



**seeds of hope**  
HELPING ORPHANS AROUND THE WORLD



2019 ANNUAL REPORT

# Seeds of Hope Children's Ministry®

*Sowing life, love, and laughter*

## 2019 ANNUAL REPORT

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### MISSION STATEMENT

Seeds of Hope Children's Ministry® exists to equip children and those in need, to love and serve Jesus Christ, while becoming healthy, educated, responsible members of society.

### EXECUTIVE SUMMARY

Seeds of Hope Children's Ministry® was incorporated in British Columbia in 1995 and is a registered charity with Revenue Canada under BN # 891228280 RR 0001.

In the USA, Seeds of Hope Children's Ministry USA® is incorporated in the State of Washington and is a registered 501(c) charitable organization. (EIN# 61-1953620)

In Zambia, Seeds of Hope Children's Ministry Zambia was incorporated as a charitable organization in 2002 and Seeds of Hope Educational Centre as a Company Limited by Guarantee in 2010

In Australia, Seeds of Hope Children's Ministry is registered as a Company Limited by Guarantee ACN 606 739 897

Susan Chalkias | FOUNDER / DIRECTOR OF OPERATIONS

John Chalkias | EXECUTIVE DIRECTOR

### 2019 BOARD OF DIRECTORS

Karalee Braaksma, BSN | DIRECTOR

Kevin McAllan | DIRECTOR

Rev. Dan Rempel | DIRECTOR

Stan Rempel | DIRECTOR

Dr. Bill Tyler | TREASURER

Dr. Barb Sims | CHAIR

Leanne Schroeder | SECRETARY

Deni Starbuck | VICE CHAIR AND USA REP





*“The Spirit of the Lord is on me, because he has anointed me to proclaim good news to the poor. He has sent me to proclaim freedom for the prisoners and recovery of sight for the blind, to set the oppressed free, to proclaim the year of the Lord’s favor.” Luke 4:18*

Dear Friends,

The scripture above is our “call to arms,” if you will. It was the driving force in the life and ministry of Jesus Christ; to proclaim good news to the poor, heal the sick, and set the captives free. It is the very heartbeat of this ministry and we are so grateful for your partnership as we work to make a difference in the lives of children and to proclaim the Gospel to the poor. Inside these pages, you will see how you are helping us provide food, shelter, medical care and education to orphaned children, as well as creating employment to give hope and dignity to the poor in the communities where we work.

You will also find our audited financial report. We want to be accountable, transparent, and responsible to you, our donor. Most of all, we want to celebrate with you the accomplishments we had together in the children and communities we serve.

Thank you for your continued support, prayers, and encouragement.

Yours in Christ’s service,

John Chalkias  
Executive Director  
Seeds of Hope Children’s Ministry

## 2019: A YEAR OF GROWTH AND RENEWED VISION

Shillah and Akson have been working for Seeds of Hope in Zambia for 6 years; Shillah as a housekeeper, and Akson as one of our guards. Both have shown great work ethic and continually try to improve on all they do. We are so impressed with this couple, and if you got to know them, you would say they are remarkable.



Before they came to Seeds of Hope, it was a struggle for them to feed their family and to find shelter. Most of the time, Akson would do “piece work” which was temporary and mostly consisted of farm work during the sowing and harvest times. They had 7 children, one passed away at 6 months old. Paying school fees was very expensive and their children were not always able to go to school. However, since they have started working at Seeds of Hope, their children are now able to attend school at Grace Academy and are doing extremely well. The children value education and, like their parents, show an excellent work ethic. They are very grateful for the opportunities they have been given.



Even though they both have steady employment at Grace Academy, life continues to be difficult for Shillah and Akson. They walk 2 hours to get to work, put in a full day working, walk 2 hours home, and then work the fields in the evenings. Working the fields is all done with a hand hoe and is extremely laborious. Besides the physical difficulties, there have been emotional upheavals. Last year, they noticed their youngest child, 6-month-old Gift, was having trouble with his left eye. Upon visiting the clinic, they were referred to an ophthalmologist who diagnosed

the eye as having cancer. Within a few days, the eye was removed. This has been an extremely emotional and taxing time for the family. At one point, Shillah collapsed in the hospital, stressed and worried about what would happen to her child. They continued working throughout the ordeal. Seeds of Hope paid for the surgeries and medical care, and encouraged the couple.

