

Hope Mission
Financial Statements
December 31, 2023

Management's Responsibility

To the Members and Directors of Hope Mission:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 26, 2024



Executive Director



Director of Finance

To the Members of Hope Mission:

Qualified Opinion

We have audited the financial statements of Hope Mission (the "Organization"), 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 Qualified Opinion

As is common with many charitable organizations, the Organization derives revenue from general donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Organization. Therefore we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses 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 the Organization 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 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 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 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 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.

Edmonton, Alberta

March 26, 2024

MNP LLP

Chartered Professional Accountants

Hope Mission
Statement of Financial Position
As at December 31, 2023

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 11,504,315 | 15,273,612 |
| Marketable securities (Note 4) | 833,578 | 102,034 |
| Accounts receivable | 266,615 | 142,828 |
| Inventory | 53,629 | 50,993 |
| Prepaid expenses and deposits | 383,834 | 365,531 |
| | 13,041,971 | 15,934,998 |
| Restricted cash (Note 3), (Note 8) | 650,050 | 341,083 |
| Capital assets (Note 5) | 71,520,985 | 63,717,007 |
| | 85,213,006 | 79,993,088 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals (Note 6) | 3,464,522 | 2,088,434 |
| Deferred revenue (Note 7) | 2,953,092 | 2,876,272 |
| | 6,417,614 | 4,964,706 |
| Deferred contributions related to capital assets (Note 8) | 33,404,294 | 34,469,376 |
| Deferred lease obligation (Note 9) | 1,350,000 | - |
| | 41,171,908 | 39,434,082 |
| Commitments (Note 10) | | |
| Subsequent events (Note 16) | | |
| Net Assets | | |
| Invested in capital assets | 37,068,463 | 29,807,653 |
| Unrestricted | 6,972,635 | 10,751,353 |
| | 44,041,098 | 40,559,006 |
| | 85,213,006 | 79,993,088 |

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Hope Mission Statement of Operations

For the year ended December 31, 2023

| | 2023 | 2022 |
|---|------------------|------------------|
| Revenue | | |
| Donations | 15,177,347 | 13,753,907 |
| REACH | 1,785,762 | 892,740 |
| Other income | 790,125 | 324,805 |
| Interest income | 750,912 | 287,392 |
| Designated donations | 663,434 | 79,818 |
| Bargain Shoppe and other ancillary operations | 140,252 | 144,256 |
| | 19,307,832 | 15,482,918 |
| Expenses | | |
| Ministry van (Note 13) | 1,535,775 | 906,382 |
| Salaries and benefits (Note 14) | 1,523,753 | 1,382,683 |
| Fundraising (Note 14) | 1,259,714 | 1,451,334 |
| Bargain Shoppe and other ancillary operations (Note 13) | 1,099,555 | 813,047 |
| Office - donation processing | 980,342 | 547,223 |
| Designated projects | 663,184 | 67,818 |
| Amortization | 324,343 | 142,609 |
| Management fee (Note 13) | 282,300 | - |
| Office - supplies | 174,514 | 103,581 |
| Office - general | 125,809 | 39,322 |
| Telephone, communication and I.T. services | 100,799 | 65,070 |
| Goods and services tax | 58,893 | 54,664 |
| Annual banquet and special events | 58,639 | - |
| Travel | 56,572 | 40,150 |
| Insurance | 45,440 | 35,359 |
| Training and staff development | 26,163 | 13,707 |
| Professional fees | 18,417 | - |
| Cost recovery from Program for the Homeless and Women's Program (Note 13) | (1,078,246) | (551,191) |
| | 7,255,966 | 5,111,758 |
| | 12,051,866 | 10,371,160 |
| Programs | | |
| Program for the Homeless (Schedule 1) | 4,749,903 | 3,788,017 |
| R.W. Tegler Youth Centre and Kids in Action (Schedule 2) | 819,206 | 795,144 |
| Brightwood Ranch (Schedule 3) | 557,509 | 605,755 |
| Women's Centre (Schedule 4) | 458,869 | 303,186 |
| Bethany Homes (Schedule 5) | 561,107 | 326,311 |
| Calgary Hope (Schedule 6) | 1,326,353 | 1,048,663 |
| Red Deer Hope (Schedule 7) | 441,982 | 242,131 |
| Wetaskiwin Hope (Schedule 8) | - | 408,030 |
| | 8,914,929 | 7,517,237 |
| Excess of revenue over expenses before other item | 3,136,937 | 2,853,923 |
| Other item | | |
| Gain (loss) on disposal of capital assets | (1,215) | 798 |
| Excess of revenue over expenses | 3,135,722 | 2,854,721 |

