

WORLD HOPE INTERNATIONAL, (CANADA) INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014 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.

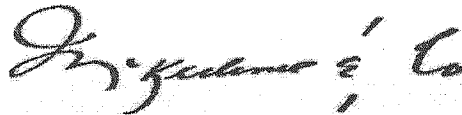
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 Internal, (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, 2014, current assets and net assets as at December 31, 2014.

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, 2014, 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 23, 2015

WORLD HOPE INTERNATIONAL, (CANADA) INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

ASSETS

	<u>2014</u>	<u>2013</u>
Current		
Cash	\$ 68,407	\$ 89,861
Grants receivable	0	37,893
Contributions receivable	21,771	0
HST recoverable	4,911	4,655
Prepaid expenses	6,002	2,817
	<u>101,091</u>	<u>135,226</u>
Capital assets (notes 2 and 4)	<u>3,961</u>	<u>3,968</u>
	<u>\$ 105,052</u>	<u>\$ 139,194</u>

LIABILITIES AND DEFICIENCY IN NET ASSETS

Current		
Bank loan (note 5)	\$ 0	\$ 25,000
Accounts payable and accrued liabilities	25,174	29,237
Government remittances payable	3,000	3,037
Deferred contributions (note 6)	108,448	81,317
	<u>136,622</u>	<u>138,591</u>
Deficiency in net assets		
Unrestricted	<u>(31,570)</u>	<u>603</u>
	<u>\$ 105,052</u>	<u>\$ 139,194</u>

Capital Management (note 7)

On behalf of the Board:

Director

Director

(See accompanying notes to the financial statements)

WORLD HOPE INTERNATIONAL, (CANADA) INC.
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Grants from CIDA	\$ 434,423	\$ 334,992
Donations	497,675	493,021
Other revenue	<u>66,047</u>	<u>77,607</u>
	<u>998,145</u>	<u>905,620</u>
Expenditure		
Administrative	7,995	8,933
Amortization	929	1,742
Fundraising	19,318	14,770
General	23,371	22,408
Office	23,417	19,318
Personnel	163,060	158,701
Project and program costs	<u>792,228</u>	<u>679,283</u>
	<u>1,030,318</u>	<u>905,155</u>
(Deficiency) excess of revenue over expenditure for the year	(32,173)	465
Net assets, beginning of year	<u>603</u>	<u>138</u>
Deficiency in net assets, end of year	<u>\$ (31,570)</u>	<u>\$ 603</u>

(See accompanying notes to the financial statements)

WORLD HOPE INTERNATIONAL, (CANADA) INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Operating, capital and project activities		
(Deficiency) excess of revenue over expenditure for the year	\$ (32,173)	\$ 465
Item not involving an outlay of cash		
Amortization	929	1,742
	<u>(31,244)</u>	<u>2,207</u>
Change in non-cash working capital		
Bank loan	(25,000)	5,000
Grants receivable	37,893	(37,893)
Contributions receivable	(21,771)	0
HST recoverable	(256)	580
Prepaid expenses	(3,185)	16,332
Accounts payable and accrued liabilities	(4,063)	(791)
Government remittances payable	(37)	1,827
Deferred contributions	27,131	(166,518)
	<u>(20,532)</u>	<u>(179,256)</u>
Investing activities		
Purchase of capital assets (net)	<u>(922)</u>	<u>(2,500)</u>
Change of cash during the year	(21,454)	(181,756)
Cash, beginning of year	<u>89,861</u>	<u>271,617</u>
Cash, end of year	<u>\$ 68,407</u>	<u>\$ 89,861</u>

(See accompanying notes to the financial statements)

WORLD HOPE INTERNATIONAL, (CANADA) INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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 straight line method as follows:

Equipment	10 years
Computer	2 years

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, contributions receivable and HST recoverable. Financial liabilities measured at amortized cost include bank loan, accounts payable and accrued liabilities and government remittances payable.

WORLD HOPE INTERNATIONAL, (CANADA) INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014.

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

	2014			2013
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 5,000	\$ 1,500	\$ 3,500	\$ 3,968
Computers	922	461	461	0
	<u>\$ 5,922</u>	<u>\$ 1,961</u>	<u>\$ 3,961</u>	<u>\$ 3,968</u>

WORLD HOPE INTERNATIONAL, (CANADA) INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

5. Bank Loan

	<u>2014</u>	<u>2013</u>
Revolving, prime plus 1.5% operating loan	<u>\$ 0</u>	<u>\$ 25,000</u>

6. Deferred Contributions

	<u>2014</u>	<u>2013</u>
Deferred contributions, beginning of year	\$ 81,317	\$ 247,835
Amounts taken into income during the year	(81,317)	(247,835)
Amounts received and not spent during the year	<u>108,448</u>	<u>81,317</u>
Deferred contributions, end of year	<u>\$ 108,448</u>	<u>\$ 81,317</u>

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

7. Capital Management

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As of December 31, 2014, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

As at December 31, 2014, the Organization had a deficit in unrestricted net assets of \$31,570 and had loaned \$54,360 of funds from restricted contributions to cover general operating costs.

The Organization's future operations are dependent upon continued support by contributors for unrestricted donations and the organization's ability to negotiate appropriate administration fees on restricted contributions.

The Board and management are working to increase contributions, reduce costs and generate positive cash flows over the next few years.