

HOPE WORLDWIDE CANADA
Financial Statements
December 31, 2019

HOPE WORLDWIDE CANADA
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December 31, 2019

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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, 2019, 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, 2019, 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, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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.

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

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

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

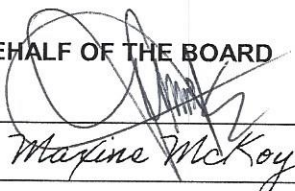
Woodbridge, ON
July 22, 2020

ENT Vaughan LLP
Chartered Professional Accountants
Licensed Public Accountants

HOPE WORLDWIDE CANADA
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Note 4)	\$ 91,044	\$ 99,623
Cash - restricted funds (Note 4)	277,168	274,124
GST/HST recoverable	1,997	557
Chapter advances	3,919	3,847
TOTAL ASSETS	\$ 374,128	\$ 378,151
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 13,989	\$ 8,076
NET ASSETS		
Net assets	360,139	370,075
LIABILITIES AND NET ASSETS	\$ 374,128	\$ 378,151

ON BEHALF OF THE BOARD


 Maxine McKay

President

Treasurer

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HOPE WORLDWIDE CANADA
Statement of Changes in Net Assets
For the Year Ended December 31, 2019

	2018 Balance	Deficiency of receipts over disbursements	Transfer in (out)	2019 Balance
Unrestricted fund	\$ 95,951	\$ (8,976)	\$ (4,004)	\$ 82,971
Restricted - Moscow orphans fund	209,250	(2,701)	-	206,549
Restricted - Disaster relief fund	64,874	1,741	4,004	70,619
	<u>\$ 370,075</u>	<u>\$ (9,936)</u>	<u>\$ -</u>	<u>\$ 360,139</u>

HOPE WORLDWIDE CANADA
Statement of Receipts and Disbursements
For the Year Ended December 31, 2019

	Unrestricted Operating	Moscow Orphans and Seniors	Disaster, Medical and Famine Relief	2019	2018
RECEIPTS					
Received donations	\$ 11,973	\$ 200,000	\$ 53,948	\$ 265,921	\$ 503,815
Receipts from Canadian charities	22,623	-	31,833	54,456	47,964
Administration fee collected	28,688	-	105	28,793	28,699
Fund raising events	20,780	-	5,571	26,351	9,884
Receipts from Hope Worldwide US	20,929	-	-	20,929	21,124
Non receipted donations	6,624	-	3,602	10,226	16,592
Corporate donations	3,640	-	5,000	8,640	20,374
Grant	3,512	-	-	3,512	3,713
Blue Nose receipted	710	-	-	710	-
McCreary HYC fund	-	-	-	-	1,000
	119,479	200,000	100,059	419,538	653,165
DISBURSEMENTS					
Projects foreign countries	-	195,930	82,744	278,674	333,682
Program expenses	45,152	-	1,476	46,628	41,881
Administration fee	14,188	7,000	7,605	28,793	28,724
Travel	24,501	-	-	24,501	4,768
Professional fees	10,654	-	-	10,654	11,997
Conferences/seminars	10,439	-	-	10,439	8,320
HYC sponsorship	4,300	-	5,000	9,300	400
Insurance	6,145	-	-	6,145	5,923
Office and general expenses	5,228	-	-	5,228	2,985
Fund raising/event expenses	2,879	-	1,287	4,166	19,145
Salaries and wages	3,732	-	-	3,732	3,822
Advertising and promotion	1,974	-	-	1,974	1,242
Interest and bank charges	308	314	206	828	702
Website expense	583	-	-	583	-
Benevolence	-	-	-	-	171
Training	-	-	-	-	519
	130,083	203,244	98,318	431,645	464,281

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HOPE WORLDWIDE CANADA

Statement of Receipts and Disbursements (continued)

For the Year Ended December 31, 2019

	Unrestricted Operating	Moscow Orphans and Seniors	Disaster, Medical and Famine Relief	2019	2018
Excess (deficiency) Of Receipts Over Disbursements from operations	(10,604)	(3,244)	1,741	(12,107)	188,884
OTHER INCOME					
Interest income	908	543	-	1,451	292
Other income	720	-	-	720	-
	1,628	543	-	2,171	292
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (8,976)	\$ (2,701)	\$ 1,741	\$ (9,936)	\$ 189,176

HOPE WORLDWIDE CANADA
Statement of Cash Flows
For the Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of receipts over disbursements	\$ (9,936)	\$ 189,176
Changes in non-cash working capital:		
GST/HST recoverable	(1,440)	404
Accounts payable and accrued liabilities	5,913	2,325
Chapter advances	(72)	1,953
	<u>4,401</u>	<u>4,682</u>
INCREASE (DECREASE) IN CASH FLOW	(5,535)	193,858
Cash - beginning of year	<u>373,747</u>	<u>179,889</u>
CASH - END OF YEAR (Note 4)	\$ 368,212	\$ 373,747

HOPE WORLDWIDE CANADA
Notes to Financial Statements
December 31, 2019

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 (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 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
December 31, 2019

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
December 31, 2019

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

	2019	2018
Cash	\$ 91,044	\$ 99,623
Cash - restricted funds	277,168	274,124
	<u>\$ 368,212</u>	<u>\$ 373,747</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, 2019

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 \$4,004 was transferred from the operating fund to the Restricted Fund.

7. SUBSEQUENT EVENT

Since December 31, 2019, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The impact of Covid-19 on the Charity is mixed, as the major donor has confirmed their continued support, while most of the fundraising events has been either cancelled or scaled down. This will not only impact the collection of donations but also reduce the expenditures for these events.

The Charity has determined that any Covid-19 events would be considered adjusting subsequent events but that no events have occurred which would impact the financial position and results of operations as of and for the year ended December 31, 2019. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019, have not been adjusted. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Charity for future periods.