As many of you know, Seeds of Hope is starting an agriculture project to help Grace Academy become self-sustaining. Feeding 300 people a day is very difficult with inflation running rampant. We are starting with growing chickens and fish (and aloe vera to help us create an income) so that we can control costs and feed our children well. Having a farm will ensure a high-protein diet and good nutrition, which is essential for children who are HIV positive.



We are pleased to introduce Evan and Trinda Akers, from Alberta, Canada, whom we have hired to manage the farm at Grace Academy. They come to us with a strong farming, accounting, and heavy-duty mechanics background. In addition to managing the farm, part of their duties will be to train a Zambian couple to run the farm after their term is up.

At Seeds of Hope, we believe in empowering nationals. Because of their tremendous work ethic and love for working the soil, we have selected Shillah and Akson to work together with Evan and Trinda. This will be such a huge blessing to them. They will live in a modern house with running water and electricity. They will not have to walk for 4 hours a day. They will have time for their children. They will learn modern agriculture and will be able to get ahead financially.

## ZAMBIA

2019 saw our biggest graduating class yet at Grace Academy!



This year was a year where we shifted focus for a bit. Our program in Zambia has come to a place where building and expansion has slowed down, and we are concentrating more on sustainability. Our solar power project has been a huge blessing and we now have power 24/7 while the rest of the city and the whole country is suffering from daily load shedding that lasts up to 14 hours a day. We had a new irrigation system installed to ensure that we can grow crops even during the dry season. We have planted large vegetable gardens and fruit trees. We planted aloe vera plants to help provide an income. We started growing fish (tilapia) for consumption and our first batch of hens started laying eggs. In addition, we are raising goats for meat. We are so excited to be able to provide our children with good nutrition that is grown on site.



## MYANMAR



Fall of 2019 was a difficult time as we and our family at Precious Gems Home (PGH) in Myanmar grieved the loss of Mary's life when she was struck down by a drunk driver on a motorcycle. The loss of a child is never easy, and Mary's death was profoundly sobering.

Despite the sadness around Mary's death, our children at PGH are strong in the Lord, have rallied and find much joy in the life and opportunities provided them. It is an exciting time as we watch the children getting older, completing school, and looking towards their futures. Two of our boys have completed school and are employed in Korea, and one of our girls graduated and received her ID. She is running a preschool program at a church and is waiting to start distance correspondence learning. She looks forward to a lifetime of sharing the gospel with young people. Another one of our boys completed his Bachelor of Religious Education and is in the application process for his ID. Several of our kids have been honoured for their scholastic accomplishments by way of awards or prizes.



Continued on page 7

Continued from page 6

When the children reach 18, they need to obtain their Myanmar Citizenship ID. For many of the kids, this is a time of anxiousness. Most of our kids have come without identification and have minimal, if any, extended family knowledge which makes verification of who they are difficult. Without Citizenship ID, they are considered non-citizens and cannot relocate, get employment, or pursue post-secondary education. The process to get ID is arduous, tightly governed and can be expensive. The children must return to the state (e.g. Kachin State) from which they came to apply. We try to have them stay with extended family during the process but, as several of our kids have no family, that is not always an option and some must be boarded out for the duration of the application process. To date, the Lord has been gracious and, while some of the applications have been lengthy, they have been granted. Please continue to pray with us as the children get older; there are many ID applications that will need to be submitted.

2020 is our 25th year of ministry! We are looking forward to our annual banquet in the fall to highlight and celebrate 25 years of ministry, saving the lives of children, bringing hope to communities, and sharing the Gospel of Jesus Christ. We have already started going through photos and videos that we will use to go down memory lane to celebrate and reminisce how God brought us through struggles to see victories and triumph in the lives of our children, staff and communities where we work. We want to celebrate friends we have made along the way who have been instrumental in our growth and who we have come to love: people who have traveled with us, shared the load, worked shoulder to shoulder with, wept together as well as experienced overwhelming joy in the rescue of precious little lives. We also want to celebrate the scores of adoptions; many of these adoptees will be sitting with us during our celebration. And we want to give thanks and give recognition to all who have given so generously to make our work possible. Most of all, we want to worship God, who calls us to love one another. We are so looking forward to an amazing evening of celebration. Please look for the upcoming announcements concerning the date for the banquet so you can mark your calendar and join us.

