

Financial Statements

Hope Mission

December 31, 2024

Contents

	Page
Management Responsibility Statement	1
Independent Auditor's Report	2 - 3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 19
Schedule 1 - Program for the Homeless	20
Schedule 2 - R.W. Tegler Youth Centre R.W. Tegler Youth Centre and Kids In Action	21
Schedule 3 - Brightwood Ranch	22
Schedule 4 - Women's Centre	23
Schedule 5 - Bethany Homes	24
Schedule 6 - Calgary Hope	25
Schedule 7 - Red Deer Hope	26
Schedule 8 - Wetaskiwin Hope	27


Management Responsibility Statement

Management of Hope Mission is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements 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.


Management prepares the financial statements in accordance with Canadian generally accepted accounting principles. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The Organization, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Doane Grant Thornton LLP, Chartered Professional Accountants, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.



Executive Director
March 31, 2025



Director of Finance

Independent Auditor's Report

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, 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 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, 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 revenue from fundraising activities 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, 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 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.

Emphasis of matter - Comparative information

We draw attention to Note 3 to the financial statements, which describes the Organization has entered into combinations effective January 1, 2024. The combinations were applied retrospectively by management to the comparative information in these financial statements, including the Statement of Financial Position as at December 31, 2023 and January 1, 2023 and the Statement of Operations, changes in net assets and cash flows for the year ended December 31, 2023, and related disclosures. Our opinion is not modified in respect of this matter. We were not engaged to report on the comparative information, and as such, it is unaudited.

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.

Independent Auditor's Report (continued)

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.

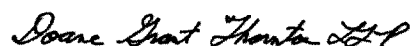
Auditor's responsibilities for the audit of the financial statements

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, Canada
March 31, 2025



Chartered Professional Accountants

Hope Mission

Statement of Operations

Year ended December 31

	2024	2023 (Combined - Note 2)
Revenues		
Donations	\$ 16,543,689	\$ 15,488,439
Other income	1,064,698	906,897
Bargain Shoppe and other ancillary operations	718,667	270,048
Interest income	585,252	750,912
Designated donations	319,155	663,434
	<u>19,231,461</u>	<u>18,079,730</u>
Expenses		
Salaries and benefits	2,464,910	1,735,437
Fundraising	2,380,506	1,259,714
Bargain Shoppe and other ancillary operations	975,945	895,775
Office - donation processing	737,891	1,029,752
Amortization	424,372	324,546
Designated projects	277,219	663,184
Ministry van - Red Deer and Calgary	257,993	76,034
Office - general	192,056	176,633
Office - supplies	188,018	218,874
Telephone, communication and I.T. services	107,725	100,904
Goods and services tax	73,279	58,893
Travel	58,481	57,046
Insurance	46,126	60,686
Annual banquet and special events	38,466	58,639
Professional fees	32,422	65,641
Training and staff development	24,503	26,163
Cost recovery (Note 13)	(1,438,849)	(1,078,246)
	<u>6,841,063</u>	<u>5,729,675</u>
Excess of revenues over expenses before programs and other items	<u>12,390,398</u>	<u>12,350,055</u>
Net program expenses over revenues		
Program for the Homeless (Schedule 1)	4,868,383	4,983,812
R.W. Tegler Youth Centre and Kids in Action (Schedule 2)	1,392,328	819,206
Brightwood Ranch (Schedule 3)	874,751	557,509
Women's Centre (Schedule 4)	485,245	458,869
Bethany Homes (Schedule 5)	795,278	561,107
Calgary Hope (Schedule 6)	1,391,601	1,326,353
Red Deer Hope (Schedule 7)	604,600	441,982
Wetaskiwin Hope (Schedule 8)	10,766	-
	<u>10,422,952</u>	<u>9,148,838</u>
Excess of revenues over expenses before other items	<u>1,967,446</u>	<u>3,201,217</u>
Other items		
Gain (loss) on sale of capital assets	650,779	(1,215)
Gain on foreign exchange	-	2,177
	<u>650,779</u>	<u>962</u>
Excess of revenues over expenses	<u>\$ 2,618,225</u>	<u>\$ 3,202,179</u>

See accompanying notes and schedules to the financial statements.

