HOPE *worldwide* Canada

Financial Statements

December 31, 2017

HOPE *worldwide* Canada
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December 31, 2017

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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, 2017 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.

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 any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017.

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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, 2017 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.

Woodbridge, ON
April 27, 2018

ENT Vaughan LLP
Chartered Professional Accountants
Licensed Public Accountants

HOPE *worldwide* Canada
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash *(Note 4)*	$ 115,651	$ 87,648
Cash - restricted funds *(Note 4)*	64,237	307,449
HST recoverable	961	1,606
Chapter advances	5,800	4,097
TOTAL ASSETS	$ 186,649	$ 400,800
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	$ 5,750	$ 5,751
Employee deductions payable	-	29
TOTAL LIABILITIES	5,750	5,780
NET ASSETS		
Unrestricted fund	116,662	87,571
Restricted- moscow orphans fund	2,550	203,000
Restricted - disaster relief fund	61,687	104,449
	180,899	395,020
TOTAL LIABILITIES AND NET ASSETS	$ 186,649	$ 400,800

ON BEHALF OF THE BOARD

_____ *President*

_____ *Treasurer*

See notes to financial statements

HOPE *worldwide* Canada

Statement of Changes in Net Assets

For the Year Ended December 31, 2017

	Unrestricted Fund	Restricted-Moscow Orphans Fund	Restricted - Disaster Relief Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	$ 87,571	$ 203,000	$ 104,449	**$ 395,020**	$ 130,755
Excess (deficiency) of receipts over disbursements	40,913	(190,450)	(64,584)	**(214,121)**	264,265
Net Interfund Transfers	(11,822)	(10,000)	21,822	-	-
NET ASSETS - END OF YEAR	$ 116,662	$ 2,550	$ 61,687	**$ 180,899**	$ 395,020

See notes to financial statements

HOPE *worldwide* Canada
Statement of Receipts over Disbursements
For the Year Ended December 31, 2017

	Unrestricted Funds	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2017 Total	2016 Total
RECEIPTS					
Fund raising events	$ 52,073	$ -	$ -	**52,073**	41,950
Donations	30,913	-	-	**30,913**	9,600
Hope worldwide US	21,413	-	-	**21,413**	21,641
Other charities	6,265	3,000	11,394	**20,659**	4,076
Disaster relief	-	-	18,433	**18,433**	43,852
Administration allocation income	17,855	-	-	**17,855**	24,642
Corporations	1,200	-	-	**1,200**	2,321
Foundations	-	-	-	**-**	250,000
Grant	-	-	-	**-**	3,774
	129,719	3,000	29,827	**162,546**	401,856
Interest income	-	-	128	**128**	482
Other income	-	-	-	**-**	10
Total Receipts	129,719	3,000	29,955	**162,674**	402,348
DISBURSEMENTS					
Disaster relief	-	193,000	90,045	**283,045**	45,738
Program expenses	37,337	-	-	**37,337**	12,069
Admin fee	12,931	450	4,474	**17,855**	24,642
Professional fees	12,510	-	-	**12,510**	13,456
Insurance	5,896	-	-	**5,896**	1,608
Travel	4,999	-	-	**4,999**	8,688
Benevolence	4,850	-	-	**4,850**	-
Fund raising expenses	3,225	-	-	**3,225**	1,463
Advertising and promotion	2,436	-	-	**2,436**	-
Conferences/seminars	2,218	-	-	**2,218**	1,576
Office and general expenses	1,087	-	20	**1,107**	1,295
Training	762	-	-	**762**	-
Website expense	555	-	-	**555**	21
HYC sponsorship	-	-	-	**-**	25,267

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See notes to financial statements

HOPE *worldwide* Canada
Statement of Receipts over Disbursements *(continued)*
For the Year Ended December 31, 2017

	Unrestricted Funds	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2017 Total	2016 Total
DISBURSEMENTS *(continued)*					
FUNDRAISING AND ADMINISTRATION					
Salaries and wages	88,806	193,450	94,539	**376,795**	135,823
	-	-	-	-	2,260
Total Disbursements	-	-	-	-	2,260
	88,806	193,450	94,539	**376,795**	138,083
Excess (deficiency) of receipts over disbursements	$ 40,913	$ (190,450)	$ (64,584)	**$ (214,121)**	$ 264,265

See notes to financial statements

HOPE *worldwide* Canada
Statement of Cash Flow
For the Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of receipts over disbursements	$ (214,121)	$ 264,265
Changes in non-cash working capital:		
HST recoverable	645	(192)
Accounts payable	(1)	(5,222)
Chapter advances	(1,703)	(3,103)
Employee deductions payable	(29)	(463)
	(1,088)	(8,980)
INCREASE (DECREASE) IN CASH FLOW	(215,209)	255,285
Cash - beginning of year	395,097	139,812
CASH - END OF YEAR *(Note 4)*	$ 179,888	$ 395,097

See notes to financial statements

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 restricted 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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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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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

	2017	2016
Cash	$ 115,651	$ 87,648
Cash - restricted funds	64,237	307,449
	$ 179,888	$ 395,097

5. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, HST recoverable 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.

6. ADMINISTRATION FEE

In accordance with HOPE Board policy, the Unrestricted Fund also includes an allocation of administration which is a transfer from the Restricted Funds at the following rates: 7% on the first $100,000 for monies given by the Fleming Foundation and 15% from all other sources to ensure that donors of both unrestricted and restricted funds contribute to the operations of HOPE worldwide Canada.

7. SUBSEQUENT EVENTS

The 2017 donation from Fleming Foundation for $250,000 was received in March 23, 2018. This donation will be receipted in 2018.