In Thailand, we are aiming to start construction of the new home for children rescued out of human trafficking in the Spring of 2020. Plans have already been drawn up and submitted to the Thai authorities for permits and licensing.

In Zambia, we will have our largest ever graduating class. As these students start their post high school education and their reintegration into Zambian society, we

## THAILAND

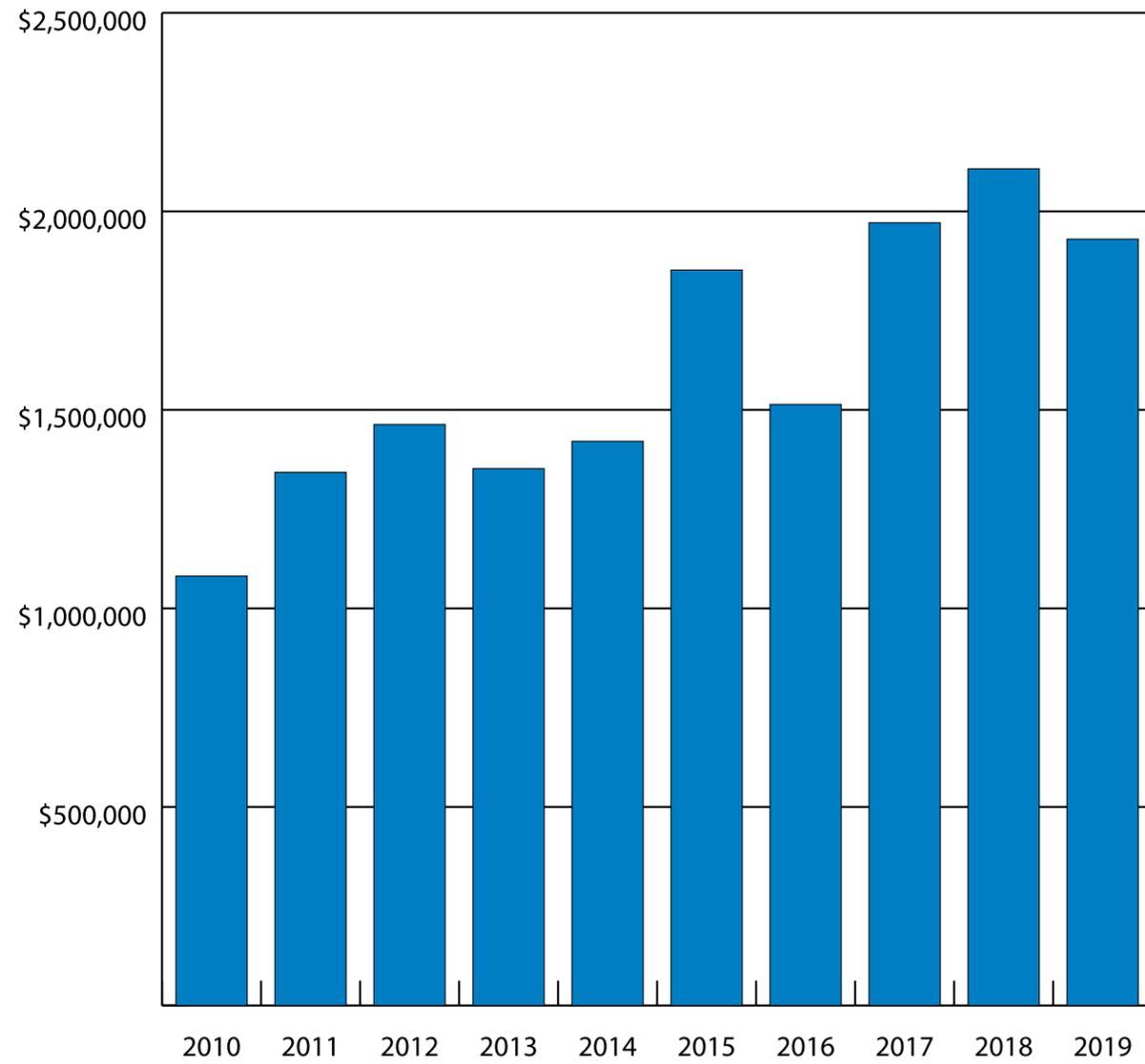
Thailand has one of the worst reputations as being one of the capitals of child prostitution and slavery. In 2019, we completed our study concerning starting a home for children rescued from human trafficking. We met with, and interviewed, other organizations working in this field, social workers, police task force members and other ministries to determine the need and establish partnerships and collaboration. It was determined that the need is great: there are several organizations involved in rescuing children, but afterwards there is no place to for the children to be brought to. Most end up in government orphanages where they get "lost" in the system. Upon release from these institutions, most end up in prison, addicted or back in the sex trade.