Hope Mission
Statement of Changes in Net Assets
Year ended December 31

	Invested in capital assets	Unrestricted	Total 2024	Total 2023 (Combined - Note 2)
Balance, beginning of year	\$ 37,068,463	\$ 7,871,120	\$ 44,939,583	\$ 41,390,934
Excess (deficiency) of revenues over expenses	(1,062,473)	3,680,698	2,618,225	3,202,179
Invested in capital assets	6,233,758	(6,233,758)	-	-
Donation restricted for purchase of land	-	-	-	346,470
Balance, end of year	<u>\$ 42,239,748</u>	<u>\$ 5,318,060</u>	<u>\$ 47,557,808</u>	<u>\$ 44,939,583</u>

See accompanying notes and schedules to the financial statements.

Hope Mission

Statement of Financial Position

December 31

2024

2023
(Combined -
Note 2)

Assets

Current

Cash and cash equivalents (Note 4)	\$ 7,823,137	\$ 13,076,818
Short-term investments (Note 5)	-	833,578
Accounts receivable	1,696,986	269,360
Inventory	50,673	53,629
Prepaid expenses and deposits	454,324	383,980
	<u>10,025,120</u>	<u>14,617,365</u>

Tangible capital assets (Note 6)	<u>79,192,358</u>	<u>72,355,239</u>
	<u>\$ 89,217,478</u>	<u>\$ 86,972,604</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 7)	\$ 2,953,472	\$ 3,467,244
Deferred revenue (Note 8)	<u>746,578</u>	<u>2,978,799</u>
	<u>3,700,050</u>	<u>6,446,043</u>

Deferred lease obligation (Note 9)	1,350,000	1,350,000
Deferred capital contributions (Note 10)	<u>36,609,620</u>	<u>34,236,978</u>
	<u>41,659,670</u>	<u>42,033,021</u>

Net Assets

Invested in capital assets	42,239,748	37,068,463
Unrestricted	<u>5,318,060</u>	<u>7,871,120</u>
	<u>47,557,808</u>	<u>44,939,583</u>
	<u>\$ 89,217,478</u>	<u>\$ 86,972,604</u>

On behalf of the Director

 Member

 Member

Hope Mission **Statement of Cash Flows**

Year ended December 31

2024

2023
(Combined -
Note 2)

Operating

Donations	\$ 17,498,957	\$ 15,970,992
Grants	40,332,637	24,134,370
Other income	2,309,368	3,593,545
Interest received	585,252	750,912
Cash paid to suppliers and employees	<u>(57,250,245)</u>	<u>(39,077,922)</u>
	<u>3,475,969</u>	<u>5,371,897</u>

Financing

Deferred capital contributions	<u>1,300,000</u>	<u>308,969</u>
--------------------------------	------------------	----------------

Investing

Purchase of tangible capital assets	(10,934,774)	(8,789,102)
Proceeds on disposal of tangible capital assets	71,546	1,000
Proceeds on disposition of short term investments	<u>833,578</u>	<u>-</u>
	<u>(10,029,650)</u>	<u>(8,788,102)</u>

Decrease in cash	(5,253,681)	(3,107,236)
------------------	-------------	-------------

Cash

Beginning of year	<u>13,076,818</u>	<u>16,184,054</u>
End of year	<u>\$ 7,823,137</u>	<u>\$ 13,076,818</u>

Cash consists of:

Cash and cash equivalents	\$ 7,823,137	\$ 12,974,784
Term deposits	<u>-</u>	<u>102,034</u>
	<u>\$ 7,823,137</u>	<u>\$ 13,076,818</u>

Hope Mission

Notes to the Financial Statements

December 31, 2024

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 endeavor and to spread the Gospel of Jesus Christ by all such means as the Organization may deem proper and expedient.

2. Combinations

On January 1, 2024, Hope Mission and Emmanuel Foundation for International Community Development ("Emmanuel Foundation") entered into an agreement to combine their operations and continue operations under Hope Mission. Emmanuel Foundation is a not-for-profit organization whose primary purpose is to raise funds in support of individuals, families and communities of developing countries in the areas of their physical, social and spiritual well being. This is done in the areas of playground projects, community development and shipments of medical and educational supplies.

