



Financial Statements

HOPE International Development Agency

December 31, 2021

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# Independent Auditor's Report

To the Board of Directors of  
HOPE International Development Agency

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## Qualified opinion

We have audited the financial statements of HOPE International Development Agency (the "Agency"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets 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 opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2021, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for qualified opinion

In common with many charitable organizations, the Agency derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Agency. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenues over expenses, cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years.

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 Agency in accordance with the 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.

## Other matter

The financial statements of the Agency for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion of those financial statements on May 3, 2021.

## Responsibilities of management and those charged with governance 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. In preparing the financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 Agency'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 Agency'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 Agency 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.

Vancouver, Canada  
May 14, 2022



Chartered Professional Accountants

# HOPE International Development Agency

## Statement of Financial Position

December 31	Unrestricted Fund	Project Specific Fund	Board Restricted Fund	Total 2021	Unrestricted Fund	Project Specific Fund	Board Restricted Fund	Total 2020
<b>Assets</b>								
Current								
Cash (Note 3)	\$ 2,430,241	\$ 1,838,592	\$ 2,023,989	\$ 6,292,822	\$ 2,190,760	\$ 119,654	\$ 2,023,989	\$ 4,334,403
Short-term investments (Note 3)	41,180	-	-	41,180	100,000	-	-	100,000
Government receivables	9,843	-	-	9,843	4,606	-	-	4,606
Accounts receivable	1,034	-	-	1,034	4,484	-	-	4,484
Prepaid expenses	29,623	-	-	29,623	40,265	-	-	40,265
	<u>2,511,921</u>	<u>1,838,592</u>	<u>2,023,989</u>	<u>6,374,502</u>	<u>2,340,115</u>	<u>119,654</u>	<u>2,023,989</u>	<u>4,483,758</u>
Tangible capital assets (Note 4)	<u>33,119</u>	<u>-</u>	<u>-</u>	<u>33,119</u>	<u>23,645</u>	<u>-</u>	<u>-</u>	<u>23,645</u>
	<u>\$ 2,545,040</u>	<u>\$ 1,838,592</u>	<u>\$ 2,023,989</u>	<u>\$ 6,407,621</u>	<u>\$ 2,363,760</u>	<u>\$ 119,654</u>	<u>\$ 2,023,989</u>	<u>\$ 4,507,403</u>
<b>Liabilities</b>								
Current								
Accounts payable and accrued liabilities	\$ 157,729	\$ -	\$ -	\$ 157,729	\$ 136,574	\$ -	\$ -	\$ 136,574
<b>Net assets</b>								
Unrestricted	2,354,192	-	-	2,354,192	2,203,541	-	-	2,203,541
Restricted/designated	-	1,838,592	2,023,989	3,862,581	-	119,654	2,023,989	2,143,643
Invested in tangible capital assets	33,119	-	-	33,119	23,645	-	-	23,645
	<u>2,387,311</u>	<u>1,838,592</u>	<u>2,023,989</u>	<u>6,249,892</u>	<u>2,227,186</u>	<u>119,654</u>	<u>2,023,989</u>	<u>4,370,829</u>
	<u>\$ 2,545,040</u>	<u>\$ 1,838,592</u>	<u>\$ 2,023,989</u>	<u>\$ 6,407,621</u>	<u>\$ 2,363,760</u>	<u>\$ 119,654</u>	<u>\$ 2,023,989</u>	<u>\$ 4,507,403</u>

Commitments (Note 9)

