

**IMPACTHOPE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

# **IMPACTHOPE**

## **INDEX TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2023**

---

---

	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: ImpactHope

### Qualified Opinion

We have audited the accompanying financial statements of ImpactHope, which comprise the statement of financial position as at December 31, 2023 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 possible 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 ImpactHope as at December 31, 2023 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31, for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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 ImpactHope 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  
April 30, 2024

Chartered Professional Accountants  
Licensed Public Accountants

**IMPACTHOPE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	<b>General Fund</b>	<b>Total Project Funds</b>	<b>Total 2023</b>	<b>Total 2022</b>
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 24,830	\$ 380,532	\$ 405,362	\$ 334,490
Accounts receivable	3,489	104,187	107,676	93,100
Inventory	0	147,689	147,689	118,865
Prepaid expenses	2,462	12,207	14,669	30,424
Loan receivable (note 6)	<u>130,000</u>	<u>0</u>	<u>130,000</u>	<u>130,000</u>
	<u>\$ 160,781</u>	<u>\$ 644,615</u>	<u>\$ 805,396</u>	<u>\$ 706,879</u>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 38,595	\$ 7,173	\$ 45,768	\$ 26,851
Government remittances payable	0	0	0	1,892
Deferred contributions (note 5)	<u>0</u>	<u>553,064</u>	<u>553,064</u>	<u>481,560</u>
	<u>38,595</u>	<u>560,237</u>	<u>598,832</u>	<u>510,303</u>
<b>NET ASSETS</b>				
<b>NET ASSETS</b>	<u>122,186</u>	<u>84,378</u>	<u>206,564</u>	<u>196,576</u>
	<u>\$ 160,781</u>	<u>\$ 644,615</u>	<u>\$ 805,396</u>	<u>\$ 706,879</u>

**IMPACTHOPE**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>General Fund</b>	<b>Total Project Funds</b>	<b>Total 2023</b>	<b>Total 2022</b>
<b>NET ASSETS, beginning of year</b>	\$ 166,568	\$ 30,008	\$ 196,576	\$ 242,802
Net (expenditures over revenues) revenues over expenditures for the year	<u>(44,382)</u>	<u>54,370</u>	<u>9,988</u>	<u>(46,226)</u>
<b>NET ASSETS, end of year</b>	<u>\$ 122,186</u>	<u>\$ 84,378</u>	<u>\$ 206,564</u>	<u>\$ 196,576</u>

**IMPACTHOPE****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>General Fund</b>	<b>Total Project Funds</b>	<b>Total 2023</b>	<b>Total 2022</b>
<b>REVENUES</b>				
Donations	\$ 133,896	\$ 1,208,387	\$ 1,342,283	\$ 1,052,381
Fees received (paid)	146,987	(146,987)	0	0
Interest and other income	<u>3,386</u>	<u>0</u>	<u>3,386</u>	<u>166</u>
	<u>284,269</u>	<u>1,061,400</u>	<u>1,345,669</u>	<u>1,052,547</u>
<b>EXPENDITURES</b>				
Advertising	0	0	0	5,885
Bank charges	8,634	21	8,655	10,218
Gifts in kind	0	182,615	182,615	0
Insurance	6,895	0	6,895	3,208
Missionary support and remittances	0	167,634	167,634	172,643
Office	30,868	0	30,868	24,399
Printing and newsletters	0	0	0	165
Postage	3,357	0	3,357	1,777
Professional fees	30,359	0	30,359	27,486
Projects	0	459,200	459,200	611,662
Rent	17,428	0	17,428	15,114
School and feeding centre support	0	4,912	4,912	7,496
Subcontracting	43,353	0	43,353	19,904
Team expenses	0	109,156	109,156	47,129
Telephone	2,346	0	2,346	393
Travel	4,643	83,492	88,135	26,792
Wages and benefits	<u>180,768</u>	<u>0</u>	<u>180,768</u>	<u>124,502</u>
	<u>328,651</u>	<u>1,007,030</u>	<u>1,335,681</u>	<u>1,098,773</u>
<b>NET REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) for the year</b>				
	<u>\$ (44,382)</u>	<u>\$ 54,370</u>	<u>\$ 9,988</u>	<u>\$ (46,226)</u>

**IMPACTHOPE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net revenues over expenditures (expenditures over revenues) for the year	\$ 9,988	\$ (46,226)
Changes in non-cash working capital		
Accounts receivable	(14,576)	(23,334)
Inventory	(28,824)	0
Prepaid expenses	15,755	(9,370)
Accounts payable and accrued liabilities	18,917	5,944
Government remittances payable	(1,892)	(923)
Deferred contributions	71,504	66,993
	<u>70,872</u>	<u>(6,916)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Loan receivable	<u>0</u>	<u>(130,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	70,872	(136,916)
<b>NET CASH, BEGINNING OF YEAR</b>	<u>334,490</u>	<u>471,406</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 405,362</u>	<u>\$ 334,490</u>



# IMPACTHOPE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

---

---

### 1. NATURE OF ORGANIZATION

ImpactHope 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. ImpactHope 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 November 23, 2023, the organization changed its legal name to ImpactHope (previously Missionary Ventures Canada).

### 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) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management 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 the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include inventory donated to the organization. Actual results could differ from those estimates.

#### (d) 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.

# IMPACTHOPE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

---

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

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.

(e) 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.

(f) 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 2023 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:

Market risk

Market risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market prices. Some of the company's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

# IMPACTHOPE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

---

---

### 3. FINANCIAL INSTRUMENTS (continued)

#### 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 \$72,315 (2022 - \$67,986) and on other foreign cash account balances in the amount of \$370 (2022 - \$370).

### 4. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

### 5. 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:

	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 481,560	\$ 414,567
Plus amount received in the year	972,030	967,952
Less amount recognized as revenue in the year	<u>(900,526)</u>	<u>(900,959)</u>
Balance, end of year	<u>\$ 553,064</u>	<u>\$ 481,560</u>

### 6. LOAN RECEIVABLE

The organization entered into a charitable variable rate loan agreement with Link Charity Canada Inc. (Link Charity), effective April 1, 2022. The rate of return is set by the Board of Directors of Link Charity and was 1.75% as at April 1, 2022. Excess income less 0.5% administration fee is donated back to the organization annually.