On January 1, 2024, Hope Mission and The Mission to Children entered into an agreement to combined their operations and continue operations under Hope Mission. The Mission to Children is a not-for-profit organization whose primary purpose is to raise funds in support to feed, evangelize and disciple at risk children around the world by partnering with local Christians and churches.

The combinations have been accounted for as a merger in accordance with Section 4449, Combinations by Not for Profit Organizations of Canadian Accounting Standards for Not for Profit Organizations.

The primary reason for the combinations was to consolidate and streamline the operations of the combining entities such that at risk individuals could be served in developing and at risk areas of the world.

The December 31, 2023 comparative figures show the aggregated results of the three entities when they were operating independently. There were no adjustments required to align the prior year accounting policies with those of Hope Mission.

Hope Mission
Notes to the Financial Statements
December 31, 2024

2. Combinations (continued)

A summary of the principal components of the combined Statement of Financial Position and Statement of Operations as at December 31, 2023 are as follows:

	Hope Mission	Emmanuel Foundation and The Mission to Children	Combined
As at December 31, 2023			
Cash and cash equivalents	\$ 12,154,365	\$ 922,453	\$ 13,076,818
Accounts receivable	266,615	2,745	269,360
Prepaid expenses and deposits	383,834	146	383,980
Tangible capital assets	72,353,669	1,570	72,355,239
Accounts payable and accruals	3,464,522	2,722	3,467,244
Deferred revenue	2,953,092	25,707	2,978,799
Net assets - unrestricted	6,972,635	898,485	7,871,120
Year ended December 31, 2023			
Donations	15,177,347	311,092	15,488,439
Other income	790,125	116,772	906,897
Bargain Shoppe and other ancillary operations	140,252	129,796	270,048
Salaries and benefits	1,523,753	211,684	1,735,437
Office - donation processing	980,342	49,410	1,029,752
Amortization	324,343	203	324,546
Office - supplies	174,514	82,656	257,170
Office - general	125,809	50,826	176,635
Insurance	45,440	15,246	60,686
Travel	56,572	25,896	82,468
Professional fees	18,417	47,224	65,641
Bargain Shoppe and other ancillary operations	\$ 1,099,555	\$ 10,130	\$ 1,109,685

Hope Mission

Notes to the Financial Statements

December 31, 2024

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements include the collectability of accounts receivable, useful lives of capital assets and the fair value of contributed capital assets.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions for operational purposes, including grants and donations, and restricted contract income are recognized as revenue in accordance with the contract, grant or donor agreements in the year in which the related expenses are incurred. Restricted contributions received for the purchase of tangible capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as a direct increase in the investment in capital asset fund. A liability to repay a restricted contribution with contingent repayment terms is accounted for in the period in which conditions arise that causes the restricted contribution to be repaid.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income earned is deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income earned is recognized as revenue in the year earned.

Revenues relating to rent, Bargain Shoppe and other ancillary operations are recognized as revenue once received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash, cash equivalents and restricted cash

Cash and cash equivalents includes 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.

Hope Mission

Notes to the Financial Statements

December 31, 2024

3. Summary of significant accounting policies (continued)

Investments

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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed capital assets are recorded at fair value at the date of contribution. The cost, less residual value, of the capital asset is amortized on a declining balance basis over their estimated useful lives as follows:

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

Assets under construction are not amortized until the asset is available for productive use.

Contributed capital assets are initially recognized as a deferred capital contribution and recognized as revenue on the same basis as amortization expense. If a capital asset will not be amortized, the contributed capital asset is recognized as a direct increase in net assets.

Impairment of long-lived assets

The Organization tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of capital assets may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset to the undiscounted future cash flows expected from use and eventual disposition of the asset. In such situations, the asset is measured at its fair value and presented in the Statement of Financial Position at the lower of the fair value or carrying amount.

Hope Mission

Notes to the Financial Statements

December 31, 2024

3. Summary of significant accounting policies (continued)

Contributed materials and services

Volunteers assist the Organization in carrying out certain activities. Because of the difficulty of determining the fair value and the fact that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

The Organization receives contributions in the form of supplies or property. Contributed materials and property are recorded at fair market value as determined on the date contributed, if fair value can be reasonably determined.