On behalf of the board

B. Coyle Director Michael Pohanka Director

## HOPE International Development Agency Statement of Operations and Changes in Net Assets

Year ended December 31	Unrestricted Fund	Project Specific Fund	Board Restricted Fund	Total 2021	Unrestricted Fund	Project Specific Fund	Board Restricted Fund	Total 2020
<b>Program revenue and support</b>								
Cash donations	\$ 3,157,103	\$ 1,699,806	\$ -	\$ 4,856,909	\$ 3,363,225	\$ 1,168,995	\$ -	\$ 4,532,220
Donations of gifts-in-kind	-	3,528,746	-	3,528,746	-	6,733,982	-	6,733,982
Global Affairs Canada ("GAC")	-	2,127,130	-	2,127,130	-	500,000	-	500,000
Canada Emergency Wage Subsidy (Note 1)	206,302	-	-	206,302	212,215	-	-	212,215
Other (Note 8)	38,655	-	-	38,655	2,219,289	-	-	2,219,289
Provincial government grants	-	-	-	-	-	34,394	-	34,394
	<u>3,402,060</u>	<u>7,355,682</u>	<u>-</u>	<u>10,757,742</u>	<u>5,794,729</u>	<u>8,437,371</u>	<u>-</u>	<u>14,232,100</u>
<b>Program costs</b>								
Information to and education of Canadian public	341,207	-	-	341,207	224,458	-	-	224,458
Overseas development programs	-	7,461,249	-	7,461,249	-	10,281,038	-	10,281,038
Administration and other operating expenses (Schedule 1)								
Head office	751,405	-	-	751,405	719,084	-	-	719,084
Projects	324,818	-	-	324,818	315,602	-	-	315,602
	<u>1,417,430</u>	<u>7,461,249</u>	<u>-</u>	<u>8,878,679</u>	<u>1,259,144</u>	<u>10,281,038</u>	<u>-</u>	<u>11,540,182</u>
Excess (deficiency) of revenues over expenses	1,984,630	(105,567)	-	1,879,063	4,535,585	(1,843,667)	-	2,691,918
Net assets, beginning of year	2,227,186	119,654	2,023,989	4,370,829	1,181,537	497,374	-	1,678,911
Transfers (Note 7)	-	-	-	-	(2,023,989)	-	2,023,989	-
Designated to projects (Note 7)	(1,824,505)	1,824,505	-	-	(1,465,947)	1,465,947	-	-
Net assets, end of year	<u>\$ 2,387,311</u>	<u>\$ 1,838,592</u>	<u>\$ 2,023,989</u>	<u>\$ 6,249,892</u>	<u>\$ 2,227,186</u>	<u>\$ 119,654</u>	<u>\$ 2,023,989</u>	<u>\$ 4,370,829</u>

See accompanying notes to the financial statements.

# HOPE International Development Agency

## Statement of Cash Flows

Year ended December 31

2021

2020

Cash derived from (applied to)

### Operating activities

Excess revenues over expenses	\$ 1,879,063	\$ 2,691,918
Items not involving cash		
Gain on sale of building	-	(2,189,867)
Amortization of tangible capital assets	<u>11,664</u>	<u>5,752</u>
	<b>1,890,727</b>	507,803
Change in non-cash working capital balances		
Government receivables	(5,237)	5,905
Accounts receivable	3,450	3,404
Prepaid expenses	10,642	23,622
Accounts payable and accrued liabilities	<u>21,155</u>	<u>(77,228)</u>
	<b>1,920,737</b>	463,506

### Investing activities

Acquisition of tangible capital assets	(21,138)	(22,066)
Disposal of short-term investments	58,820	100,000
Proceeds on sale of tangible capital asset	<u>-</u>	<u>2,396,943</u>
	<b>37,682</b>	2,474,877

### Increase in cash during the year

	<b>1,958,419</b>	2,938,383
Cash, beginning of year	<u>4,334,403</u>	<u>1,396,020</u>
Cash, end of year	<b>\$ 6,292,822</b>	<b>\$ 4,334,403</b>

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2021

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### 1. Nature of operations

HOPE International Development Agency (the "Agency") was originally incorporated in 1975 and then continued under Section 211 of the Canada Not for Profit Corporations Act on September 23, 2014. The Agency is dedicated to help people facing extreme poverty primarily through clean water, food security and livelihood initiatives. The Agency also educates, advocates and involves the general public regarding issues facing people in developing countries. The Agency's activities are financed through donations from individuals and government organizations. The Agency is registered as a charity with Canada Revenue Agency.

