET ASSETS		
Net assets	<u>474,827</u>	397,669
	<u>\$ 483,730</u>	<u>\$ 405,485</u>

ON BEHALF OF THE BOARD

Neville Yee President

Linda Craigmyle Treasurer

HOPE worldwide Canada
Statement of Changes in Net Assets
For the Year Ended December 31, 2021

	2020 Balance	Excess of receipts over expenses	Contributions	Withdrawals	2021 Balance
Unrestricted operating fund	\$ 101,487	\$ (4,480)	\$ -	\$ -	\$ 97,007
Externally restricted - Moscow orphans and seniors fund	209,745	(2,550)	-	-	207,195
Internally restricted - Projects & disaster relief fund	86,437	84,188	-	-	170,625
	\$ 397,669	\$ 77,158	\$ -	\$ -	\$ 474,827

HOPE worldwide Canada
Statement of Revenues and Expenditures
For the Year Ended December 31, 2021

	Unrestricted Operating	Externally Restricted Moscow Orphans and Seniors	Internally Restricted Projects & Disaster Relief	2021 Total	2020 Total
RECEIPTS					
Received donations	\$ 2,728	\$ -	\$ 92,071	\$ 94,799	\$ 257,729
Receipts from Canadian charities	2,618	200,000	66,884	269,502	67,122
Other donations	6,490	-	59,101	65,591	32,961
Donations outside Canada	-	-	-	-	4,358
	11,836	200,000	218,056	429,892	362,170
EXPENSES (Schedule 1)	28,207	202,550	133,868	364,625	325,655
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES FROM OPERATIONS	(16,371)	(2,550)	84,188	65,267	36,515
OTHER INCOME					
Interest income	699	-	-	699	1,015
Student wage subsidy (Note 6)	11,192	-	-	11,192	-
	11,891	-	-	11,891	1,015
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES	\$ (4,480)	\$ (2,550)	\$ 84,188	\$ 77,158	\$ 37,530

**HOPE worldwide Canada
Expenses**

For the Year Ended December 31, 2021

(Schedule 1)

	Unrestricted Operating	Externally Restricted Moscow Orphans and Seniors	Internally Restricted Projects & Disaster Relief	2021 Total	2020 Total
Advertising and promotion	\$ 1,816	\$ -	\$ -	\$ 1,816	\$ 658
Projects foreign countries	-	193,000	81,441	274,441	285,877
Benevolence	-	-	317	317	100
Insurance	7,030	-	-	7,030	6,516
Bank and fee charges	636	50	4,795	5,481	2,828
Professional fees	16,617	2,500	-	19,117	12,873
Office and general expenses	6,205	-	937	7,142	3,326
Program expenses	2,548	-	23,110	25,658	12,004
Website expense	1,229	-	-	1,229	832
Administration fee allocated	(24,637)	7,000	17,637	-	-
HYC sponsorship	500	-	-	500	-
Salaries and wages	14,080	-	-	14,080	-
Training	500	-	-	500	244
Travel	46	-	92	138	18
Fund raising/event expenses	1,637	-	5,539	7,176	379
	\$ 28,207	\$ 202,550	\$ 133,868	\$ 364,625	\$ 325,655

HOPE worldwide Canada
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of receipts over expenses	<u>\$ 77,158</u>	<u>\$ 37,530</u>
Changes in non-cash working capital:		
GST/HST recoverable	82	502
Accounts payable and accrued liabilities	1,028	(6,173)
Chapter advances	1,300	2,619
Employee deductions payable	<u>59</u>	<u>-</u>
	<u>2,469</u>	<u>(3,052)</u>
INCREASE IN CASH FLOW	79,627	34,478
Cash - beginning of year	<u>402,690</u>	<u>368,212</u>
CASH - END OF YEAR (Note 4)	<u>\$ 482,317</u>	<u>\$ 402,690</u>
CASH CONSISTS OF:		
Cash	\$ 211,532	\$ 106,508
Cash - restricted funds	<u>270,785</u>	<u>296,182</u>
	<u>\$ 482,317</u>	<u>\$ 402,690</u>

HOPE worldwide Canada
Notes to Financial Statements
Year Ended December 31, 2021

1. PURPOSE OF THE ORGANIZATION

HOPE *worldwide* Canada (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide programs and volunteer support. Programs include, care for the needy & aged; support to medical facilities; food & shelter for the homeless; education & training for unskilled youth; relief for victims of famine, disasters, & war.

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 (ASNFPO).

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
Year Ended December 31, 2021

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.

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HOPE worldwide Canada
Notes to Financial Statements
Year Ended December 31, 2021

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; India; Philippines, Haiti and Nepal.

4. CASH

	2021	2020
Cash	\$ 211,532	\$ 106,508
Cash - restricted funds	270,785	296,182
	\$ 482,317	\$ 402,690

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
Year Ended December 31, 2021

6. GOVERNMENT ASSISTANCE

Government assistance is for Student Work Placement Program from the Federal government. The wage subsidy program is for organizations to apply for wage subsidies to help them hire post-secondary students across Canada. HOPE *worldwide* Canada applied and received the grant in 2021.

Student Work Placement Program Grant \$11,192

7. GOING CONCERN

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. Management expects that CoVid-19 may continue to have some impact on the operations of HOPE *worldwide* Canada, the most significant of which are the ability to hold in-person fund raising events and the effects on some future asset valuations.

8. SUBSEQUENT EVENTS

On February 24, 2022, the Russian invasion of Ukraine has impacted Helping Hands Ukraine, a program supported by HOPE *worldwide* Canada. In addition, due to the restriction of forwarding funds to Russia, HOPE *worldwide* Canada is holding funds in the Restricted Account for the programs for HOPE *worldwide* Moscow.

The Board of Directors of HOPE *worldwide* Canada are diligently monitoring the situation for both programs.