Financial instruments

Initial measurement:

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Organization uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the Statement of Operations. The financial instruments measured at amortized cost are cash and cash equivalents, restricted cash, short term investments, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the Statement of Operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Related party financial instruments:

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. Subsequent measurement is based on how the Organization initially measured the instrument. The Organization does not have any financial assets or financial liabilities in related party transactions at fair value.

Hope Mission
Notes to the Financial Statements
December 31, 2024

4. Cash and cash equivalents

	<u>2024</u>	<u>2023 (Combined - Note 2)</u>
Cash	\$ 6,816,127	\$ 12,426,768
Restricted cash	<u>1,007,010</u>	<u>650,050</u>
	<u>\$ 7,823,137</u>	<u>\$ 13,076,818</u>

Restricted cash is comprised unspent deferred capital contributions received for the following capital projects:

	<u>2024</u>	<u>2023 (Combined - Note 2)</u>
Wetaskiwin Hope building	\$ 827,879	\$ 523,355
Red Deer Hope building	<u>179,131</u>	<u>126,695</u>
	<u>\$ 1,007,010</u>	<u>\$ 650,050</u>

5. Short-term investments

	<u>2024</u>	<u>2023 (Combined - Note 2)</u>
Term deposit, matured August 2024	\$ -	\$ 102,034
Investments	<u>-</u>	<u>731,544</u>
	<u>\$ -</u>	<u>\$ 833,578</u>

Hope Mission

Notes to the Financial Statements

December 31, 2024

6. Tangible capital assets

	2024		2023 (Combined - Note 2)	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 14,913,814	\$ -	\$ 14,913,814	\$ 14,071,655
Buildings	84,073,597	23,644,055	60,429,542	55,923,173
Automotive	2,143,905	1,481,756	662,149	828,793
Computer equipment	305,129	169,681	135,448	22,015
Computer software	116,391	71,435	44,956	17,017
Equipment	314,880	76,382	238,498	135,000
Furniture and fixtures	2,172,212	497,622	1,674,590	682,002
Fences	85,347	36,497	48,850	55,043
Kitchen equipment	1,546,295	583,825	962,470	531,239
Parking lot	141,454	59,413	82,041	89,302
	<u>\$ 105,813,024</u>	<u>\$ 26,620,666</u>	<u>\$ 79,192,358</u>	<u>\$ 72,355,239</u>

Included in buildings is cost of \$3,512,698 (2023 - \$2,822,031), related to capital projects in progress. Amortization on the capital projects in progress will commence when the assets are available for use.

The total amortization expense recognized for the year ended December 31, 2024 is \$3,210,896 (2023 - \$2,530,255).

7. Accounts payable and accrued liabilities

Included in accounts payable and accruals are government remittances payable of \$866,738 (2023 - \$723,201).

8. Deferred contributions

Details of the changes in deferred contributions are as follows:

	2024	2023 (Combined - Note 2)
Balance, beginning of year	\$ 2,953,092	\$ 2,876,272
Grants received during the year	40,332,637	26,861,482
Amounts recognized as revenue	(40,325,828)	(26,784,662)
Amounts transferred to deferred capital contributions	(2,213,323)	-
Balance, end of year	<u>\$ 746,578</u>	<u>\$ 2,953,092</u>

Hope Mission
Notes to the Financial Statements
December 31, 2024

8. Deferred contributions (continued)

The deferred contributions include the following:

	<u>2024</u>	<u>2023</u>
Alberta Seniors, Community and Social Services (Schedules 1 and 8)	\$ 150,000	\$ 2,793,236
Homeward Trust (Schedules 1 and 4)	375,195	101,295
Other	<u>221,383</u>	<u>58,561</u>
	<u>\$ 746,578</u>	<u>\$ 2,953,092</u>

9. Deferred lease obligation

In the prior year, the Organization received land in the City of Red Deer with a fair market value of \$1,350,000 in exchange for a lease and joint use agreement upon completion of the facility construction. 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.

Hope Mission

Notes to the Financial Statements

December 31, 2024

10. Deferred capital contributions

Details of the changes in deferred capital contributions are as follows:

	<u>2024</u>	2023 (Combined - Note 2)
Balance, beginning of year	\$ 34,236,978	\$ 34,469,376
Grants and other amounts received during the year	1,656,959	1,141,653
Amounts transferred from deferred revenue	2,213,323	-
Amounts recognized as revenue during the year	<u>(1,497,640)</u>	<u>(1,374,051)</u>
Balance, end of year	<u>\$ 36,609,620</u>	<u>\$ 34,236,978</u>

During the year, the Organization received \$304,523 (2023 - \$264,394) for the new Wetaskiwin Hope building and \$52,437 (2023 - \$44,575) for the new Red Deer Hope building. The total amount received to date of \$1,007,010 (2023 - \$650,050) remains unspent as of December 31, 2024 and is included in restricted cash (Note 4).