Our directors approved this project and we have begun moving forward to make it a reality. We have met with architects and local builders, drawn up designs for the building(s), obtained written quotes and are ready to start this project on our existing project, Nu Rain. Nu Rain is currently used to minister to women who are HIV positive and have been ostracized and ousted from their communities. The property is 5 acres and we are planning to subdivide it to accompany both ministries. For the last 24 years, Seeds of Hope has been saving the lives of children and helping them to thrive and have bright futures. We invite you to join us in this urgently needed ministry as you have in the past.

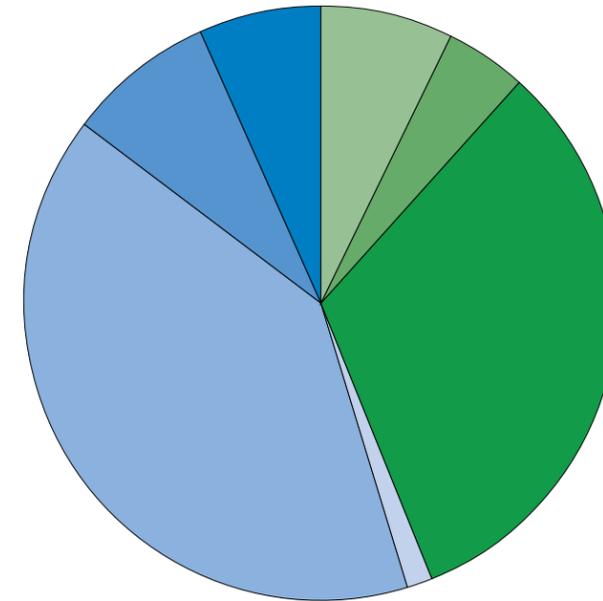
will have a drive for scholarship funds to help with their college educations. In addition, we will have a new intake of children coming into Grace Academy. This is the most exciting thing because there are tens of thousands of orphaned, abandoned and street children in Zambia. For a child to come to Grace Academy means that their destiny has been changed! To give you an idea of how much of a change this is for them, it will be the first time they have slept in a bed or had three meals in a day!

We are also planning to start the *Leader in Me* program starting in January 2020. The *Leader in Me* program has been developed from Stephen Covey's book *7 Habits of Highly Effective People*, to a highly successful a school program developing leadership habits and thinking in students.

In Myanmar, we are excited as we have had several of our children graduate and start post-high school education. We look forward to a new intake of children. In Myanmar, we have a lot of restrictions due to the military regime. However, PGH is a place where children are loved and cared for. It is a place of hope, dreams and a place where their future changes just like our children in Zambia. The children at PGH have different wounds than their Zambian counterparts. Most of our children have come from northern Myanmar, where there are several civil wars happening. Many of the children have lost their parents or been separated from them as a result of the fighting. Their trauma is different but PGH is a place for them to receive healing, love, and the Gospel.

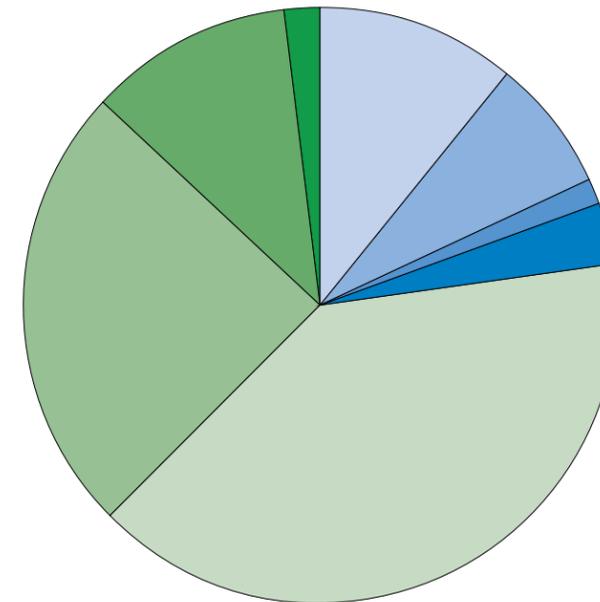


Seeds of Hope Children's Ministry is a certified member of the Canadian Council of Christian Charities and abides by all its strict ethical and financial standards, including annual audits by an independent accounting firm. Spending of funds is confined to programs and projects approved by the organization. Each restricted contribution is designated with the understanding that when the need for such a program or project has been met or cannot be completed for any reason determined by the organization, the remaining restricted contributions will be used where needed most.



