



Financial Statements

HOPE International Development Agency

December 31, 2023

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# Independent Auditor's Report

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To the Board of Directors of  
HOPE International Development Agency

## 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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 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.

## 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 10, 2024

Chartered Professional Accountants

# HOPE International Development Agency

## Statement of Financial Position

| December 31                                       | Unrestricted Fund | Project Specific Fund | Board Restricted Fund | Total 2023          | Unrestricted Fund   | Project Specific Fund | Board Restricted Fund | Total 2022          |
|---|-------------------|-----------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| <b>Assets</b>                                     |                   |                       |                       |                     |                     |                       |                       |                     |
| Current   |                   |                       |                       |                     |                     |                       |                       |                     |
| Cash  | \$ 333,257        | \$ 672,858            | \$ 875,989            | \$ 1,882,104        | \$ 1,574,119        | \$ 684,477            | \$ 23,989             | \$ 2,282,585        |
| Short-term investments (Note 3)                   | -                 | -                     | 500,000               | 500,000             | -                   | -                     | 2,000,000             | 2,000,000           |
| Government receivables                            | 10,797            | -                     | -                     | 10,797              | 9,476               | -                     | -                     | 9,476               |
| Accounts receivable (Note 4)                      | 14,870            | 1,255,510             | -                     | 1,270,380           | 34,748              | 290,593               | -                     | 325,341             |
| Prepaid expenses                                  | 115,631           | -                     | -                     | 115,631             | 270,569             | -                     | -                     | 270,569             |
|   | <u>474,555</u>    | <u>1,928,368</u>      | <u>1,375,989</u>      | <u>3,778,912</u>    | <u>1,888,912</u>    | <u>975,070</u>        | <u>2,023,989</u>      | <u>4,887,971</u>    |
| Tangible capital assets (Note 5)                  | <u>26,020</u>     | <u>-</u>              | <u>-</u>              | <u>26,020</u>       | <u>29,342</u>       | <u>-</u>              | <u>-</u>              | <u>29,342</u>       |
|   | <u>\$ 500,575</u> | <u>\$ 1,928,368</u>   | <u>\$ 1,375,989</u>   | <u>\$ 3,804,932</u> | <u>\$ 1,918,254</u> | <u>\$ 975,070</u>     | <u>\$ 2,023,989</u>   | <u>\$ 4,917,313</u> |
| <b>Liabilities</b>                                |                   |                       |                       |                     |                     |                       |                       |                     |
| Current   |                   |                       |                       |                     |                     |                       |                       |                     |
| Accounts payable and accrued liabilities (Note 6) | \$ 184,148        | \$ 1,255,510          | \$ -                  | \$ 1,439,658        | \$ 288,008          | \$ -                  | \$ -                  | \$ 288,008          |
| <b>Net assets</b>                                 |                   |                       |                       |                     |                     |                       |                       |                     |
| Unrestricted                                      | 290,407           | -                     | -                     | 290,407             | 1,600,904           | -                     | -                     | 1,600,904           |
| Restricted/designated                             | -                 | 672,858               | 1,375,989             | 2,048,847           | -                   | 975,070               | 2,023,989             | 2,999,059           |
| Invested in tangible capital assets               | <u>26,020</u>     | <u>-</u>              | <u>-</u>              | <u>26,020</u>       | <u>29,342</u>       | <u>-</u>              | <u>-</u>              | <u>29,342</u>       |
|   | <u>316,427</u>    | <u>672,858</u>        | <u>1,375,989</u>      | <u>2,365,274</u>    | <u>1,630,246</u>    | <u>975,070</u>        | <u>2,023,989</u>      | <u>4,629,305</u>    |
|   | <u>\$ 500,575</u> | <u>\$ 1,928,368</u>   | <u>\$ 1,375,989</u>   | <u>\$ 3,804,932</u> | <u>\$ 1,918,254</u> | <u>\$ 975,070</u>     | <u>\$ 2,023,989</u>   | <u>\$ 4,917,313</u> |

On behalf of the board

 Director
  Director

See accompanying notes to the financial statements.

