

MISSIONARY VENTURES CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

MISSIONARY VENTURES CANADA
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 11



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: Missionary Ventures Canada

Qualified Opinion

We have audited the accompanying financial statements of Missionary Ventures Canada, which comprise the statement of financial position as at December 31, 2020 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 effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Missionary Ventures Canada as at December 31, 2020 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.

Basis for Qualified Opinion

In common with many not for profit organizations, the organization derives some of its revenues from cash sources, 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, net revenues over expenditures and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Missionary Ventures Canada 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 judgement 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 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 organization'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 organization'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 organization 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.



Guelph, Ontario
August 4, 2021

Chartered Professional Accountants
Licensed Public Accountants

MISSIONARY VENTURES CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	General Fund	Total Project Funds	Total 2020	Total 2019 (note 5)
ASSETS				
CURRENT				
Cash	\$ 184,099	\$ 206,136	\$ 390,235	\$ 440,311
Accounts receivable	2,096	18,447	20,543	40,547
Inventory	0	118,865	118,865	118,865
Prepaid expenses	3,545	23,218	26,763	38,332
Loan receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,138</u>
	<u>\$ 189,740</u>	<u>\$ 366,666</u>	<u>\$ 556,406</u>	<u>\$ 640,193</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 19,080	\$ (2,156)	\$ 16,924	\$ 28,192
Government remittances payable	2,393	0	2,393	2,021
Deferred contributions (note 4)	<u>0</u>	<u>281,166</u>	<u>281,166</u>	<u>354,709</u>
	<u>21,473</u>	<u>279,010</u>	<u>300,483</u>	<u>384,922</u>
NET ASSETS				
NET ASSETS	<u>168,267</u>	<u>87,656</u>	<u>255,923</u>	<u>255,271</u>
	<u>\$ 189,740</u>	<u>\$ 366,666</u>	<u>\$ 556,406</u>	<u>\$ 640,193</u>

MISSIONARY VENTURES CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Total Project Funds	Total 2020	Total 2019 (note 5)
NET ASSETS, beginning of year	\$ 143,181	\$ 112,090	\$ 255,271	\$ 147,469
Net revenues over expenditures for the year	<u>25,086</u>	<u>(24,434)</u>	<u>652</u>	<u>107,802</u>
NET ASSETS, end of year	<u>\$ 168,267</u>	<u>\$ 87,656</u>	<u>\$ 255,923</u>	<u>\$ 255,271</u>

MISSIONARY VENTURES CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Total Project Funds	Total 2020	Total 2019 (note 5)
REVENUES				
Donations	\$ 41,485	\$ 721,338	\$ 762,823	\$ 998,479
Fees received (paid)	102,927	(102,927)	0	500
Interest and other income	13,754	0	13,754	11,915
	<u>158,166</u>	<u>618,411</u>	<u>776,577</u>	<u>1,010,894</u>
EXPENDITURES				
Advertising	759	0	759	2,040
Bad debts	2,138	0	2,138	0
Bank charges	7,827	18	7,845	3,987
Insurance	2,988	0	2,988	4,306
Missionary support and remittances	0	184,997	184,997	129,616
Office	15,700	0	15,700	21,091
Postage	250	0	250	1,116
Professional fees	0	23,960	23,960	23,041
Projects	0	292,321	292,321	248,439
Rent	13,790	0	13,790	12,245
School and feeding centre support	0	8,273	8,273	6,949
Team expenses	0	93,038	93,038	230,553
Telephone	864	0	864	947
Travel	921	40,238	41,159	122,495
Wages and benefits	87,843	0	87,843	96,267
	<u>133,080</u>	<u>642,845</u>	<u>775,925</u>	<u>903,092</u>
NET REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) for the year				
	<u>\$ 25,086</u>	<u>\$ (24,434)</u>	<u>\$ 652</u>	<u>\$ 107,802</u>

MISSIONARY VENTURES CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019 (note 5)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 652	\$ 107,802
Changes in non-cash working capital		
Accounts receivable	20,004	(13,900)
Inventory	0	(118,865)
Prepaid expenses	11,569	47,131
Loan receivable	2,138	0
Accounts payable and accrued liabilities	(11,268)	(824)
Government remittances payable	372	(889)
Deferred contributions	<u>(73,543)</u>	<u>(54,709)</u>
NET DECREASE IN CASH	(50,076)	(34,254)
NET CASH, BEGINNING OF YEAR	<u>440,311</u>	<u>474,565</u>
NET CASH, END OF YEAR	<u>\$ 390,235</u>	<u>\$ 440,311</u>

MISSIONARY VENTURES CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. NATURE OF ORGANIZATION

Missionary Ventures Canada is a not for profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. Missionary Ventures Canada is exempt from income tax. Its purpose is to promote and teach the gospel of Jesus Christ to the world by facilitating missionary work through local church support, and to commission and ordain ministers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) CASH AND CASH EQUIVALENTS

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

(b) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. 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 surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) FUND ACCOUNTING

General operating fund

The general operating fund reports resources available for the organization's general operating activities.

Internally restricted project funds

The internally restricted project funds report donations received for specific projects and their related expenditures. At the completion of the project, excesses of either revenues or expenditures may be transferred to the general fund.

MISSIONARY VENTURES CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the general operating fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the general operating fund when received or receivable and collection is reasonably assured.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2020 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Currency risk

The currency risk refers to the risk that the fair value of the financial instruments or future cash flows associated with them will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The organization is exposed to currency rate risk on United States cash account balances in the amount of \$83,210 (2019 - \$85,315) and on other foreign cash account balances in the amount of \$370 (2019 - \$370).

4. DEFERRED CONTRIBUTIONS

Deferred contributions, which consist of the unexpended portion of project and bequest revenue received that relates to future periods less related expenditures, is as follows:

	2020	2019
Balance, beginning of the year	\$ 354,709	\$ 409,418
Less amount recognized as revenue in the year	(184,608)	(584,960)
Plus amount received related to the following year	<u>111,065</u>	<u>530,251</u>
Balance, end of year	<u>\$ 281,166</u>	<u>\$ 354,709</u>

MISSIONARY VENTURES CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. PRIOR PERIOD ADJUSTMENT

In the current year, it was determined that the organization had understated its project expenses in the prior year. This resulted in the net revenues over expenditures to be overstated, assets to be overstated and liabilities to be understated. This has been adjusted in the comparative figures, as follows:

Opening net assets, January 1, 2019, as previously stated	\$ 147,469
Surplus for the 2019 year, as previously stated	122,682
Increase in expenses for 2019	<u>(14,880)</u>
Restated net assets, December 31, 2019	\$ <u><u>255,271</u></u>

6. COMMITMENTS

The organization has an operating lease for the premise. Future minimum lease payments are as follows:

2021	\$ <u><u>9,518</u></u>
------	------------------------

7. MATERIAL UNCERTAINTY DUE TO NOVEL CORONAVIRUS (COVID-19)

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all programs.

8. SUBSEQUENT EVENT

Effective June 1, 2021, the organization changed its operating name to IMPACT Hope.