**SOURCES OF INCOME**

- \$142,177** Grants
  - \$84,700** Thrift Store
  - \$624,314** Child Sponsorship
  - \$26,211** Coffee
  - \$771,283** Individuals
  - \$152,860** Education
  - \$128,519** Nu Rain
- \$1,930,064**



**HOW WE SPENT OUR FUNDS**

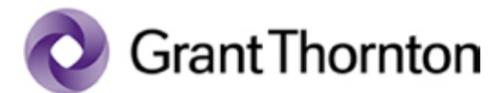
- \$205,530** Farming
  - \$134,847** Nu Rain
  - \$23,497** Coffee
  - \$62,112** Construction
  - \$740,742** Support
  - \$452,870** Administration
  - \$208,786** Team Projects
  - \$34,220** Widows Jar
- \$1,862,604**



## 2019 AUDITED FINANCIAL STATEMENTS

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### INDEPENDENT AUDITORS' REPORT

To the members of:  
**SEEDS OF HOPE CHILDREN'S MINISTRY**

#### **Qualified Opinion**

We have audited the non-consolidated financial statements of SEEDS OF HOPE CHILDREN'S MINISTRY, which comprise the statement of financial position as at December 31, 2019, 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 non-consolidated financial statements present fairly, in all material respects, the financial position of SEEDS OF HOPE CHILDREN'S MINISTRY as at December 31, 2019, 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**

Note 2(c) indicates that the Society has control over a not-for-profit organization in Zambia, a not-for-profit organization in Thailand and a non-for-profit organization in the United States, all which carry out activities on behalf of the Society. These non-consolidated financial statements do not contain disclosure related to the assets, liabilities, net assets, revenues, expenses and net cash flows of these foreign organizations. The effects of this departure from Canadian generally accepted accounting principles on the non-consolidated financial statements are not quantifiable.

In common with many charitable organizations, the Society derives part of its revenue from the general public in the form of donations; the completeness of which is not subject to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustment might be necessary to contributions, excess of revenue over expenses, current assets or net assets.

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 Society 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

We draw attention to Note 2(c) of the financial statements which describes the scope limitation related to the three controlled entities in Zambia Thailand and the USA. Our opinion has been qualified in respect to this matter.

## Other Matter

The financial statements of SEEDS OF HOPE CHILDREN'S MINISTRY for the year ended December 31, 2018 were audited by Friesen Pankratz & Associates Chartered Professional Accountants who expressed a qualified opinion on those statements on June 16, 2019. The partners and staff of Friesen Pankratz & Associates Chartered Professional Accountants joined Grant Thornton LLP subsequent to June 16, 2019.

## 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Society'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 Society'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 Society 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.

## Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not for profit organizations have been applied on a basis consistent with that of the preceding year.



## CHARTERED PROFESSIONAL ACCOUNTANTS

Abbotsford, Canada  
June 17, 2020



**SEEDS OF HOPE CHILDREN'S MINISTRY**  
**Non-consolidated Statement of Operations**  
**For the year ended December 31, 2019**

	2019	2018
<b>REVENUE</b>		
Donations (Note 8)	\$ 1,891,581	\$ 2,069,320
Coffee project	26,211	26,964
Investment income	10,572	5,964
Rental income (Note 9)	1,700	4,950
	<b>1,930,064</b>	<b>2,107,198</b>
<b>OPERATING EXPENSES</b>		
Child sponsorship	603,355	585,592
Salaries, wages and subcontract	243,751	239,671
Teams travel	208,786	360,257
Farming expenses	205,530	36,947
General expenses (Note 10)	173,932	122,759
Education sponsorship	98,302	88,464
Construction costs	62,112	453,196
Advertising and promotion	59,449	41,588
Rent	28,905	28,623
Coffee cost	23,497	19,879
Office, stationery and postage	21,458	24,515
Professional fees	20,942	22,908
Employee benefits and payroll costs	19,814	20,049
Widows Jar (Medical)	19,312	14,406
Feeding program	14,908	17,933
Interest and bank charges	13,286	13,169
Insurance, fees and licences	12,725	9,875
Travel and vehicle	12,380	4,523
Telephone and utilities	11,115	11,520
Supplies and maintenance	6,535	7,843
Amortization	2,510	3,084
	<b>1,862,604</b>	<b>2,126,801</b>
<b>EXCESS OF REVENUE FROM OPERATIONS</b>	<b>67,460</b>	<b>(19,603)</b>
Foreign exchange gains/(losses)	2,236	(9,229)
<b>EXCESS OF REVENUE</b>	<b>\$ 69,696</b>	<b>\$ (28,832)</b>