The accompanying notes are an integral part of these financial statements

Hope Mission
Statement of Changes in Net Assets
For the year ended December 31, 2023

| | <i>Invested in capital assets</i> | <i>Unrestricted</i> | <i>2023</i> | <i>2022</i> |
|--|---------------------------------------|---------------------|-------------------|-------------|
| Net assets, beginning of year | 29,807,653 | 10,751,353 | 40,559,006 | 36,704,285 |
| Excess (deficiency) of revenue over expenses | (1,157,215) | 4,292,937 | 3,135,722 | 2,854,721 |
| Investment in capital assets | 8,071,655 | (8,071,655) | - | - |
| Donation restricted for purchase of land (Note 2) | 346,370 | - | 346,370 | 1,000,000 |
| Net assets, end of year | 37,068,463 | 6,972,635 | 44,041,098 | 40,559,006 |

The accompanying notes are an integral part of these financial statements

Hope Mission
Statement of Cash Flows
For the year ended December 31, 2023

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Donations | 15,413,332 | 13,915,553 |
| Grants | 24,134,370 | 14,942,917 |
| Other income | 3,593,545 | 2,533,094 |
| Interest received | 750,912 | 287,392 |
| Cash paid to suppliers and employees | (38,873,356) | (25,499,631) |
| | 5,018,803 | 6,179,325 |
| Financing | | |
| Grants and donations received for capital assets (Note 8) | 308,969 | 1,347,464 |
| Investing | | |
| Purchase of capital assets | (8,789,102) | (9,172,315) |
| Proceeds on disposal of capital assets | 1,000 | 2,000 |
| | (8,788,102) | (9,170,315) |
| Decrease in cash resources | (3,460,330) | (1,643,526) |
| Cash resources, beginning of year | 15,716,729 | 17,360,255 |
| Cash resources, end of year | 12,256,399 | 15,716,729 |
| Cash resources are composed of: | | |
| Cash and cash equivalents | 11,504,315 | 15,273,612 |
| Restricted cash (Note 3) | 650,050 | 341,083 |
| Term deposit (Note 4) | 102,034 | 102,034 |
| | 12,256,399 | 15,716,729 |

The accompanying notes are an integral part of these financial statements

1. Purpose of organization

Hope Mission (the "Organization") was incorporated under the authority of the Societies Act of Alberta. As a registered charity under the Income Tax Act of Canada, Hope Mission is exempt from income taxes.

The purpose of the Organization is to minister spiritually, physically and socially to needy men, women, young people and children by various means of Christian endeavour and to spread the Gospel of Jesus Christ by all such means as the Organization may deem proper and expedient.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Grants from government departments and similar agencies are recognized as revenue in the period covered by the grant. Grants receivable are recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue arising from various ancillary operations is recognized as revenue when a price is agreed, the goods or services are delivered and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Marketable securities

The Organization has investments in guaranteed investment certificates and common shares held in a public market. These investments are all highly liquid and are collectively entitled marketable securities. Marketable securities are recorded at fair value with prices quoted in an active market.

Inventory

Inventory held for consumption in the provision of services is recorded at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. In the year of acquisition, amortization is recorded using the half-year rule.

| | Rate |
|------------------------|------|
| Buildings | 4 % |
| Automotive | 30 % |
| Computer equipment | 30 % |
| Computer software | 30 % |
| Equipment | 20 % |
| Furniture and fixtures | 20 % |
| Fences | 10 % |
| Kitchen equipment | 20 % |
| Parking lot | 8 % |

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets and are measured and amortized as described in the above accounting policy.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with an asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. During the year \$21,510 (2022 - \$14,207) of gifts-in-kind were recorded and recognized as revenue with an offsetting expense, \$346,370 (2022 - \$nil) of gifts-in-kind were recorded and recognized as land with an offsetting increase to net assets, and \$1,350,000 (2022 - \$nil) of gifts-in-kind were recorded and recognized as land with an offsetting rental lease obligation (Note 9). During the year, the Organization also received donations of fuel and repairs and maintenance from Alberta Health Services in addition to receiving funding under the REACH agreement to assist with running ambulances; these contributions have not been recognized in the financial statements. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value. During the year, volunteers contributed many hours of service assisting the Organization's service delivery activities.