11. Contingencies and 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 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.

Hope Mission

Notes to the Financial Statements

December 31, 2024

12. Credit facilities

Hope Mission has access to a revolving operating credit facilities to a maximum of \$ 6,000,000 (2023 - \$ 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, 2024, 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 (2023 - \$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, 2024, the Organization is in compliance with the financial covenants.

13. Allocated expenditures

The Organization provides administrative services to many of its programs. The fees for these services are recorded as expenditures to the related restricted programs as management fees. The management fees are based on funder approved budgets, size of programs, and uses of administrative resources. Administrative services include accounting, human resources, information technology, facility management, communications and development, planning and evaluation, leadership and governance.

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.

Hope Mission
Notes to the Financial Statements
December 31, 2024

13. Allocated expenditures (continued)

	<u>2024</u>	2023 (Combined - Note 2)
Schedule 1 - Program for the Homeless		
Management fees - Program for the Homeless		
Emergency shelter	\$ 292,730	\$ 32,311
Karis Centre	250,011	52,251
Management / Admin Fee-Minivan	237,600	213,911
Rapid Exit program	186,285	122,667
Emergency homeless shelter	148,868	-
Base program	126,890	198,490
Rapid Re-Housing program	80,972	69,127
Minivan shelter outreach team	45,359	-
Supported referrals program	23,367	4,425
Rural winter emergency response	11,667	200,000
Strathmore shelter	8,500	-
	<u>1,412,249</u>	893,182
Management fees - Women's Program (Schedule 4)		
Base program	26,600	25,824
Laundry supplies - Program for the Homeless (Schedule 1)		
Bargain Shoppe and other ancillary operations	-	159,240
	<u>\$ 1,438,849</u>	<u>\$ 1,078,246</u>

14. Fundraising expenses

As required under The Charitable Fundraising Act of Alberta, the Organization reports that \$802,458 (2023 - \$310,617) was paid as remuneration to employees in respect of fundraising related work in the year ended December 31, 2024 and \$2,380,506 (2023 - \$1,259,714) in other expenses incurred for the purposes of soliciting contributions.

Hope Mission

Notes to the Financial Statements

December 31, 2024

15. Financial instruments

The main risks the Organization is exposed to through its financial instruments are detailed as follows:

(a) 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. As the Organization is funded primarily by government and other grants, it is not subject to significant credit risk.

(b) Market risk

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

(i) 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 5) 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. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

Hope Mission

Schedule 1 - Program for the Homeless

Year ended December 31

2024
2023
(Combined -
Note 2)

Revenue

Amortization of deferred capital contributions	\$ 1,343,580	\$ 1,213,537
Government grants	18,175,329	11,507,177
Government grants - Karis Centre	4,829,222	675,800
Government grants - Rural Winter Emergency Response	2,757,815	4,988,615
Government grants - Service Hub	1,930,092	2,034,592
Government grants - Reception and Referral Centre	1,520,000	-
Homeward Trust Edmonton grants	2,139,891	1,375,833
Other income	751	929
REACH	1,980,000	1,785,762
Rental	315,859	459,931
Shelter Outreach Team	261,270	-
Strathmore shelter contract	85,000	-
	<u>35,338,809</u>	<u>24,042,176</u>

Expenditures

Amortization	2,025,797	1,641,972
Supplies	1,889,867	1,425,023
Fees, licenses and permits	33,156	-
Food and kitchen supplies	2,202,763	1,397,717
Good and service tax	103,413	100,152
Insurance	390,958	322,819
Interest and bank charges	5,791	3,397
Laundry supplies	290,396	159,240
Management fee (Note 13)	1,412,249	893,182
Office supplies	133,172	330,047
Professional fees	85,937	59,501
Property taxes	72,330	-
Rent	1,203,448	765,535
Repairs and maintenance	622,853	704,069
Wages and employee benefits	28,268,044	20,221,065
Special events	41,657	-
Telephone, communication and I.T. services	161,764	112,665
Towels, blankets and mats	11,049	261,070
Training and staff development	29,544	27,672
Utilities	825,238	461,044
Vehicle, travel and transit	215,323	139,818
Waste removal	182,443	-
	<u>40,207,192</u>	<u>29,025,988</u>

