

WORLD HOPE INTERNATIONAL, (CANADA) INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

McKECHNIE & Co.
CHARTERED ACCOUNTANTS

McKECHNIE & Co.

Suite 500, 1390 Prince of Wales Drive
Ottawa, Ontario, K2C 3N6

INDEPENDENT AUDITOR'S REPORT

To the Members of
World Hope International, (Canada) Inc.

We have audited the accompanying financial statements of World Hope International, (Canada) Inc., which comprise the statement of financial position as at December 31, 2013 and the statements of operations, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, World Hope International, (Canada) Inc. derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Our verification of these revenues was limited to the amounts recorded in the records of World Hope International, (Canada) Inc. Therefore, we were not able to determine whether any

adjustments might be necessary to donation revenue excess of revenue over expenditure, and cash flows from operations for the year ended December 31, 2013, current assets and net assets as at December 31, 2013.

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 World Hope International, (Canada) Inc. 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.



Chartered Accountants, Licensed Public Accountant

Ottawa, Ontario
April 3, 2014

WORLD HOPE INTERNATIONAL, (CANADA) INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

ASSETS

	<u>2013</u>	<u>2012</u>
Current		
Cash	\$ 89,861	\$ 271,617
Grants receivable	37,893	0
HST recoverable	4,655	5,235
Prepaid expenses	2,817	19,149
	<u>135,226</u>	<u>296,001</u>
Capital assets (notes 2 and 4)	<u>3,968</u>	<u>3,210</u>
	<u>\$ 139,194</u>	<u>\$ 299,211</u>

LIABILITIES AND NET ASSETS

Current		
Bank loan (note 6)	\$ 25,000	\$ 20,000
Accounts payable and accrued liabilities	29,237	30,028
Government remittances payable	3,037	1,210
Deferred contributions (note 7)	81,317	247,835
	<u>138,591</u>	<u>299,073</u>
Net assets		
Unrestricted net assets	<u>603</u>	<u>138</u>
	<u>\$ 139,194</u>	<u>\$ 299,211</u>

On behalf of the Board:



Director



Director

(See accompanying notes to the financial statements)

WORLD HOPE INTERNATIONAL, (CANADA) INC.
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Revenue		
Grants from CIDA	\$ 334,992	\$ 326,347
Donations	493,021	445,153
Other revenue	77,607	23,928
	<u>905,620</u>	<u>795,428</u>
Expenditure		
Administrative	8,933	13,558
Amortization	1,742	1,097
Fundraising	14,770	9,328
General	22,408	26,608
Office	19,318	31,636
Payroll	158,701	130,754
Project and program costs	679,283	560,381
	<u>905,155</u>	<u>773,362</u>
Excess of revenue over expenditure for the year	465	22,066
Net assets (deficit), beginning of year	<u>138</u>	<u>(21,928)</u>
Net assets, end of year	<u>\$ 603</u>	<u>\$ 138</u>

(See accompanying notes to the financial statements)

WORLD HOPE INTERNATIONAL, (CANADA) INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Operating, capital and project activities		
Excess of revenue over expenditure for the year	\$ 465	\$ 22,066
Item not involving an outlay of cash		
Amortization	<u>1,742</u>	<u>1,097</u>
	2,207	23,163
Change in non-cash working capital		
Bank loan	5,000	(8,750)
Grants receivable	(37,893)	1,407
HST recoverable	580	341
Prepaid expenses	16,332	618
Accounts payable and accrued liabilities	(791)	(14,991)
Government remittances payable	1,827	(3,153)
Deferred contributions	<u>(166,518)</u>	<u>200,041</u>
	<u>(179,256)</u>	<u>198,676</u>
Investing activities		
Purchase of capital assets (net)	<u>(2,500)</u>	<u>(733)</u>
Change of cash during the year	(181,756)	197,943
Cash, beginning of year	<u>271,617</u>	<u>73,674</u>
Cash, end of year	<u>\$ 89,861</u>	<u>\$ 271,617</u>

(See accompanying notes to the financial statements)

WORLD HOPE INTERNATIONAL, (CANADA) INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. Purpose and Activities

World Hope International, (Canada) Inc. is incorporated, without share capital, under the Companies Act of the Province of New Brunswick and is a registered charitable organization exempt from income taxes in accordance with the Income Tax Act of Canada. The organization partners with individuals and organizations around the world to promote justice, encourage self-sufficiency, and inspire hope through programs such as micro-economic development, leadership and skill training, child sponsorship and community health education.

2. Significant Accounting Policies

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

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received.

Capital Assets

Capital assets are recorded at cost and presented on the financial statements net of accumulated amortization. Amortization has been calculated using the declining balance basis at the following annual rates, adjusted by one half in the year of acquisition.

Equipment	20%
Computer	30%

Financial Instrument Measurement

World Hope International, (Canada) Inc. initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, grants receivable and HST recoverable. Financial liabilities measured at amortized cost include bank loan, accounts payable and accrued liabilities and government remittances.

WORLD HOPE INTERNATIONAL, (CANADA) INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

2. Significant Accounting Policies (con't)

Use of Estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Volunteers

Volunteers have donated significant amounts of their time to the organization. Their efforts are not reflected in the accompanying financial statements as no objective basis is available to measure the value of such services.

3. Financial Instruments

The organization is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to risk at the reporting date, December 31, 2013.

Interest rate risk

The organization is exposed to interest rate risk on its floating interest rate bank loan. The limit on this loan is \$30,000 and it carries an organizational guarantee.

4. Capital Assets

	2013			2012
		Accumulated		
	Cost	Amortization	Net	Net
Furniture and equipment	\$ 7,365	\$ 3,397	\$ 3,968	\$ 1,909
Computers	2,442	2,442	0	1,301
	\$ 9,807	\$ 5,839	\$ 3,968	\$ 3,210

WORLD HOPE INTERNATIONAL, (CANADA) INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

5. Bank Loan

	<u>2013</u>	<u>2012</u>
Revolving, prime plus 1.5% operating loan	<u>\$ 25,000</u>	<u>\$ 20,000</u>

6. Deferred Contributions

	<u>2013</u>	<u>2012</u>
Deferred contributions, beginning of year	\$ 247,835	\$ 47,794
Amounts taken into income during the year	(247,835)	(47,794)
Amounts received and not spent during the year	<u>81,317</u>	<u>247,835</u>
Deferred contributions, end of year	<u>\$ 81,317</u>	<u>\$ 247,835</u>

Deferred contributions consists of externally restricted contributions for specified projects which were not expended at year end.

7. Commitments

The organization is committed under a lease agreement for office space until October 31, 2014 in the amount of \$8,232.

8. Prior Year's Comparative Figures

The prior year's comparative figures have been regrouped to conform to the current year's method of presentation.