Allocation of expenses

The Organization engages in outreach programs to fulfill its purpose of ministering to needy men, women, young people and children (see Schedules 1-8). The costs of each program include the expenses that are directly related to providing the programs. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

Specific costs incurred for programs are allocated based on actual costs for these programs. General support expenses are allocated on the following bases:

| | |
|--|---|
| Professional fees | Proportionately on program expenses as a percentage of total expenses |
| Telephone, communication and I.T. services | Number of employees for the program |
| Utilities | Square footage of buildings |

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses. The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue over expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory and spoilage. Amortization and amortization of deferred contributions related to capital assets are based on the estimated useful lives of capital assets. Gifts in kind, when recognized, are measured at their estimated fair value.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

3. Restricted cash

| | 2023 | 2022 |
|---|----------------|----------------|
| Unspent donations for capital assets - Wetaskiwin Hope building <i>(Note 8)</i> | 523,355 | 258,961 |
| Unspent donations for capital assets - Red Deer Hope building <i>(Note 8)</i> | 126,695 | 82,120 |
| Unspent donations for capital assets - Herb Jamieson rebuild | - | 2 |
| | 650,050 | 341,083 |

Hope Mission
Notes to the Financial Statements
For the year ended December 31, 2023

4. Marketable securities

| | 2023 | 2022 |
|--|----------------|----------------|
| Term deposit, bearing interest at 3.25% (2022 - 2.40%), maturing August 2024 | 102,034 | 102,034 |
| Investment portfolio | 731,544 | - |
| | 833,578 | 102,034 |

The term deposit is pledged for letters of credit issued in connection with development permits and a 25 year lease.

5. Capital assets

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Land | 14,071,655 | - | 14,071,655 | 11,600,285 |
| Buildings | 76,898,904 | 21,808,415 | 55,090,489 | 50,521,271 |
| Automotive | 2,047,441 | 1,218,648 | 828,793 | 565,278 |
| Computer equipment | 163,908 | 141,893 | 22,015 | 21,375 |
| Computer software | 77,515 | 60,498 | 17,017 | 19,070 |
| Equipment | 169,725 | 36,295 | 133,430 | 100,216 |
| Furniture and fixtures | 817,538 | 135,536 | 682,002 | 530,597 |
| Fences | 85,347 | 30,304 | 55,043 | 50,588 |
| Kitchen equipment | 951,631 | 420,392 | 531,239 | 211,263 |
| Parking lot | 141,454 | 52,152 | 89,302 | 97,064 |
| | 95,425,118 | 23,904,133 | 71,520,985 | 63,717,007 |

At December 31, 2023, \$348,283 (2022 - \$439,980) of capital additions are included in accounts payable and accruals. No amortization has been recognized on assets under construction of \$2,822,031 (2022 - \$169,070).

6. Accounts payable and accruals

Included in accounts payable and accruals are government remittances payable of \$723,201 (2022 - \$497,511).

7. Deferred revenue

Deferred revenue primarily includes operating grants received in the year that are either designated under the terms of the funding contracts for use in the following year or in excess of eligible expenses incurred.

| | 2022 | Amounts received or receivable | Amounts recognized as revenue | 2023 |
|--|------------------|--------------------------------------|-------------------------------------|------------------|
| Alberta Seniors, Community and Social Services (Schedule 1), (Schedule 8) | 2,338,754 | 22,595,349 | (22,140,867) | 2,793,236 |
| Homeward Trust Edmonton (Schedule 1), (Schedule 4) | 90,651 | 1,592,481 | (1,581,837) | 101,295 |
| Other | 446,867 | 2,673,652 | (3,061,958) | 58,561 |
| | 2,876,272 | 26,861,482 | (26,784,662) | 2,953,092 |

Hope Mission
Notes to the Financial Statements
For the year ended December 31, 2023

8. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

| | 2023 | 2022 |
|---|--------------------|-------------|
| Balance, beginning of year | 34,469,376 | 35,557,035 |
| Amount received from other sources during the year | 308,969 | 347,464 |
| Less: Amounts recognized as revenue during the year | (1,374,051) | (1,435,123) |
| Balance, end of year | 33,404,294 | 34,469,376 |

During the year, the Organization received \$264,394 (2022 - \$258,961) for the new Wetaskiwin Hope building and \$44,575 (2022 - \$82,120) for the new Red Deer Hope building. The total amount received to date of \$650,050 (2022 - \$341,081) has been recorded in deferred contributions related to capital assets and the cash received but not yet spent has been included in restricted cash (Note 3).