The incorporating documents of the Agency stipulate that as a not-for-profit organization, the Agency is to carry on its operations without primary gains to its members. Any unrestricted net assets are to be used solely in promoting its objectives.

In the event of dissolution, the net assets of the Agency shall be distributed at the discretion of the Board of Directors to any charitable not-for-profit organization in Canada and shall not be payable or otherwise available to any member.

As a registered charity, the Agency is exempt from income taxes under Section 149(1)(f) of the Income Tax Act (Canada).

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known at this time. As a result of COVID-19, the Agency has had to cancel in-person fundraising events. As well, the procurement and delivery of Gifts in Kind were negatively impacted. Travel restrictions also prevented in person oversight of and liaison with overseas partners.

As a result of COVID-19, the Agency accessed government assistance programs in place, resulting in the recognition of \$206,302 (2020 - \$212,215) of revenue relating to the Canada Emergency Wage Subsidy in the year which is included in other revenue.

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### 2. Significant accounting policies

#### Basis of presentation

The Agency prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

#### Revenue recognition and fund accounting

The Agency follows the restricted fund method of accounting for contributions.

Grants and donations that are externally restricted are recognized as revenue of the project specific fund upon receipt.

Unrestricted grants and donations are recognized as revenue of the unrestricted fund upon receipt. Such contributions are recognized as revenue prior to receipt only when the donor or grantor makes a commitment to provide funds for program costs, those costs are incurred, and collection is reasonably assured.



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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2021

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### 2. Significant accounting policies (continued)

#### Revenue recognition and fund accounting (continued)

Unrestricted other revenue is recognized in the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenses related to administrative activities are reported in the unrestricted fund. The Agency's tangible capital assets are also recorded in the unrestricted fund.

All expenses associated with the overseas development programs are recorded in the project specific fund.

#### Financial instruments

Financial assets and financial liabilities are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost. Financial assets measured at amortized cost include cash and receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include short-term investments.

For financial assets measured at amortized cost, the Agency regularly assesses whether there are any indications of impairment.

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Computer equipment - 3 years  
Furniture and equipment - 5 years

#### Gifts-in-kind

Donated goods are valued at amounts as established by various Canadian medical agencies and are further reduced by a 2% allowance to account for estimated losses relating to improper packaging, damage during transportation and mis-labeling.

#### Donation services

The value of time and services donated by volunteers is not reflected in these financial statements.

#### Expense allocations

The administration and other operating expenses set out in the schedule following these financial statements are incurred with respect to both head office operations and administration of overseas projects. Each area is charged for costs that management considers to be direct costs of the area and common costs are allocated based on management's assessment of the amounts relating to each area. These common costs have been allocated based on management's determination of the primary purpose of the activity.

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2021

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### 2. Significant accounting policies (continued)

#### Expense allocations (continued)

The Agency allocates common administration and other operating expenses between its head office and projects directly to either category based on the nature of the expense or allocated between the categories in a proportion which is based on time or the extent of usage of the asset concerned.

#### Use of estimates

The financial statements of the Agency have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant areas requiring management estimates included, but were not limited to, the useful life for amortization of tangible capital assets, the value of donated gifts-in-kind, including the allowance taken and allocation of administration and other operating expenses between head office operations and projects. Actual results may ultimately differ from these estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized above.

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### 3. Cash and short-term investments

The Agency's cash and short-term investments are held at two major financial institutions and earned interest at the prevailing rates for savings accounts.

The Agency's policy is to classify all financial instruments that earn interest over a contractually specified term as short-term investments. As at December 31, 2021, the Agency was in the process of settling 200 donated shares of Canadian National Railway and 46 donated shares of Apple Inc. As at December 31, 2020, the Agency held a guaranteed investment certificate.

