

HOPE STORY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



**DECEMBER 31, 2023
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150 Pinebush Road, P.O. Box 880, Cambridge, Ontario N1R 5X9
p: 519.623.1870 f: 519.623.9490 w: gmpca.com



INDEPENDENT AUDITORS' REPORT

To the Members of
Hope Story

Opinion

We have audited the accompanying financial statements of **Hope Story**, which comprise the statement of financial position as at December 31, 2023, and the statements of revenue and expenditures, fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hope Story as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Hope Story 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing Hope Story's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate Hope Story or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Hope Story's financial reporting process.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 the 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 Hope Story'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 Hope Story's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Hope Story 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.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
April 27, 2024

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario



**STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2023**

	Unrestricted Fund \$	Restricted Fund \$	2023 \$	2022 \$
Revenue				
Donations	287,838	1,793,332	2,081,170	1,489,715
Investment income	20,237	4,788	25,025	24,884
Administration fees (note 7)	301,297	(301,297)		
	609,372	1,496,823	2,106,195	1,514,599
Expenditures of Restricted Funds				
Project support		936,553	936,553	1,009,818
Service teams		114,959	114,959	4,430
		1,051,512	1,051,512	1,014,248
Head Office Expenditures				
Salaries and benefits	404,054		404,054	482,080
Marketing	50,441		50,441	11,140
Office administration	87,860	869	88,729	96,043
Rent	15,778		15,778	12,000
Fundraising	38,468		38,468	28,311
Professional fees	29,208		29,208	30,075
Insurance	1,824		1,824	1,679
Amortization	4,965		4,965	2,973
	632,598	869	633,467	664,301
	632,598	1,052,381	1,684,979	1,678,549
Income (loss) before undernoted item	(23,226)	444,442	421,216	(163,950)
Gain (loss) on investments	26,478	5,076	31,554	(107,561)
Excess (deficiency) of revenue over expenditures for year	3,252	449,518	452,770	(271,511)

The explanatory financial notes form an integral part of these financial statements.



**STATEMENT OF FUND BALANCES
YEAR ENDED DECEMBER 31, 2023**

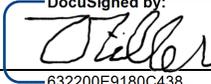
	Unrestricted Fund \$	Restricted Fund \$	2023 \$	2022 \$
Balance, beginning of year	112,246	970,784	1,083,030	1,354,541
Excess (deficiency) of revenue over expenditures for year	3,252	449,518	452,770	(271,511)
Interfund transfers (note 7)	62,977	(62,977)		
Balance, end of year (note 6)	178,475	1,357,325	1,535,800	1,083,030



**FINANCIAL POSITION
DECEMBER 31, 2023**

	2023 \$	2022 \$
ASSETS		
Cash	542,518	331,619
Short-term investments	982,872	768,268
Accounts receivable	16,610	9,686
Prepaid expenses	1,498	840
Current assets	1,543,498	1,110,413
Capital assets (note 3)	20,913	17,963
	1,564,411	1,128,376
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	28,611	45,346
FUND BALANCES		
Unrestricted fund balance (note 6)	178,475	112,246
Restricted fund balance (note 6)	1,357,325	970,784
	1,535,800	1,083,030
	1,564,411	1,128,376

APPROVED BY THE BOARD:


 _____ Director
DocuSigned by:

 _____ Director
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**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	2023 \$	2022 \$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenditures for year	452,770	(271,511)
Item not involving cash:		
Amortization	4,965	2,973
	457,735	(268,538)
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(6,924)	(1,692)
Accounts payable and accrued liabilities	(16,735)	19,756
Prepaid expenses	(658)	(1)
	433,418	(250,475)
Cash flows from investment activities:		
Decrease (increase) in short-term investments	(214,605)	338,779
Purchase of capital assets	(7,914)	(16,989)
	(222,519)	321,790
Net increase in cash	210,899	71,315
Cash, beginning of year	331,619	260,304
Cash, end of year	542,518	331,619

The explanatory financial notes form an integral part of these financial statements.



**EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

1. Nature of Business

Hope Story (formerly Kids Alive International - Canada) was incorporated without share capital by letters patent dated November 4, 1997 under the Canada Business Corporations Act and has its head office in Cambridge, Ontario, Canada. The Organization has been continued under the Canada Not-for-Profit Corporations Act. On April 3, 2017 the name of the Organization was changed from Kids Alive International - Canada to Hope Story.

Hope Story empowers local churches to give vulnerable children the support and hope they need to live an abundant life. Through its love for the Church, and commitment to share stories of transformation, Hope Story provides Canadians with an opportunity to both alleviate poverty and build the Kingdom.

As Hope Story is a registered charity under the Income Tax Act, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

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

(a) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Hope Story, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The unrestricted fund balance represents the portion of the expendable funds available for operating costs of the Organization.

The restricted fund balance represents resources contributed to the Organization which have been allocated for specific mission project costs to be incurred in future periods.

(b) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the unrestricted fund.

(c) Capital assets

The Organization amortizes capital assets using the declining-balance method at annual rates which will amortize the assets over their estimated useful lives:

Furniture and equipment	20%
Computer hardware and software	30%



EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023

2. Summary of Significant Accounting Policies (Continued)

(d) Contributed services and materials

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

(e) Financial instruments

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of operations. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(f) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

	2023	2022
	\$	\$
3. Capital Assets		
Cost		
Furniture and equipment	33,271	26,775
Computer hardware and software	30,572	29,154
	63,843	55,929
Accumulated amortization		
Furniture and equipment	17,130	13,907
Computer hardware and software	25,800	24,059
	42,930	37,966
Net Book Value	20,913	17,963

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities	22,746	36,912
Government remittances payable	5,865	8,434
	28,611	45,346



EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023

5. Lease Commitments

The Organization leases offices at 55 Fleming Dr., Cambridge, Ontario under a lease agreement that expires on August 31, 2026. The future annual lease payments including rent and utilities are as follows:

	\$
2024	18,785
2025	19,238
2026	13,032

6. Fund Balances

Restricted funds: projects

	2023 \$	2022 \$
Burkina Faso	296,394	278,987
Colombia	344,675	66,820
Zambia	132,381	101,268
Tanzania	134,563	53,590
Kenya	169,016	88,446
Nepal	397	20,282
Canada	54,312	73,641
Lebanon	37,594	53,163
Other project funds	44,244	50,059

	1,213,576	786,256
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Restricted funds: other

Scholarship funds	143,749	158,483
Undesignated		26,045

	143,749	184,528
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Total restricted funds	1,357,325	970,784
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Total unrestricted funds	178,475	112,246
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Total fund balances	1,535,800	1,083,030
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7. Administrative Fees and Interfund Transfers

During the year, \$301,297 (\$188,029 in 2022) was transferred from the Restricted Funds to the Unrestricted Fund as payment of interfund administration fees. A majority of the Restricted Funds are subject to a 15% administration fee. In addition, the Board approved net transfers of \$62,977 from the Restricted Fund to Unrestricted Fund in the year. Though initially classified by the Organization as restricted, these funds were not restricted by donors to a particular project or initiative. In 2022 \$176,803 was transferred from the Restricted Fund to Unrestricted Fund.



**EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

8. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following provides a description of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its payment obligations (accounts payable and accrued liabilities) associated with financial liabilities in a timely basis. Based on current financial results, the entity is not exposed to liquidity risk at this time.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity is exposed to credit risk with respect to its investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The entity is exposed to market risk with respect to its investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The entity is exposed to other price risk through its investments.

Hope Story mitigates some of the above noted risks through the use of an investment policy and managers whose objective is to manage and control the risk exposures within acceptable parameters while optimizing the return.

9. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.