See accompanying Notes to Financial Statements and Auditor's Report



**SEEDS OF HOPE CHILDREN'S MINISTRY**  
**Non-consolidated Statement of Changes in Net Assets**  
**For the year ended December 31, 2019**

	Unrestricted	Internally Restricted	2019	2018
<b>NET ASSETS - Open</b>	\$ 486,749	\$ 181,346	\$ 668,095	\$ 696,927
Excess of revenue	69,696	-	69,696	(28,832)
Fund Transfers (Note 2.i)	(9,365)	9,365	-	-
<b>NET ASSETS - Close</b>	<b>\$ 547,080</b>	<b>\$ 190,711</b>	<b>\$ 737,791</b>	<b>\$ 668,095</b>

See accompanying Notes to Financial Statements and Auditor's Report



**SEEDS OF HOPE CHILDREN'S MINISTRY**  
Non-consolidated Statement of Financial Position  
As at December 31, 2019

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank	\$ 731,090	\$ 520,473
Temporary investments	425,438	408,879
Accounts receivable	-	11,346
Sales taxes refundable	5,689	4,053
Inventory (Note 4)	9,560	6,305
Prepaid expenses	41,248	31,309
	<b>1,213,025</b>	<b>982,365</b>
<b>LONG-TERM INVESTMENTS</b> (Note 5)	-	11,876
<b>CAPITAL ASSETS</b> (Note 6)	<b>7,276</b>	<b>8,968</b>
	<b>\$ 1,220,301</b>	<b>\$ 1,003,209</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accruals	\$ 37,516	\$ 20,010
Payroll and deductions payable	3,682	4,117
Deferred contributions (Note 7)	441,312	310,987
	<b>482,510</b>	<b>335,114</b>
<b>NET ASSETS</b>		
Internally restricted	190,711	181,346
Unrestricted	547,080	486,749
	<b>737,791</b>	<b>668,095</b>
	<b>\$ 1,220,301</b>	<b>\$ 1,003,209</b>

APPROVED ON BEHALF OF THE BOARD:

Director

Director

See accompanying Notes to Financial Statements and Auditor's Report



**SEEDS OF HOPE CHILDREN'S MINISTRY**  
Non-consolidated Statement of Cash Flows  
For the year ended December 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue	\$ 69,696	\$ (28,832)
Add: non-cash items affecting operations		
Amortization	2,510	3,084
Accounts receivable	11,346	(11,346)
Inventory	(3,255)	(1,000)
Prepaid expenses	(9,939)	46,481
Accounts payable and accruals	17,507	(26,763)
Sales taxes payable	(1,636)	(1,078)
Deferred contributions	130,326	71,036
Payroll and deductions payable	(436)	1,921
	<b>216,119</b>	<b>53,503</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions of capital assets	(820)	(3,855)
Temporary investments	(16,558)	(5,846)
Long-term investments	11,876	(118)
	<b>(5,502)</b>	<b>(9,819)</b>
<b>INCREASE IN CASH OR EQUIVALENTS</b>	<b>210,617</b>	<b>43,684</b>
<b>CASH - OPEN</b>	<b>520,473</b>	<b>476,789</b>
<b>CASH - CLOSE</b>	<b>\$ 731,090</b>	<b>\$ 520,473</b>
<b>CASH REPRESENTED BY:</b>		
Cash on hand	\$ 5,043	\$ 10,772
Canadian banks - domestic currency	654,811	508,786
Canadian banks - foreign currency	71,236	915
	<b>\$ 731,090</b>	<b>\$ 520,473</b>

See accompanying Notes to Financial Statements and Auditor's Report



## SEEDS OF HOPE CHILDREN'S MINISTRY

Notes to Financial Statements  
For the year ended December 31, 2019

### 1. DEFINITION OF ENTITY

Seeds of Hope Children's Ministry is a Society, incorporated under the Societies Act, R.S.B.C. 1996, c. 433, with its registered office in the City of Abbotsford, British Columbia. It is a registered charity for purposes of the Income Tax Act (Canada), and as such is not subject to income tax on its excess of revenues over expenditures.