During the year, the Organization received a donation of \$nil (2022 - \$1,000,000) restricted for the purchase of Herb Jamieson Centre Land).

9. Deferred lease obligation

During the year, the Organization received land in the City of Red Deer with a fair market value of \$1,350,000 (2022 - \$nil) in exchange for a lease and joint use agreement. The Organization intends to construct a building on the land, however construction has not commenced as of year-end. The lease has a term of 35 years, commencing on the date the Organization receives an occupancy permit from the City of Red Deer for the building.

10. Commitments

Under an agreement with Homeward Trust Edmonton, Hope Mission undertook to renovate Immigration Hall, a heritage building, to provide low rent apartments. This work was completed and the renovated Immigration Hall opened in 2009. Homeward Trust Edmonton maintains a caveat on the title of Immigration Hall, and is entitled to a proportion of proceeds on a sliding scale should the property be sold prior to the year 2030.

Hope Mission entered into an agreement with Homeward Trust Edmonton for the demolition and reconstruction of Edwardson Place, which was completed in 2016. Homeward Trust Edmonton provided a capital grant of \$2.0 million towards construction costs and therefore maintains a caveat on the title of Edwardson Place, entitling them to repayment should the property be sold and the proceeds of disposition are not committed to supporting similar services to homeless individuals, or if the facility ceases to operate for its intended purpose prior to the year 2034.

Under various contracts with Alberta Seniors, Community and Social Services, Homeward Trust Edmonton and other government agencies, Hope Mission is responsible for managing various programs. Any deficit from operating these programs are the responsibility of Hope Mission and any surpluses are potentially repayable to the funder.

The Organization has entered into various operating lease agreements with estimated minimum annual payments as follows:

| | |
|------|---------|
| 2024 | 201,970 |
|------|---------|

Hope Mission
Notes to the Financial Statements
For the year ended December 31, 2023

11. Economic dependence

These statements include the operation of the Herb Jamieson Centre, which is owned and managed under contract by Hope Mission. These programs and other temporary shelter programs operated out of facilities owned by Hope Mission are substantially funded by grants from government at the federal, provincial and municipal levels. Most of these grants are considered and advanced on an annual basis, with no commitment to continuance.

12. Credit facilities

Hope Mission has access to a revolving operating credit facilities to a maximum of \$6,000,000 (2022 - \$6,000,000) with interest calculated at the lender's prime rate. The facilities are secured by a general security agreement over all present and after acquired personal property, a land mortgage in the principal sum of \$5,000,000 over certain lands held by the Organization, and a general assignment of leases and rents in respect of certain properties held by the Organization. As at December 31, 2023, no amounts were drawn on these facilities. The Organization also has a letter of credit outstanding in respect of a development permit with the City of Edmonton in the amount of \$76,000 (2022 - \$76,000).

The credit facilities are subject to financial covenants with respect to the working capital ratio, total debt to equity ratio, and debt service coverage ratio. As at December 31, 2023, the Organization is in compliance with the financial covenants.

13. Inter-department charges

Management fees are charged to various programs and represent administrative costs internally allocated under the respective grant agreements. Bargain Shoppe and other ancillary operations expense includes the costs of operating an internal laundry service. Laundry fees are charged as an expense to the Program for the Homeless on Schedule 1, and included as part of laundry supplies. The corresponding cost reduction is shown in the statement of operations as a cost recovery.

| | 2023 | 2022 |
|---|-----------|---------|
| Management fees - Program for the Homeless (Schedule 1) | | |
| Rural Winter Emergency Response | 200,000 | - |
| Base program | 198,490 | 100,191 |
| Rapid Exit program | 122,667 | 91,434 |
| Rapid Re-Housing program | 69,127 | 70,497 |
| Karis Centre | 52,251 | - |
| Emergency shelter | 32,311 | - |
| Supported referrals program | 4,425 | - |
| | 679,271 | 262,122 |
| Management fees - Women's Program (Schedule 4) | | |
| Base program | 25,824 | 25,824 |
| Laundry supplies - Program for the Homeless (Schedule 1) | | |
| Bargain Shoppe and other ancillary operations | 159,240 | 155,736 |
| Other | | |
| Ministry van | 213,911 | 107,509 |
| | 1,078,246 | 551,191 |

Management fees of \$282,300 (2022 - \$nil) were charged to the Statement of Operations related to the REACH program with the corresponding cost reduction shown on Schedule 1.