Deficiency of revenues over expenses

\$ (4,868,383) \$ (4,983,812)

Hope Mission**Schedule 2 - R.W. Tegler Youth Centre and Kids in Action**

Year ended December 31

2024

2023

(Combined -
Note 2)

Revenue

Government grants (Note 8)	\$ 149	\$ 343,869
Amortization of deferred capital contributions (Note 10)	<u>3,805</u>	<u>3,963</u>
	<u>3,954</u>	<u>347,832</u>

Expenditures

Amortization	77,219	36,501
Automotive	13,312	19,232
Fees, licenses and permits	263	45
Food and kitchen costs	471,222	430,638
Goods and services tax	4,020	4,199
Insurance	48,473	37,399
Office supplies	32,828	10,225
Professional fees	1,767	1,565
Repairs and maintenance	28,544	51,760
Supplies	-	3,438
Telephone, communication and I.T. services	4,664	4,195
Training and staff development	572	250
Utilities	32,898	46,595
Wages and employee benefits	662,947	520,996
Waste removal	<u>17,553</u>	<u>-</u>
	<u>1,396,282</u>	<u>1,167,038</u>

Deficiency of revenues over expenses	<u>\$ (1,392,328)</u>	<u>\$ (819,206)</u>
--------------------------------------	-----------------------	---------------------

Hope Mission

Schedule 3 - Brightwood Ranch

Year ended December 31

	2024	2023 (Combined - Note 2)
Revenue		
Donations	\$ 192,426	\$ 210,023
Other income	23,958	31,935
Amortization of deferred capital contributions (Note 10)	35,498	37,012
Rental	-	19,312
	<u>251,882</u>	<u>298,282</u>
Expenditures		
Amortization	189,019	151,638
Automotive	17,740	32,452
Fees, licenses and permits	109	108
Food and kitchen costs	111,532	29,614
Goods and services tax	5,902	5,503
Insurance	93,157	92,003
Interest and bank charges	(1,475)	435
Office supplies	5,591	2,515
Professional fees	18,167	19,488
Recreation supplies	129	1,899
Repairs and maintenance	163,057	127,832
Telephone, communication and I.T. services	6,244	7,142
Training and staff development	3,682	7,555
Utilities	59,151	41,643
Vehicle, travel and transit	12,200	2,750
Wages and employee benefits	439,483	333,214
Waste removal	2,945	-
	<u>1,126,633</u>	<u>855,791</u>
Deficiency of revenues over expenses	\$ (874,751)	\$ (557,509)

Hope Mission

Schedule 4 - Women's Centre

Year ended December 31

	2024	2023 (Combined - Note 2)
Revenue		
Homeward Trust Edmonton grants (Note 8)	\$ 206,751	\$ 206,004
Rental	82,910	80,255
Other income	360	704
Amortization of deferred capital contributions (Note 10)	55,742	58,065
	<u>345,763</u>	<u>345,028</u>
Expenditures		
Amortization	135,983	97,337
Client services	895	795
Food and kitchen costs	14,183	6,910
Goods and services tax	820	1,562
Insurance	25,302	61,605
Interest and bank charges	510	556
Management fee (Note 13)	26,600	25,824
Office supplies	29,382	36,667
Professional fees	4,627	2,911
Repairs and maintenance	42,515	42,481
Telephone, communication and I.T. services	4,408	4,446
Training and staff development	1,773	979
Utilities	47,668	40,169
Wages and employee benefits	495,358	481,655
Waste removal	984	-
	<u>831,008</u>	<u>803,897</u>
Deficiency of revenues over expenses	<u>\$ (485,245)</u>	<u>\$ (458,869)</u>

Hope Mission **Schedule 5 - Bethany Homes**

Year ended December 31

2024
2023
(Combined -
Note 2)

