
World Hope International, (Canada) Inc.
Financial Statements
December 31, 2015

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, 2015 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. Accordingly, 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 expense, and cash flows from operations for the year ended December 31, 2015, current assets, current liabilities and net assets as at December 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matters 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, 2015, 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.

A handwritten signature in black ink, appearing to read "J. K. ... & Co." with a stylized flourish at the end.

Chartered Professional Accountants, Licensed Public Accountant

Ottawa, ON
August 18, 2016

World Hope International, (Canada) Inc.
Statement of Financial Position
As at December 31, 2015

	2015	2014
Assets		
Current		
Cash	\$ 53,290	\$ 68,407
Contributions and grants receivable	62,604	21,771
HST recoverable	6,383	4,911
Prepaid expenses	3,265	6,002
	<hr/>	<hr/>
	125,542	101,091
Capital assets (notes 2 and 4)	3,000	3,961
	<hr/>	<hr/>
	\$ 128,542	\$ 105,052

Liabilities and Net Assets

Current		
Bank loan (note 5)	\$ 28,500	\$ 0
Accounts payable and accrued liabilities	29,703	25,174
Government remittances payable	6,140	3,000
Loan payable (note 6)	59,000	0
Deferred contributions (note 7)	32,950	108,448
	<hr/>	<hr/>
	156,293	136,622
Net Assets		
Unrestricted	(27,751)	(31,570)
	<hr/>	<hr/>
	\$ 128,542	\$ 105,052

Commitments (note 8)

On behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements

World Hope International, (Canada) Inc.
Statement of Operations and Changes in Net Assets
For the year ended December 31, 2015

	2015	2014
Revenue		
Grants from CIDA	\$ 278,095	\$ 434,423
Donations	698,398	497,675
Other revenue	34,684	66,047
	<u>1,011,177</u>	<u>998,145</u>
Expense		
Administrative	8,132	7,995
Amortization	961	929
Fundraising	36,299	19,318
General	23,771	23,371
Office	25,957	23,417
Personnel	186,458	163,060
Project and program costs	725,780	792,228
	<u>1,007,358</u>	<u>1,030,318</u>
Excess (deficiency) of revenue over expenditure for the year	3,819	(32,173)
(Deficiency in) net assets, beginning of year	<u>(31,570)</u>	603
(Deficiency in) net assets, end of year	<u>\$ (27,751)</u>	<u>\$ (31,570)</u>

See accompanying notes to the financial statements

World Hope International, (Canada) Inc.**Statement of Cash Flows****For the year ended December 31, 2015****2015****2014**

Operating activities

(Deficiency) excess of revenue over expense for the year \$ 3,819 \$ (32,173)

Add item not requiring an outlay of cash

Amortization 961 929

4,780 (31,244)

Change in non-cash working capital

Bank loan 28,500 (25,000)

Contributions and grants receivable (40,833) 16,122

HST recoverable (1,472) (256)

Prepaid expenses 2,737 (3,185)

Accounts payable and accrued liabilities 4,529 (4,063)

Government remittances payable 3,140 (37)

Deferred contributions (75,498) 27,131

(74,117) (20,532)

Financing activities

Loan payable 59,000 0

Investing activities

Purchase of capital assets (net) 0 (922)

Increase in cash during the year

(15,117) (21,454)

Cash, beginning of year

68,407 89,861

Cash, end of year

\$ 53,290 \$ 68,407

See accompanying notes to the financial statements

World Hope International, (Canada) Inc.

Notes to the Financial Statements

December 31, 2015

1. Purpose and Activities

World Hope International, (Canada) Inc. is incorporated, without share capital, under the Companies Act of the Province of New Brunswick. The organization is a registered charity under the Income Tax Act and as such is exempt from income tax.

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 and include the following significant accounting policies.

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 expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income includes fundraising and partnership revenue.

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives using the straight line method as follows:

Furniture and equipment	10 years
Computer	2 years

In the year of acquisition only one-half the annual amortization is recorded. A gain or loss on disposal of individual assets is recognized in the statement of operations in the year of disposal.

Volunteers

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

World Hope International, (Canada) Inc.
Notes to the Financial Statements
December 31, 2015

2. Significant Accounting Policies (con't)

Use of Estimates

In preparing the organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

Foreign Exchange

The organization uses the temporal method to translate assets, liabilities, revenue and expense denominated in a foreign currency. Monetary items are adjusted to reflect the exchange rate in effect at the date of the statement of financial position. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate for the year. Exchange gains and losses are included in the statement of operations.

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

3. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Furniture and equipment	\$ 5,000	\$ 2,000	\$ 3,000	\$ 3,500
Computer	922	922	0	461
	<u>\$ 5,922</u>	<u>\$ 2,922</u>	<u>\$ 3,000</u>	<u>\$ 3,961</u>

World Hope International, (Canada) Inc.
Notes to the Financial Statements
December 31, 2015

4. Financial Instruments

World Hope International, (Canada) Inc. is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk at December 31, 2015.

Credit risk

The organization is exposed to credit risk with respect to its accounts receivable.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments. The organization manages its liquidity risk by constantly monitoring cash flows and financial liability maturities.

5. Bank Loan

The organization has secured a revolving line of credit facility to a maximum amount of \$30,000 of which \$28,500 (2014 - \$0) was used at December 31, 2015. Interest at an annual rate of prime plus 1.5% is charged on the outstanding balance, payable monthly.

6. Loan Payable

The loan payable bears interest at 0% and is repayable at the earlier of October 2016 or collection of grant receivable.

7. Deferred Contributions

	<u>2015</u>	<u>2014</u>
Deferred contributions, beginning of year	\$ 108,448	\$ 81,317
Amounts taken into income during the year	(108,448)	(81,317)
Amounts received and not spent during the year	32,950	108,448
Deferred contributions, end of year	<u>\$ 32,950</u>	<u>\$ 108,448</u>

World Hope International, (Canada) Inc.
Notes to the Financial Statements
December 31, 2015

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 monitoring of cash flows and actual operating results compared to the budget. As of December 31, 2015, the organization has met its object of having sufficient liquid resources to meet its current obligations.

As at December 31, 2015, the organization had a deficit in unrestricted net assets of \$27,751 (2014 - \$31,570) and had loaned \$6,660 (2014 - \$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.

8. Commitments

The organization has entered into an agreement for office space until October 2018. The payments required over the next three years are as follows:

2016	-	\$13,171
2017	-	\$13,239
2018	-	\$ 4,413