## 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 2023          | Unrestricted Fund   | Project Specific Fund | Board Restricted Fund | Total 2022          |
|--|-------------------|-----------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| <b>Program revenue and support</b>                       |                   |                       |                       |                     |                     |                       |                       |                     |
| Public donations   | \$ 2,900,271      | \$ 438,237            | \$ -                  | \$ 3,338,508        | \$ 3,134,394        | \$ 1,352,830          | \$ -                  | \$ 4,487,224        |
| Donations of gifts-in-kind                               | -                 | 7,010,553             | -                     | 7,010,553           | -                   | 5,441,366             | -                     | 5,441,366           |
| Global Affairs Canada ("GAC")                            | -                 | 2,680,991             | -                     | 2,680,991           | -                   | 470,855               | -                     | 470,855             |
| Provincial government grants                             | -                 | 32,872                | -                     | 32,872              | -                   | 80,943                | -                     | 80,943              |
| Other  | 127,255           | -                     | -                     | 127,255             | 102,549             | -                     | -                     | 102,549             |
|  | <u>3,027,526</u>  | <u>10,162,653</u>     | <u>-</u>              | <u>13,190,179</u>   | <u>3,236,943</u>    | <u>7,345,994</u>      | <u>-</u>              | <u>10,582,937</u>   |
| <b>Program costs</b>                                     |                   |                       |                       |                     |                     |                       |                       |                     |
| Information to and education of Canadian public          | 933,380           | -                     | -                     | 933,380             | 701,177             | -                     | -                     | 701,177             |
| Overseas development programs                            | -                 | 13,629,771            | -                     | 13,629,771          | -                   | 10,503,807            | -                     | 10,503,807          |
| Administration and other operating expenses (Schedule 1) | 891,059           | -                     | -                     | 891,059             | 998,540             | -                     | -                     | 998,540             |
|  | <u>1,824,439</u>  | <u>13,629,771</u>     | <u>-</u>              | <u>15,454,210</u>   | <u>1,699,717</u>    | <u>10,503,807</u>     | <u>-</u>              | <u>12,203,524</u>   |
| (Deficiency) of revenues over expenses                   | 1,203,087         | (3,467,118)           | -                     | (2,264,031)         | 1,537,226           | (3,157,813)           | -                     | (1,620,587)         |
| Net assets, beginning of year                            | 1,630,246         | 975,070               | 2,023,989             | 4,629,305           | 2,387,311           | 1,838,592             | 2,023,989             | 6,249,892           |
| Transfers  | -                 | 648,000               | (648,000)             | -                   | -                   | -                     | -                     | -                   |
| Designated to projects                                   | (2,516,906)       | 2,516,906             | -                     | -                   | (2,294,291)         | 2,294,291             | -                     | -                   |
| Net assets, end of year                                  | <u>\$ 316,427</u> | <u>\$ 672,858</u>     | <u>\$ 1,375,989</u>   | <u>\$ 2,365,274</u> | <u>\$ 1,630,246</u> | <u>\$ 975,070</u>     | <u>\$ 2,023,989</u>   | <u>\$ 4,629,305</u> |

See accompanying notes to the financial statements.

# HOPE International Development Agency

## Statement of Cash Flows

| Year ended December 31                        | 2023                | 2022                |
|---|---------------------|---------------------|
| Cash derived from (applied to)                |                     |                     |
| <b>Operating activities</b>                   |                     |                     |
| (Deficiency) of revenues over expenses        | \$ (2,264,031)      | \$ (1,620,587)      |
| Items not involving cash                      |                     |                     |
| Amortization of tangible capital assets       | <u>15,221</u>       | <u>15,324</u>       |
|   | (2,248,810)         | (1,605,263)         |
| Change in non-cash working capital balances   |                     |                     |
| Government receivables                        | (1,321)             | 367                 |
| Accounts receivable                           | (945,039)           | (324,307)           |
| Prepaid expenses                              | 154,938             | (240,946)           |
| Accounts payable and accrued liabilities      | <u>1,151,650</u>    | <u>130,279</u>      |
|   | <u>(1,888,582)</u>  | <u>(2,039,870)</u>  |
| <b>Investing activities</b>                   |                     |                     |
| Acquisition of tangible capital assets        | (11,899)            | (11,547)            |
| Disposal (purchase) of short-term investments | <u>1,500,000</u>    | <u>(1,958,820)</u>  |
|   | <u>1,488,101</u>    | <u>(1,970,367)</u>  |
| <b>Decrease in cash during the year</b>       | <b>(400,481)</b>    | <b>(4,010,237)</b>  |
| Cash, beginning of year                       | <u>2,282,585</u>    | <u>6,292,822</u>    |
| Cash, end of year                             | <u>\$ 1,882,104</u> | <u>\$ 2,282,585</u> |

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2023

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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).

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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 when received or receivable.

Unrestricted grants and donations are recognized as revenue of the unrestricted fund when received or receivable.

Grants and donations 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.