14. Fundraising expenses

As required under The Charitable Fundraising Act of Alberta, the Organization reports that \$310,617 (2022 - \$96,000) was paid as remuneration to employees in respect of fundraising related work in the year ended December 31, 2023 and \$1,259,714 (2022 - \$1,451,334) in other expenses incurred for the purposes of soliciting contributions.

15. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Financial instruments that potentially subject the Organization to credit risk consist of accounts receivable. The Organization has determined that no allowance for doubtful accounts is necessary based on factors surrounding the credit risk of specific accounts, historical trends and other information.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk with respect to its marketable securities (Note 4) and its credit facility agreement (Note 12). The Organization is able to manage interest rate risk by investing in term deposits and borrowing at floating rates with a no penalty prepayment option.

16. Subsequent events

On January 1, 2024, the Organization acquired Emmanuel Foundation for International Community Development ("Emmanuel Foundation"). Emmanuel Foundation collects goods that aid in the sustainable transformation of a community, and ships this inventory anywhere in the world where people would not otherwise have access to these goods and items. Emmanuel Foundation also provides meal kits locally and internationally.

On January 1, 2024, the Organization acquired The Mission to Children, an organization that feeds, evangelises, and disciples at-risk children around the world.

The Organization has made these acquisitions as the mission and vision of Emmanuel Foundation and The Mission to Children aligns with that of Hope Mission.

17. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Hope Mission
Schedule 1 - Program for the Homeless
For the year ended December 31, 2023

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Revenue | | |
| Government grants (Note 7) | 11,507,177 | 6,456,701 |
| Government grants - Rural Winter Emergency Response (Note 7) | 4,988,616 | 1,598,540 |
| Government grants - Service Hub (Note 7) | 2,034,592 | 201,057 |
| Government grants - Karis Centre (Note 7) | 1,508,484 | - |
| Homeward Trust Edmonton grants (Note 7) | 1,375,833 | 1,185,373 |
| Amortization of deferred contributions (Note 8) | 1,213,537 | 1,267,871 |
| Rental (Note 7) | 459,931 | 430,496 |
| Other income | 929 | 428 |
| Government grants - COVID response | - | 2,435,192 |
| Rexall grants (Note 7) | - | 14,795 |
| | 23,089,099 | 13,590,453 |
| Expenses | | |
| Amortization | 1,641,971 | 1,573,510 |
| Food and kitchen costs | 1,392,474 | 892,926 |
| Goods and services tax | 100,152 | 75,874 |
| Insurance | 289,496 | 217,444 |
| Interest and bank charges | 3,397 | 1,133 |
| Laundry supplies (Note 13) | 159,240 | 155,736 |
| Management fee (Note 13) | 679,271 | 262,122 |
| Office supplies | 330,049 | 185,714 |
| Professional fees | 59,501 | 19,741 |
| Rent | 765,535 | 342,316 |
| Repairs and maintenance | 1,536,753 | 606,454 |
| Supplies | 1,389,909 | 1,285,295 |
| Telephone, communication and I.T. services | 109,484 | 105,990 |
| Towels, blankets and mats | 261,070 | 245,723 |
| Training and staff development | 27,297 | 23,204 |
| Utilities | 461,044 | 512,069 |
| Vehicle, travel and transit | 114,396 | 96,964 |
| Wages and employee benefits | 18,800,263 | 10,776,255 |
| Cost recovery from REACH (Note 13) | (282,300) | - |
| | 27,839,002 | 17,378,470 |
| Deficiency of revenue over expenses | (4,749,903) | (3,788,017) |