Seeds of Hope Children's Ministry exists to equip children and those in need to love and serve Jesus Christ while becoming healthy, educated, responsible members of society.

### 2. ACCOUNTING POLICIES

#### (a) Accounting framework

These financial statements have been prepared in accordance with accounting standards for not-for-profit.

#### (b) Amortization

Capital assets are recorded at cost and are being amortized on the declining balance basis at the following rates:

Computer hardware	30 %
Equipment	20 %
Furniture and fixtures	20 %

See accompanying Auditor's Report



## SEEDS OF HOPE CHILDREN'S MINISTRY

Notes to Financial Statements  
For the year ended December 31, 2019

### ACCOUNTING POLICIES (Continued)

#### (c) Controlled entities

The Society controls a Zambian government registered not-for-profit Society operating under the name "Seeds of Hope Children's Ministry Zambia", a Thailand government registered not-for-profit Society operating under the name "Baan Nuu Rain" and United States of America not-for-profit entity operating under the name "Seeds of Hope Children's Ministry USA". The controlled not-for-profit entities in Zambia and Thailand have some Board members in common with the Canadian Society Seeds of Hope Children's Ministry, which has operational control over the organizations through veto power. The USA Society has directors and board members in common with the Canadian Society Seeds of Hope Children's Ministry. The USA not-for-profit entity exists in order to enable USA donors to contribute to the organization and receive USA tax receipts.

The Zambian Society, the Thailand Society and the US Society all have unaudited financial information and financial information for them is not readily available and have, therefore, not been presented through note disclosure or consolidation with the Canadian Society at December 31, 2019.

#### (d) Revenue recognition

The Society follows the deferral method of accounting for revenues. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period when the related expenses are incurred. Contributions are recognized as revenue when received. Sales of product, such as coffee, are recorded when product is transferred to the purchaser. Rental income is recorded in the month to which tenancy relates.

#### (e) Measurement uncertainty

The preparation of the financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

See accompanying Auditor's Report



**SEEDS OF HOPE CHILDREN'S MINISTRY**  
Notes to Financial Statements  
For the year ended December 31, 2019

**ACCOUNTING POLICIES (Continued)**

(f) Foreign currency

Foreign-currency-denominated monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign-currency-denominated non-monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect on the transaction date. Revenue and expense items are translated at the exchange rate in effect at the time of the transaction. Foreign exchange gains or losses are included in the determination of net earnings for the year.

(g) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(h) Donations and gifts in kind

Donations of materials and services are recognized in the accounts of the Society at estimated fair market value when the materials and services are used in the normal course of the Society's operations and would otherwise have been acquired for distribution in accordance with the Society's purpose and objectives. The total donations in kind recorded during the year was \$7,141 (\$8,078 in 2018).

(i) Internally restricted net assets

The Society has internally restricted net assets for a number of purposes. The Society sets aside 1.5% of amounts contributed for child sponsorship for future post secondary education scholarships for the children. In addition, the Society sets funds for the construction, expansion and refurbishment of overseas facilities.



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**ACCOUNTING POLICIES (Continued)**

(j) Financial instruments

Financial assets and financial liabilities, other than those with related parties, are initially recognized at fair value when the company becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments, other than those with related parties, are measured at amortized cost. Financial assets and financial liabilities arising from transactions with related parties are recognized at the exchange amount which is the amount agreed to by the parties.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in net income an impairment loss, if any, when it determines that a significant adverse change has occurred during the period that would impair the carrying value or change the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net income in the period the reversal occurs.

**3. FINANCIAL INSTRUMENTS**

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below:

**Currency Risk**

Currency risk is the risk that the fair value, or future cash flows, of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2019, cash on hand and in the bank totalling \$57,291 USD (\$6,771 USD in 2018) is denominated in US dollars and converted into Canadian dollars at the year-end exchange rate.