The Unrestricted Fund includes the Agency's general activities. Expenses related to administrative activities are reported in this fund. The Agency's tangible capital assets are also recorded in this fund.



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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2023

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### 2. Significant accounting policies (continued)

The Project Specific Fund includes the Agency's restricted activities for projects. Contributions with external restrictions are reported in this fund. This fund also includes amounts that have been internally designated for use in specific projects.

The Board Restricted Fund represents amounts which have been internally designated by the Board for future investment.

#### 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, short term investments and receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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.

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.

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2023

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### 2. Significant accounting policies (continued)

#### 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. Short-term investments

The Agency's short-term investments include GICs held at Royal Bank of Canada with interest rates ranging from 4.84% to 4.85%.

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### 4. Accounts receivable

Included in accounts receivable is funding receivable from Global Affairs Canada in the amount of \$1,255,510 (2022 - \$290,593).

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### 5. Tangible capital assets

|                         |                   |                                     | <u>2023</u>               | <u>2022</u>               |
|-------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|
|                         | <u>Cost</u>       | <u>Accumulated<br/>Amortization</u> | <u>Net<br/>Book Value</u> | <u>Net<br/>Book Value</u> |
| Computer equipment      | \$ 162,570        | \$ 146,430                          | \$ 16,140                 | \$ 20,092                 |
| Furniture and equipment | 68,223            | 58,343                              | 9,880                     | 9,250                     |
|                         | <u>\$ 230,793</u> | <u>\$ 204,773</u>                   | <u>\$ 26,020</u>          | <u>\$ 29,342</u>          |

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### 6. Accounts payable and accrued liabilities

Included in accounts payable is funding to be provided to overseas local partners in the amount of \$1,255,510 (2022 - \$nil) for expenditures incurred to December 31, 2023.

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2023

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### 7. Pension plan

During the year, the Agency made contributions of \$48,033 (2022 - \$36,305) to a defined contribution pension plan on behalf of employees.

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### 8. Financial instruments

#### Fair values

The carrying amounts of financial assets measured at amortized cost are \$3,652,484 as at December 31, 2023 (2022 - \$4,607,926).

The carrying amounts of financial liabilities measured at amortized cost are \$1,439,658 as at December 31, 2023 (2022 - \$288,008).

#### 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 subject to CDIC coverage. There has been no change to the risk exposure from 2022.

#### 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-term investments. There has been no change to the risk exposure from 2022.

#### 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 2022.

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### 9. Allocation of expenses

Administrative and other operating expenses reported in the statement of operations of \$891,059 (2022 - \$998,540) are reported after an allocation of \$267,482 (2022 - \$155,205) to overseas development programs expenses, which represents the administrative and overhead costs of supporting those programs.

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# HOPE International Development Agency

## Notes to the Financial Statements

December 31, 2023

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### 10. Commitments

The Agency has entered into a lease agreement that commenced on December 1, 2022 and is set to expire on November 30, 2027. The minimum lease payments over the next four years are as follows:

|      |    |                       |
|------|----|-----------------------|
| 2024 | \$ | 93,446                |
| 2025 |    | 94,218                |
| 2026 |    | 94,990                |
| 2027 |    | <u>87,722</u>         |
|      | \$ | <u><b>370,376</b></u> |

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## Schedule 1

## HOPE International Development Agency Administration and Other Operating Expenses

| Year ended December 31            | 2023              | 2022       |
|-----------------------------------|-------------------|------------|
| Amortization expense              | \$ 15,221         | \$ 15,324  |
| Bank and processing fees          | 68,318            | 75,393     |
| Board expenses                    | 24,692            | 10,086     |
| Communication                     | 23,278            | 23,213     |
| Consulting fees                   | 51,704            | 32,434     |
| Dues, memberships and conferences | 6,540             | 9,413      |
| Insurance                         | 19,060            | 17,856     |
| Office and equipment rental       | 15,754            | 15,513     |
| Office expenses                   | 20,800            | 17,262     |
| Office rent                       | 94,991            | 62,927     |
| Personnel costs                   | 686,225           | 728,322    |
| Postage and mailing costs         | 70,315            | 79,396     |
| Professional fees                 | 5,244             | 34,161     |
| Property taxes and utilities      | 8,035             | 7,484      |
| Repairs and maintenance           | 39,882            | 23,386     |
| Travel and automobile             | 8,482             | 1,575      |
|                                   | <b>1,158,541</b>  | 1,153,745  |
| Administration fee (Note 9)       | <b>(267,482)</b>  | (155,205)  |
| Total                             | <b>\$ 891,059</b> | \$ 998,540 |