Hope Mission
Schedule 2 - R.W. Tegler Youth Centre and Kids in Action
For the year ended December 31, 2023

| | 2023 | 2022 |
|--|------------------|------------------|
| Revenue | | |
| Government grants <i>(Note 7)</i> | 343,868 | 166,735 |
| Amortization of deferred contributions <i>(Note 8)</i> | 3,963 | 4,129 |
| | 347,831 | 170,864 |
| Expenses | | |
| Amortization | 36,501 | 37,560 |
| Automotive | 19,232 | 16,800 |
| Fees, licences and permits | 45 | 45 |
| Food and kitchen costs | 430,638 | 380,189 |
| Goods and services tax | 4,199 | 3,040 |
| Insurance | 37,399 | 28,614 |
| Office supplies | 10,224 | 16,948 |
| Professional fees | 1,565 | 152 |
| Repairs and maintenance | 51,760 | 31,219 |
| Supplies | 3,438 | 161 |
| Telephone, communication and I.T. services | 4,195 | 3,906 |
| Training and staff development | 250 | - |
| Utilities | 46,595 | 31,296 |
| Wages and employee benefits | 520,996 | 416,078 |
| | 1,167,037 | 966,008 |
| Deficiency of revenue over expenses | (819,206) | (795,144) |

Hope Mission
Schedule 3 - Brightwood Ranch
For the year ended December 31, 2023

| | 2023 | 2022 |
|---|------------------|------------------|
| Revenue | | |
| Donations | 210,023 | 7,688 |
| Amortization of deferred contributions (Note 8) | 37,012 | 38,603 |
| Other income | 31,935 | - |
| Rental (Note 7) | 19,312 | - |
| | 298,282 | 46,291 |
| Expenses | | |
| Amortization | 151,638 | 155,637 |
| Automotive | 32,452 | 20,162 |
| Fees, licenses and permits | 108 | 163 |
| Food and kitchen costs | 29,614 | 13,936 |
| Goods and services tax | 5,503 | 4,090 |
| Insurance | 92,003 | 67,982 |
| Interest and bank charges | 435 | 165 |
| Office supplies | 2,515 | 1,484 |
| Professional fees | 19,488 | 14,836 |
| Recreation supplies | 1,899 | 585 |
| Repairs and maintenance | 127,832 | 82,622 |
| Telephone, communication and I.T. services | 7,142 | 6,336 |
| Training and staff development | 7,555 | 1,228 |
| Utilities | 41,643 | 58,275 |
| Vehicle, travel and transit | 2,750 | 15,229 |
| Wages and employee benefits | 333,214 | 209,316 |
| | 855,791 | 652,046 |
| Deficiency of revenue over expenses | (557,509) | (605,755) |

Hope Mission
Schedule 4 - Women's Centre
For the year ended December 31, 2023

| | 2023 | 2022 |
|--|------------------|------------------|
| Revenue | | |
| Homeward Trust Edmonton grants <i>(Note 7)</i> | 206,004 | 199,995 |
| Rental <i>(Note 7)</i> | 80,255 | 85,849 |
| Amortization of deferred contributions <i>(Note 8)</i> | 58,065 | 60,484 |
| Other income | 704 | 574 |
| | 345,028 | 346,902 |
| Expenses | | |
| Amortization | 97,337 | 100,441 |
| Client services | 795 | 1,911 |
| Food and kitchen costs | 6,910 | 10,239 |
| Goods and services tax | 1,562 | 948 |
| Insurance | 61,605 | 23,708 |
| Interest and bank charges | 556 | 679 |
| Management fee <i>(Note 13)</i> | 25,824 | 25,824 |
| Office supplies | 36,667 | 32,568 |
| Professional fees | 2,911 | 5 |
| Repairs and maintenance | 42,481 | 29,815 |
| Telephone, communication and I.T. services | 4,446 | 4,263 |
| Training and staff development | 979 | 459 |
| Utilities | 40,169 | 39,788 |
| Wages and employee benefits | 481,655 | 379,440 |
| | 803,897 | 650,088 |
| Deficiency of revenue over expenses | (458,869) | (303,186) |