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### 4. Tangible capital assets

			<u>2021</u>	<u>2020</u>
	Cost	Accumulated Amortization	<b>Net Book Value</b>	Net Book Value
Computer equipment	\$ 143,551	\$ 121,433	\$ <b>22,118</b>	\$ 21,775
Furniture and equipment	<u>63,796</u>	<u>52,795</u>	<u><b>11,001</b></u>	<u>1,870</u>
	<u>\$ 207,347</u>	<u>\$ 174,228</u>	<u><b>\$ 33,119</b></u>	<u>\$ 23,645</u>

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### 5. Pension plans

During the year, the Agency made contributions of \$33,153 (2020 - \$20,009) to a defined contribution pension plan.

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2021

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### 6. Financial instruments

#### Fair values

The carrying amounts of financial assets measured at amortized cost are \$6,293,856 as at December 31, 2021 (2020 - \$4,338,887).

The carrying amounts of financial assets measured at fair value are \$41,180 as at December 31, 2021 (2020 - \$100,000).

The carrying amounts of financial liabilities measured at amortized cost are \$157,729 as at December 31, 2021 (2020 - \$136,574).

#### Credit risk

Credit risk is the risk that the Agency will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Agency to significant concentrations of credit risk is limited to short-term investments. The Agency limits its exposure this risk by utilizing only high credit quality investments. There has been no change to the risk exposure from 2020.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Agency is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed rate short investments. There has been no change to the risk exposure from 2020.

#### Liquidity risk

Liquidity risk is the risk that the Agency will not be able to meet its obligations as they fall due. The Agency maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. There has been no change to the risk exposure from 2020.

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### 7. Restricted/designated net assets

The restricted/designated balance in the Project Specific Funds represent unused contributions with external restrictions or amounts that would have been internally designated for use in specific projects.

The restricted/designated balance in the Board Restricted Fund represent amounts which have been internally designated for future investment in tangible capital assets.

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2021

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### 8. Other revenue

	<u>2021</u>	<u>2020</u>
Miscellaneous income	\$ 38,655	\$ 29,422
Gain on sale of building	<u>-</u>	<u>2,189,867</u>
	<u>\$ 38,655</u>	<u>\$ 2,219,289</u>

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### 9. Commitments

The Agency entered into a sublease agreement which is set to expire on November 30, 2022. Management is currently in negotiations to be the primary lessee.

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## HOPE International Development Agency Administration and Other Operating Expenses

Year ended December 31	Head Office		Projects		2021		Head Office		Projects		2020	
<b>Unrestricted fund</b>												
Amortization expense	\$	5,693	\$	5,971	\$	11,664	\$	2,581	\$	3,171	\$	5,752
Bank and processing fees		25,235		75,168		100,403		18,972		55,373		74,345
Board expenses		1,365		4,096		5,461		48		144		192
Communication		8,758		20,161		28,919		8,533		25,612		34,145
Consulting fees		11,535		9,997		21,532		56,224		23,329		79,553
Dues, memberships and conferences		4,520		5,844		10,364		2,406		6,086		8,492
Insurance		6,382		6,382		12,764		7,226		8,566		15,792
Office and equipment rental		21,014		15,041		36,055		11,499		8,725		20,224
Office expenses		9,636		4,610		14,246		10,646		6,431		17,077
Office rent		39,520		23,210		62,730		16,180		9,502		25,682
Personnel costs		527,493		124,027		651,520		504,779		136,378		641,157
Postage and mailing costs		61,870		1,151		63,021		48,822		2,506		51,328
Professional fees		15,723		15,723		31,446		12,075		12,075		24,150
Property taxes and utilities		3,508		3,627		7,135		6,578		3,861		10,439
Repairs and maintenance		8,786		9,348		18,134		13,236		12,945		26,181
Travel and automobile		367		462		829		(721)		898		177
	\$	<u>751,405</u>	\$	<u>324,818</u>	\$	<u>1,076,223</u>	\$	<u>719,084</u>	\$	<u>315,602</u>	\$	<u>1,034,686</u>