

**HOPE WORLDWIDE OF CANADA**

**Financial Statements**

**December 31, 2013**

**HOPE WORLDWIDE OF CANADA**  
**Index to Financial Statements**  
**December 31, 2013**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenses	5 - 6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of HOPE WORLDWIDE OF CANADA

We have audited the accompanying financial statements of HOPE WORLDWIDE OF CANADA, which comprise the statement of financial position as at December 31, 2013 and the statements of changes in net assets and cash flows 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 audit opinion.

(continues)

Independent Auditor's Report to the Members of HOPE WORLDWIDE OF CANADA (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of HOPE WORLDWIDE OF CANADA as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Woodbridge, ON  
June 10, 2014

ent LLP

ENT LLP  
Certified General Accountants  
Licensed Public Accountants

**HOPE WORLDWIDE OF CANADA**  
**Statement of Financial Position**  
**As at December 31, 2013**

	2013	2012
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 6)	\$ 57,389	\$ 60,103
Cash designated for externally restricted funds (Note 6)	82,728	60,339
Advances receivable	-	1,542
HST recoverable	2,052	971
	<u>\$ 142,169</u>	<u>\$ 122,955</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 5,746	\$ 4,662
Due to project designates	3,899	50,399
	<u>9,645</u>	<u>55,061</u>
<b>NET ASSETS</b>		
Unrestricted fund	49,796	53,316
Restricted -Moscow Orphans Fund	8,727	3,174
Restricted - Disaster Relief Fund	74,001	11,404
	<u>132,524</u>	<u>67,894</u>
	<u>\$ 142,169</u>	<u>\$ 122,955</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

See notes to financial statements

**HOPE WORLDWIDE OF CANADA**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2013**

	Unrestricted Fund	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2013	2012
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 53,316	\$ 3,174	\$ 11,404	\$ 67,894	\$ 44,481
Excess of receipts over disbursements	(3,520)	5,553	62,597	64,630	23,413
<b>NET ASSETS - END OF YEAR</b>	\$ 49,796	\$ 8,727	\$ 74,001	\$ 132,524	\$ 67,894

See notes to financial statements

**HOPE WORLDWIDE OF CANADA**  
**Statement of Revenues and Expenses**  
**Year Ended December 31, 2013**

	Unrestricted Funds	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2013 Total	2012 Total
<b>RECEIPTS</b>					
Foundations	\$ -	\$ 100,000	\$ -	100,000	93,000
Disaster Relief	-	-	89,879	89,879	15,550
Other charities - general	18,051	-	-	18,051	4,568
Corporations	5,220	-	-	5,220	1,000
Donations	4,617	-	-	4,617	3,269
Fund raising Events	3,223	-	-	3,223	9,531
Donations - other sources	-	3,019	-	3,019	4,022
Administration allocation income	-	-	-	-	8,162
	31,111	103,019	89,879	224,009	139,102
<b>DISBURSEMENTS</b>					
<b>PROGRAMS</b>					
Moscow old friends/soup kitchen	-	97,080	-	97,080	93,000
Disaster relief	-	-	27,282	27,282	4,146
Program Expenses	9,958	-	-	9,958	2,230
Program Verification	-	386	-	386	999
Community projects	-	-	-	-	700
	9,958	97,466	27,282	134,706	101,075
<b>FUNDRAISING AND ADMINISTRATION</b>					
Professional fees	10,197	-	-	10,197	4,759
Conferences/seminars	8,485	-	-	8,485	-
Fund raising expenses	2,492	-	-	2,492	5,440
Insurance	1,960	-	-	1,960	1,931
Office and general expenses	1,316	-	-	1,316	2,367
Benevolence	150	-	-	150	-
Website expense	73	-	-	73	117
	24,673	-	-	24,673	14,614
	34,631	97,466	27,282	159,379	115,689

(continues)

See notes to financial statements

HOPE WORLDWIDE OF CANADA  
**Statement of Revenues and Expenses** *(continued)*  
**Year Ended December 31, 2013**

	Unrestricted Funds	Restricted - Moscow Orphans Fund	Restricted - Disaster Relief Fund	2013 Total	2012 Total
<b>Excess (deficiency) of disbursements over receipts</b>	\$ (3,520)	\$ 5,553	\$ 62,597	\$ <b>64,630</b>	\$ 23,413

See notes to financial statements



**HOPE WORLDWIDE OF CANADA**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>OPERATING ACTIVITIES</b>		
Excess of receipts over disbursements	<b>\$ 64,630</b>	<b>\$ 23,413</b>
Changes in non-cash working capital:		
Accounts receivable	-	1,430
Advances receivable	1,542	(468)
HST recoverable	(1,081)	494
Accounts payable	1,084	(2,181)
Due to project designates	(46,500)	15,153
	<b>(44,955)</b>	14,428
<b>INCREASE IN CASH FLOW</b>	<b>19,675</b>	<b>37,841</b>
Cash - beginning of year	<b>120,442</b>	<b>82,601</b>
<b>CASH - END OF YEAR (Note 6)</b>	<b>\$ 140,117</b>	<b>\$ 120,442</b>

See notes to financial statements

# HOPE WORLDWIDE OF CANADA

## Notes to Financial Statements

December 31, 2013

---

### 1. DESCRIPTION OF BUSINESS

Hope Worldwide of Canada ("HOPE") was incorporated in November 1993 under Part III of the Corporations Act of Ontario, by letters patent. It is an Ontario not-for-profit corporation created without share capital and is a registered charity under the Income Tax Act of Canada. The organization's 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 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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Fund accounting

Hope Worldwide of Canada follows the restricted fund method of accounting for contributions.

The financial statements separately disclose the activities of the following funds: Unrestricted operating; Restricted - Moscow fund & Restricted Disaster fund. The Unrestricted Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted purpose gifts. In accordance with the HOPE Board policy, the Unrestricted Fund also includes an allocation of administration which is a transfer from the Restricted funds at the following rates: 5% Disaster Relief & 7% Moscow, 10% World Day of Giving, to ensure that donors of both unrestricted and restricted funds contribute to the operations of Hope Worldwide of Canada.

The Restricted Fund reflects those resources that are externally restricted.

#### Cash

Cash are monies that are readily available for use by the Board of Directors.

*(continues)*

## HOPE WORLDWIDE OF CANADA

### Notes to Financial Statements

December 31, 2013

---

#### 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 of 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 of 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 includes 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 company'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.

##### Revenue recognition

Hope Worldwide of 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.

##### 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

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

*(continues)*

**HOPE WORLDWIDE OF CANADA**  
**Notes to Financial Statements**  
**December 31, 2013**

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

3. RESTRICTED FUNDS

The principle funds are as follows:

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 of 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. Effective, February 1, 2010 a contract for services was agreed to between HOPE Worldwide of Canada and HOPE Worldwide LTD. (USA) for the purpose of performing charitable services.

4. DUE TO PROJECT DESIGNATES

These monies are allocated to Moscow Orphans and Soup Kitchen and were sent to Moscow in the following year.

5. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, advances receivable, other assets, accounts payable and accruals. 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. CASH

	<u>2013</u>	<u>2012</u>
Cash	\$ 57,389	\$ 60,103
Cash designated for externally restricted funds	82,728	60,339
	<u>\$ 140,117</u>	<u>\$ 120,442</u>

7. INCOME TAXES

Hope Worldwide of Canada is exempt from corporate income tax under section 148 of the Income Tax Act.