Hope Mission
Schedule 5 - Bethany Homes
For the year ended December 31, 2023

| | 2023 | 2022 |
|---|------------------|------------------|
| Revenue | | |
| Nutrition program (Note 7) | 308,220 | 297,360 |
| Donations | 94,072 | 74,140 |
| Other revenue | 93,519 | 92,295 |
| Amortization of deferred contributions (Note 8) | 25,274 | 26,327 |
| | 521,085 | 490,122 |
| Expenses | | |
| Amortization | 74,270 | 69,939 |
| Automotive | 82,630 | 66,823 |
| Fees, licenses and permits | 1,009 | 953 |
| Food and kitchen | 223,942 | 136,403 |
| Goods and services tax | 5,269 | 3,395 |
| Insurance | 20,607 | 22,848 |
| Office supplies | 4,554 | 2,110 |
| Professional fees | 1,983 | 156 |
| Repairs and maintenance | 3,685 | 8,370 |
| Supplies | 144,304 | 134,797 |
| Telephone, communication and I.T. services | 2,599 | 4,383 |
| Training and staff development | 3,514 | 503 |
| Utilities | 17,073 | 21,041 |
| Vehicle, travel and transit | 1,497 | 452 |
| Wages and employee benefits | 495,256 | 344,260 |
| | 1,082,192 | 816,433 |
| Deficiency of revenue over expenses | (561,107) | (326,311) |

Hope Mission
Schedule 6 - Calgary Hope
For the year ended December 31, 2023

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Revenue | | |
| Amortization of deferred contributions (Note 8) | 36,200 | 37,709 |
| Other revenue | 6,388 | 13,100 |
| | 42,588 | 50,809 |
| Expenses | | |
| Amortization | 203,991 | 211,745 |
| Automotive | 27,021 | 23,554 |
| Fees, licences and permits | 285 | 20 |
| Food and kitchen costs | 88,954 | 119,867 |
| Goods and services tax | 6,370 | 5,421 |
| Insurance | 30,120 | 15,181 |
| Office supplies | 10,128 | 8,463 |
| Professional fees | 2,111 | 176 |
| Repairs and maintenance | 106,352 | 102,112 |
| Supplies | 51,068 | 19,626 |
| Telephone, communication and I.T. services | 5,063 | 5,693 |
| Training and staff development | 167 | 125 |
| Utilities | 56,507 | 57,954 |
| Vehicle, travel and transit | 27,867 | 29,956 |
| Wages and employee benefits | 752,937 | 499,579 |
| | 1,368,941 | 1,099,472 |
| Deficiency of revenue over expenses | (1,326,353) | (1,048,663) |

Hope Mission
Schedule 7 - Red Deer Hope
For the year ended December 31, 2023

| | 2023 | 2022 |
|--|------------------|------------------|
| Expenses | | |
| Automotive | 3,731 | 2,531 |
| Fees, licenses, and permits | 50 | 25 |
| Food and kitchen costs | 99,953 | 13,424 |
| Goods and services tax | 1,417 | 377 |
| Insurance | 6,953 | 7,455 |
| Office supplies | 7,431 | 3,206 |
| Professional fees | 7,130 | 41 |
| Rent | 29,883 | 24,000 |
| Repairs and maintenance | 607 | 31 |
| Supplies | 5,150 | 3,650 |
| Telephone, communication and I.T. services | 1,225 | 782 |
| Training and staff development | 4,845 | - |
| Vehicle, travel & transit | 4,000 | 1,150 |
| Wages and employee benefits | 269,607 | 185,459 |
| Deficiency of revenue over expenses | (441,982) | (242,131) |

Hope Mission
Schedule 8 - Wetaskiwin Hope
For the year ended December 31, 2023

| | 2023 | 2022 |
|--|------------------|------------------|
| Revenue | | |
| Government grants <i>(Note 7)</i> | 2,092,976 | 625,000 |
| Expenses | | |
| Automotive | 21,486 | 4,470 |
| Food and kitchen costs | 96,116 | 15,566 |
| Goods and service tax | 14,939 | 18,519 |
| Insurance | 25,931 | 586 |
| Office supplies | 3,640 | 2,869 |
| Professional fees | 9,030 | 649 |
| Rent | 203,175 | 155,728 |
| Repairs and maintenance | 75,501 | 391,633 |
| Supplies | 169,764 | 152,515 |
| Telephone, communication and I.T. services | 3,886 | 668 |
| Utilities | 52,287 | 22,796 |
| Wages and employee benefits | 1,417,221 | 267,031 |
| | 2,092,976 | 1,033,030 |
| Deficiency of revenue over expenses | - | (408,030) |