

IMPACTHOPE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

IMPACTHOPE

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

	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 - 12

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, 2024 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, 2024 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 (expenditures over revenues) revenues over expenditures and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31, for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 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
May 6, 2025

Chartered Professional Accountants
Licensed Public Accountants

IMPACTHOPE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	General Fund	Total Project Funds	Total 2024	Total 2023
ASSETS				
CURRENT				
Cash	\$ 8,581	\$ 282,849	\$ 291,430	\$ 405,362
Short term investments	0	56,230	56,230	0
Accounts receivable	2,606	24,729	27,335	107,676
Inventory	0	131,664	131,664	147,689
Prepaid expenses	2,463	52,198	54,661	14,669
Loan receivable (note 8)	<u>130,000</u>	<u>0</u>	<u>130,000</u>	<u>130,000</u>
	143,650	547,670	691,320	805,396
TANGIBLE CAPITAL ASSETS (note 5)	<u>0</u>	<u>43,224</u>	<u>43,224</u>	<u>0</u>
	<u>\$ 143,650</u>	<u>\$ 590,894</u>	<u>\$ 734,544</u>	<u>\$ 805,396</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 26,120	\$ 1,468	\$ 27,588	\$ 45,768
Deferred contributions (note 7)	<u>0</u>	<u>473,876</u>	<u>473,876</u>	<u>553,064</u>
	<u>26,120</u>	<u>475,344</u>	<u>501,464</u>	<u>598,832</u>
NET ASSETS				
NET ASSETS	<u>117,530</u>	<u>115,550</u>	<u>233,080</u>	<u>206,564</u>
	<u>\$ 143,650</u>	<u>\$ 590,894</u>	<u>\$ 734,544</u>	<u>\$ 805,396</u>

IMPACTHOPE**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2024**

	General Fund	Total Project Funds	Total 2024	Total 2023
NET ASSETS, beginning of year	\$ 122,186	\$ 84,378	\$ 206,564	\$ 196,576
Net (expenditures over revenues) revenues over expenditures for the year	<u>(4,656)</u>	<u>31,172</u>	<u>26,516</u>	<u>9,988</u>
NET ASSETS, end of year	<u>\$ 117,530</u>	<u>\$ 115,550</u>	<u>\$ 233,080</u>	<u>\$ 206,564</u>

IMPACTHOPE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Total Project Funds	Total 2024	Total 2023
REVENUES				
Donations (note 6)	\$ 80,144	\$ 1,248,549	\$ 1,328,693	\$ 1,342,283
Fees received (paid)	140,898	(140,898)	0	0
Interest and other income	4,340	0	4,340	3,386
	<u>225,382</u>	<u>1,107,651</u>	<u>1,333,033</u>	<u>1,345,669</u>
EXPENDITURES				
Amortization	0	7,628	7,628	0
Bank charges	9,084	101	9,185	8,655
Gifts in kind	0	147,689	147,689	182,615
Insurance	3,325	0	3,325	6,895
Missionary support and remittances	0	124,644	124,644	167,634
Office	21,785	0	21,785	30,868
Postage	2,107	0	2,107	3,357
Professional fees	30,855	0	30,855	30,359
Projects	0	594,373	594,373	459,200
Rent	6,405	0	6,405	17,428
School and feeding centre support	0	7,158	7,158	4,912
Subcontracting	51,412	0	51,412	43,353
Team expenses	0	108,357	108,357	109,156
Telephone	1,269	0	1,269	2,346
Travel	3,853	90,538	94,391	88,135
Wages and benefits	99,943	0	99,943	180,768
	<u>230,038</u>	<u>1,080,488</u>	<u>1,310,526</u>	<u>1,335,681</u>
(DEFICIT) SURPLUS BEFORE FOREIGN EXCHANGE GAIN	<u>(4,656)</u>	<u>27,163</u>	<u>22,507</u>	<u>9,988</u>
FOREIGN EXCHANGE GAIN	<u>0</u>	<u>4,009</u>	<u>4,009</u>	<u>0</u>
NET (EXPENDITURES OVER REVENUES) REVENUES OVER EXPENDITURES for the year	<u>\$ (4,656)</u>	<u>\$ 31,172</u>	<u>\$ 26,516</u>	<u>\$ 9,988</u>