Revenue

Nutrition program (Note 8)	\$ 324,509	\$ 308,220
Donations	86,727	94,072
Other revenue	66,353	93,519
Amortization of deferred capital contributions (Note 10)	24,263	25,274
	<u>501,852</u>	<u>521,085</u>

Expenditures

Amortization	119,040	74,270
Automotive	70,778	82,630
Fees, licenses and permits	218	1,009
Food and kitchen	289,312	223,942
Goods and services tax	5,442	5,269
Insurance	22,392	20,607
Office supplies	6,254	4,554
Professional fees	2,651	1,983
Property taxes	1,053	-
Repairs and maintenance	6,364	3,685
Supplies	160,226	144,304
Telephone, communication and I.T. services	2,530	2,599
Training and staff development	21,538	3,514
Utilities	24,746	17,073
Vehicle, travel and transit	4,884	1,497
Wages and employee benefits	558,932	495,256
Waste Removal	770	-
	<u>1,297,130</u>	<u>1,082,192</u>

Deficiency of revenues over expenses	\$ (795,278)	\$ (561,107)
--------------------------------------	--------------	--------------

Hope Mission **Schedule 6 - Calgary Hope**

Year ended December 31

2024

2023
(Combined -
Note 2)

Revenue

Amortization of deferred capital contributions (Note 10)	\$ 34,752	\$ 36,200
Other revenue	<u>34,933</u>	<u>6,388</u>
	<u>69,685</u>	<u>42,588</u>

Expenditures

Amortization	239,465	203,991
Automotive	33,976	27,021
Fees, licenses and permits	3,586	285
Food and kitchen costs	86,918	88,954
Goods and services tax	5,494	6,370
Insurance	36,132	30,120
Office supplies	6,272	10,128
Professional fees	3,534	2,111
Property taxes	17,075	-
Repairs and maintenance	46,803	106,352
Supplies	69,108	51,068
Telephone, communication and I.T. services	5,331	5,063
Training and staff development	762	167
Utilities	66,365	56,507
Vehicle, travel and transit	28,322	27,867
Wages and employee benefits	794,157	752,937
Waste removal	<u>17,986</u>	<u>-</u>
	<u>1,461,286</u>	<u>1,368,941</u>

Deficiency of revenues over expenses	<u>\$ (1,391,601)</u>	<u>\$ (1,326,353)</u>
--------------------------------------	-----------------------	-----------------------

Hope Mission **Schedule 7 - Red Deer Hope**

Year ended December 31

2024

2023
(Combined -
Note 2)

Expenditures

Automotive	\$	8,879	\$	3,731
Fees, licenses, and permits		671		50
Food and kitchen costs		208,366		99,953
Goods and services tax		2,253		1,417
Insurance		8,019		6,953
Office supplies		6,384		7,431
Professional fees		1,767		7,130
Rent		27,500		29,883
Repairs and maintenance		1,561		607
Supplies		21,087		5,150
Telephone, communication and I.T. services		1,933		1,225
Training and staff development		399		4,845
Vehicle, travel and transit		6,525		4,000
Wages and employee benefits		308,684		269,607
Waste removal		572		-
		604,600		441,982
Deficiency of revenues over expenses	\$	(604,600)	\$	(441,982)

Hope Mission **Schedule 8 - Wetaskiwin Hope**

Year ended December 31

2024 **2023**
(Combined -
Note 2)

Revenue

Government grants	\$ 2,277,851	\$ 2,092,976
Other income	<u>879</u>	<u>-</u>
	<u>2,278,730</u>	<u>2,092,976</u>

Expenditures

Automotive	51,549	21,488
Food and kitchen costs	36,819	96,116
Goods and services tax	9,645	14,939
Insurance	30,207	25,931
Interest and bank charges	71	-
Office supplies	1,215	3,638
Professional fees	7,000	9,030
Rent	187,618	203,175
Repairs and maintenance	77,597	75,501
Supplies	108,802	169,764
Telephone, communication and I.T. services	5,182	3,886
Utilities	28,557	52,287
Wages and employee benefits	1,741,642	1,417,221
Waste removal	<u>3,592</u>	<u>-</u>
	<u>2,289,496</u>	<u>2,092,976</u>

Deficiency of revenues over expenses	<u>\$ (10,766)</u>	<u>\$ -</u>
--------------------------------------	--------------------	-------------