

EXPAND HOPE FOUNDATION
Financial Statements
Year Ended December 31, 2021

HALPERT MONSMA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Expand Hope Foundation

Qualified Opinion

We have audited the financial statements of Expand Hope Foundation ("Foundation"), 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, grants, and sponsorships, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, 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 for both the 2021 and 2020 years. 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 of 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 the Foundation in accordance with 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 ASNPO, 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 Foundation'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 management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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Independent Auditor's Report To the Board of Expand Hope Foundation (*continued*)

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 judgment 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 the Foundation'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 Foundation'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 Foundation 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.

Edmonton, Alberta
June 23, 2022

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Chartered Professional Accountants

EXPAND HOPE FOUNDATION
Statement of Operations
Year Ended December 31, 2021

	2021	2020
REVENUES		
Grants	\$ 166,231	\$ 169,541
Deferred contributions recognized as revenue (reversed) <i>(Note 3)</i>	28,752	(3,442)
Interest	981	2,027
Gain (loss) on foreign exchange	1,977	(4,098)
	<u>197,941</u>	164,028
DONATIONS PAID TO FOOD FOR THE HUNGRY CANADA	<u>(28,752)</u>	-
	<u>169,189</u>	164,028
EXPENSES		
Automotive	-	10
Bank charges	119	63
Insurance	2,610	3,922
Marketing and business development	1,254	723
Office	1,252	1,094
Professional fees	6,980	10,780
Salaries and employee benefits	29,047	24,535
Utilities	1,187	1,427
	<u>42,449</u>	42,554
	<u>126,740</u>	121,474
OTHER INCOME		
Mascots Race for Hope <i>(Schedule 1)</i>	-	6,200
	<u>-</u>	<u>6,200</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 126,740</u>	<u>\$ 127,674</u>

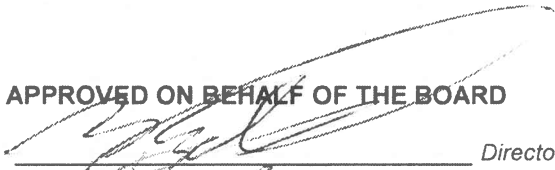
EXPAND HOPE FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2021


	<u>2021</u>	<u>2020</u>
NET ASSETS - BEGINNING OF YEAR	\$ 256,592	\$ 128,918
EXCESS OF REVENUES OVER EXPENSES	<u>126,740</u>	<u>127,674</u>
NET ASSETS - END OF YEAR	<u>\$ 383,332</u>	<u>\$ 256,592</u>

EXPAND HOPE FOUNDATION
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 776,877	\$ 619,619
Goods and services tax recoverable	545	322
Prepaid expenses	641	889
	\$ 778,063	\$ 620,830
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,743	\$ 8,660
DEFERRED CONTRIBUTIONS <i>(Note 3)</i>	385,988	355,578
	394,731	364,238
COMMITMENT <i>(Note 5)</i>		
NET ASSETS	383,332	256,592
	\$ 778,063	\$ 620,830

APPROVED ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

EXPAND HOPE FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 126,740	\$ 127,674
Changes in non-cash working capital:		
Goods and services tax recoverable	(223)	1,545
Prepaid expenses	248	1,392
Accounts payable and accrued liabilities	83	358
Deferred contributions	30,410	108,555
	<u>30,518</u>	<u>111,850</u>
INCREASE IN CASH	157,258	239,524
Cash and cash equivalents - beginning of year	<u>619,619</u>	<u>380,095</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 776,877	\$ 619,619

EXPAND HOPE FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2021

1. PURPOSE OF THE FOUNDATION

Expand Hope Foundation ("Foundation") is a not-for-profit organization incorporated under the Companies Act of Alberta.

The Foundation's objectives are to:

1. Gift to registered charities that advance education by building and operating schools in developing countries;
 2. Advance education by providing seminars to residents of Canada teaching about the importance and impact of philanthropy in developing countries;
 3. Advance education in developing countries by providing opportunities for volunteers to build schools for the benefit of the students;
 4. Undertake activities ancillary and incidental to the attainment of the aforementioned charitable purposes; and
 5. Direct 100% of all public donations into the field by having all operational costs covered by a private donor.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. Related party transactions in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Registration fees and sponsorships are recognized when received. Other revenues are recognized when earned.

Capital assets

In accordance with Canadian accounting standards for not-for-profit organizations of this size, equipment purchases are expensed in the year of acquisition.

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EXPAND HOPE FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2021

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

Donated services

The work of the Foundation is dependent on the voluntary services of many individuals. The value of donated services is not recognized in these statements.

Income taxes

The Foundation is exempt from income taxes under subsection 149(1)(l) of the Income Tax Act.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. DEFERRED CONTRIBUTIONS

Deferred contributions are donations received that relate to expenses to be incurred in subsequent years.

	Balance, beginning of year	Funds received	Applied (to) from specified builds	Recognized as revenue	Balance, end of year
Fundraising	\$ 250	\$ -	\$ -	\$ -	\$ 250
School 7	-	-	73,991	28,752	45,239
School Builds (unspecified)	355,328	59,162	(73,991)	-	340,499
	<u>\$ 355,578</u>	<u>\$ 59,162</u>	<u>\$ -</u>	<u>\$ 28,752</u>	<u>\$ 385,988</u>

4. RELATED PARTY TRANSACTIONS

The Foundation paid \$3,151 (2020 - \$2,599) to directors for expense reimbursements. Included in accounts payable and accrued liabilities is \$743 (2020 - \$659) payable to directors. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. COMMITMENT

The Foundation is committed to paying a grant of US\$22,484 towards a school build (School 7).

EXPAND HOPE FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2021

6. **FINANCIAL INSTRUMENTS**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of funds from grants.

Currency risk

Currency risk is the risk to the Foundation's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash held in US dollars (US\$180,622; 2020 - US\$102,585) and in Guatemalan quetzales (Q18,544; 2020 - Q18,544).

EXPAND HOPE FOUNDATION

Mascots Race for Hope

(Schedule 1)

Year Ended December 31, 2021

	2021	2020
REVENUES		
Proceeds on sale of trailer	\$ -	\$ 6,200