IMPACTHOPE**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net revenues over expenditures for the year	\$ 26,516	\$ 9,988
Items not requiring an outlay of cash		
Amortization	<u>7,628</u>	<u>0</u>
	34,144	9,988
Changes in non-cash working capital		
Accounts receivable	80,341	(14,576)
Inventory	16,025	(28,824)
Prepaid expenses	(39,992)	15,755
Accounts payable and accrued liabilities	(18,180)	18,917
Government remittances payable	0	(1,892)
Deferred contributions	<u>(79,188)</u>	<u>71,504</u>
	<u>(6,850)</u>	<u>70,872</u>
CASH USED IN INVESTING ACTIVITIES		
Additions to tangible capital assets	(50,852)	0
Short term investments	<u>(56,230)</u>	<u>0</u>
	<u>(107,082)</u>	<u>0</u>
NET (DECREASE) INCREASE IN CASH	(113,932)	70,872
NET CASH, BEGINNING OF YEAR	<u>405,362</u>	<u>334,490</u>
NET CASH, END OF YEAR	<u>\$ 291,430</u>	<u>\$ 405,362</u>

IMPACTHOPE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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) 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.

(b) INVESTMENTS

The organization accounts for its investments at cost less any reduction for impairment.

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Vehicles	- 30 % declining balance basis
----------	--------------------------------

Amortization is recorded at 50% of the above rates in the year of addition.

(d) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(e) 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.

(f) FINANCIAL INSTRUMENTS

Measurement of financial instruments

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

IMPACTHOPE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) FINANCIAL INSTRUMENTS (continued)

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

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized. If circumstances change, a previously recognized impairment may be reversed.

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.

(g) 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.

(h) 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.

IMPACTHOPE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

3. MATERIAL UNCERTAINTY RELATED TO TARIFFS

As of the date of these financial statements, the organization faces material uncertainty regarding the potential impact of tariffs and trade restrictions on its operations, and cost structure, particularly due to a potential impact on donations and costs of supplies. Ongoing changes in tariffs and international trade policies, particularly those implemented by major trading partners such as the United States of America, the European Union, and China, create uncertainty around pricing strategies, and supply chain logistics.

The organization recognizes that the outcome of ongoing tariff-related uncertainties and trade negotiations may materially affect its operations, financial position, and cash flows in the future if tariffs or other new trade barriers are imposed. This includes potential increases in operating costs, delays in the supply chain and disruptions in global trade resulting from increased prices. As such, there remains a material uncertainty regarding the financial impact of these tariffs, and the full extent of the potential effects on the organization cannot be reasonably estimated at this time. The organization continues to monitor and assess the evolving trade environment and is taking steps to mitigate the risks related to these potential tariffs.

4. 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 2024 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.

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 \$54,042 (2023 - \$72,315) and on other foreign cash account balances in the amount of \$370 (2023 - \$370).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2024	Net 2023
Vehicles	\$ <u>50,852</u>	\$ <u>7,628</u>	\$ <u>43,224</u>	\$ <u>0</u>

IMPACTHOPE**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2024**

6. CONTRIBUTED MATERIALS AND SERVICES

The organization has recognized the following contributed material and services in its financial statements:

	2024	2023
Contributed materials - P&G Purifier of Water Packets	\$ 131,664	\$ 147,689
Contributed materials - Aquatabs	<u>0</u>	<u>63,750</u>
	<u><u>\$ 131,664</u></u>	<u><u>\$ 211,439</u></u>

7. 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:

	2024	2023
Balance, beginning of the year	\$ 553,064	\$ 481,560
Plus amount received in the year	988,859	972,030
Less amount recognized as revenue in the year	<u>(1,068,047)</u>	<u>(900,526)</u>
Balance, end of year	<u><u>\$ 473,876</u></u>	<u><u>\$ 553,064</u></u>

8. 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.