

MISSIONARY VENTURES CANADA
(Operating as "IMPACT Hope")
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

MISSIONARY VENTURES CANADA

(Operating as "IMPACT Hope")

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

	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, 2021 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, 2021 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 (expenditures over revenues) and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 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
September 14, 2022

Chartered Professional Accountants
Licensed Public Accountants

MISSIONARY VENTURES CANADA*(Operating as "IMPACT Hope")***STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2021**

	General Fund	Total Project Funds	Total 2021	Total 2020
ASSETS				
CURRENT				
Cash	\$ 188,724	\$ 282,682	\$ 471,406	\$ 390,235
Accounts receivable	4,296	65,470	69,766	20,543
Inventory	0	118,865	118,865	118,865
Prepaid expenses	<u>3,544</u>	<u>17,510</u>	<u>21,054</u>	<u>26,763</u>
	<u>\$ 196,564</u>	<u>\$ 484,527</u>	<u>\$ 681,091</u>	<u>\$ 556,406</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 20,907	\$ 0	\$ 20,907	\$ 16,924
Government remittances payable	2,815	0	2,815	2,393
Deferred contributions (note 4)	<u>0</u>	<u>414,567</u>	<u>414,567</u>	<u>281,166</u>
	<u>23,722</u>	<u>414,567</u>	<u>438,289</u>	<u>300,483</u>
NET ASSETS				
NET ASSETS	<u>172,842</u>	<u>69,960</u>	<u>242,802</u>	<u>255,923</u>
	<u>\$ 196,564</u>	<u>\$ 484,527</u>	<u>\$ 681,091</u>	<u>\$ 556,406</u>

MISSIONARY VENTURES CANADA

(Operating as "IMPACT Hope")

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	Total Project Funds	Total 2021	Total 2020
NET ASSETS, beginning of year	\$ 168,267	\$ 87,656	\$ 255,923	\$ 255,271
Net revenues over expenditures (expenditures over revenues) for the year	<u>4,575</u>	<u>(17,696)</u>	<u>(13,121)</u>	<u>652</u>
NET ASSETS, end of year	<u>\$ 172,842</u>	<u>\$ 69,960</u>	<u>\$ 242,802</u>	<u>\$ 255,923</u>

MISSIONARY VENTURES CANADA*(Operating as "IMPACT Hope")***STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	Total Project Funds	Total 2021	Total 2020
REVENUES				
Donations	\$ 48,264	\$ 759,549	\$ 807,813	\$ 762,823
Fees received (paid)	117,297	(119,424)	(2,127)	0
Interest and other income	385	0	385	13,754
	<u>165,946</u>	<u>640,125</u>	<u>806,071</u>	<u>776,577</u>
EXPENDITURES				
Advertising	1,091	0	1,091	759
Bad debts	0	0	0	2,138
Bank charges	11,338	0	11,338	7,845
Insurance	3,131	0	3,131	2,988
Missionary support and remittances	0	172,285	172,285	184,997
Office	24,035	0	24,035	15,700
Postage	11	0	11	250
Professional fees	0	26,102	26,102	23,960
Projects	0	449,217	449,217	292,321
Rent	12,993	0	12,993	13,790
School and feeding centre support	0	10,217	10,217	8,273
Team expenses	0	0	0	93,038
Telephone	185	0	185	864
Travel	42	0	42	41,159
Wages and benefits	108,545	0	108,545	87,843
	<u>161,371</u>	<u>657,821</u>	<u>819,192</u>	<u>775,925</u>
NET REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) for the year	<u>\$ 4,575</u>	<u>\$ (17,696)</u>	<u>\$ (13,121)</u>	<u>\$ 652</u>

MISSIONARY VENTURES CANADA*(Operating as "IMPACT Hope")***STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ (13,121)	\$ 652
Changes in non-cash working capital		
Accounts receivable	(49,223)	20,004
Prepaid expenses	5,709	11,569
Loan receivable	0	2,138
Accounts payable and accrued liabilities	3,983	(11,268)
Government remittances payable	422	372
Deferred contributions	<u>133,401</u>	<u>(73,543)</u>
NET INCREASE (DECREASE) IN CASH	81,171	(50,076)
NET CASH, BEGINNING OF YEAR	<u>390,235</u>	<u>440,311</u>
NET CASH, END OF YEAR	<u>\$ 471,406</u>	<u>\$ 390,235</u>

MISSIONARY VENTURES CANADA

(Operating as "IMPACT Hope")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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.

Effective April 7, 2021, the organization changed its operating name to IMPACT Hope.

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) INVENTORY

Supplies inventory are measured at the lower of cost and net realizable value, with cost being determined on a first-in first-out (FIFO) basis

(c) 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.

MISSIONARY VENTURES CANADA

(Operating as "IMPACT Hope")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) 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 2021 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 \$77,957 (2020 - \$83,210) and on other foreign cash account balances in the amount of \$370 (2020 - \$370).

MISSIONARY VENTURES CANADA

(Operating as "IMPACT Hope")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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:

	2021	2020
Balance, beginning of the year	\$ 281,166	\$ 354,709
Less amount recognized as revenue in the year	(1,383)	(184,608)
Plus amount received related to the following year	<u>134,784</u>	<u>111,065</u>
Balance, end of year	<u>\$ 414,567</u>	<u>\$ 281,166</u>

5. COMMITMENTS

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

2022	\$ 16,864
2023	<u>12,792</u>
	<u>\$ 29,656</u>

6. 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.