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**4. INVENTORY**

Inventory consists of books and compact discs, apparel, and coffee, and is recorded at the lower of cost or net realizable value.

	2019	2018
Books and CDs	\$ 7,978	\$ 3,700
Apparel	1,152	1,687
Coffee	430	918
	<b>\$ 9,560</b>	<b>\$ 6,305</b>

**5. LONG-TERM INVESTMENTS**

Long-term investments are reported at market value and consist of amounts held in Guaranteed Investment Certificates maturing more than one year beyond the balance sheet date. These funds have been allocated by the board for post secondary education for children in Zambia.

**6. CAPITAL ASSETS**

	Original Cost	Accumulated Amortization	2019	2018
Computer hardware	\$ 16,415	\$ (12,541)	\$ 3,874	\$ 4,715
Equipment	10,541	(8,032)	2,509	3,137
Furniture and fixtures	4,522	(3,629)	893	1,116
	<b>\$ 31,478</b>	<b>\$ (24,202)</b>	<b>\$ 7,276</b>	<b>\$ 8,968</b>

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**7. DEFERRED CONTRIBUTIONS**

Deferred contributions represent the unspent portion of externally restricted funds donated for specific projects. These amounts were received in the current and prior years and will be recognized as revenue in the period in which related expenses are incurred. Changes in the deferred contributions balance are as follows:

	2019	2018
Opening balance	\$ 310,987	\$ 239,951
Less amount recognized as revenue in the year	(78,629)	(50,646)
Add amount received related to next year	208,954	121,682
	<b>\$ 441,312</b>	<b>\$ 310,987</b>

**8. DONATIONS**

Each year the Society receives some contributions that are subject to donor restrictions. Changes in deferred contributions in the year are reflected in the contributions recognized as revenue as follows:

	2019	2018
Contributions received in the year	\$ 2,021,907	\$ 2,140,356
Changes in deferred contributions in the year	(130,326)	(71,036)
	<b>\$ 1,891,581</b>	<b>\$ 2,069,320</b>

**9. LEASES**

The Society leases premises located at 101-33119 South Fraser Way, Abbotsford, BC. Rent of \$2,383 plus tax is paid on a month to month basis. For a portion of the year the Society was subletting a portion of the premises for \$212 per month on a month to month basis to an arm's length party.

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**10. GENERAL EXPENSES**

General expenses are non-recurring expenditures responding to the identified needs in Zambia, Myanmar and Thailand. These expenses include, but are not limited to, such items as vehicle repair and replacement and emergency travel for students requiring medical procedures.

**11. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATIONS**

The Society has significant influence over a Myanmar not-for-profit Society. The Myanmar Society has some board members in common with the Canadian Society Seeds of Hope Children's Ministry which has significant influence over the Myanmar organization due to being its major source of funding. The Myanmar not-for-profit entity exists in order to carry out the work of the Seeds of Hope Children's Ministry in Myanmar. This work consists of providing support to homes for children with HIV/AIDS.

**12. RELATED PARTY TRANSACTIONS**

During the year the Society paid the Seeds of Hope Children's Ministry Zambia \$961,856 (\$969,250 in 2018) for construction and building and farm expansion, orphanage and child sponsorship, worker support and travel.

During the year the Society paid the Myanmar organization \$30,693 (\$45,649 in 2018) for child sponsorship, repairs and general expenses.

During the year the Society paid the Nuu Rain Thailand organization \$134,847 (\$108,560 in 2018) for child sponsorship and support for the on going operations of the facility.

During the year the Society received from the Seeds of Hope Children's Ministry USA \$303,375 (\$243,664 in 2018) which represents funds received from USA residents to be used for Canadian operations.

During the year the Society paid rent in the amount of \$28,905 (\$28,623 in 2018) to Everite Investments, an entity controlled by Bill Bartleman. Bill Bartleman was a member of the Board of Directors in 2019, and also owns the building in which the Society is a tenant.

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**13. SUBSEQUENT EVENTS**

Since January 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. To date the Society's operations have not been materially affected by these events, therefore, the Society has determined that these are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact, if any, on the financial position and results of the Society for future periods.

See accompanying Auditor's Report



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*Saving the lives of children, building hope in communities, providing education and medical care, and building sustainability through commitment, passion, and innovation.*

2019 ANNUAL REPORT

