seeds of hope

HELPING ORPHANS AROUND THE WORLD

2020 ANNUAL REPORT

Seeds of Hope Children's Ministry®

Sowing life, love, and laughter

2020 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

2020 BOARD OF DIRECTORS

Karalee Braaksma BSN | VICE CHAIR
Wade Godin | DIRECTOR
Kevin McAllan | DIRECTOR
Rev. Dan Rempel | DIRECTOR
Stan Rempel | DIRECTOR
Dr. Bill Tyler | TREASURER
Leanne Schroeder | SECRETARY
Deni Starbuck | CHAIR AND USA REP
Kim Vanderhaak | DIRECTOR AND USA REP

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HELPING ORPHANS AROUND THE WORLD

SEEDS OF HOPE COFFEE

GRACE ACADEMY ZAMBIA

FROM THE EXECUTIVE DIRECTOR

"God is able to make all grace abound to you, so that in all things at all times, having all that you need, you will abound in every good work." 2 Corinthians 9:8

Dear Friends,

We have just gone through the most challenging year we have ever experienced. We started the year with high hopes and great plans to expand the ministry in order to reach more children than ever. Then, in March, everything started to close down and lock down due to Covid. During this time, Susan and I were in Zambia with a team. The visit was cut short, and we literally caught the last flight out of Zambia. Back home, we gathered as a board of directors to figure out how to keep this ship afloat. Hundreds of children and staff members depend on us for food, medical care and their livelihood. Inside these pages you will find amazing stories of the Lord's provision and how, God's people rose to the occasion. To those who gave and those who received … we are profoundly grateful for you all.

In addition, you will also find our audited financial statements showing you how we spent our funds. It is our desire to be accountable and transparent.

We are so incredibly grateful for your prayers, encouragement and support in these difficult times.

With gratitude,

Rev. John Chalkias
Executive Director
Seeds of Hope Children's Ministry

2020: MINISTRY YEAR IN REVIEW

2020 started strong and with a lot of promise. We had many things to look forward to; teams were booking up, there was a lot of construction plans at Grace Academy. We had plans to begin construction of the new homes in Thailand, we were excited to grow and continue support of the Myanmar project and we were looking forward to a HUGE 25th anniversary banquet. However, in March everything changed because of Covid. Teams were canceled, Grace went into a nine-month lockdown, and all our fundraisers were canceled including our cross-country tour.

As directors, our travel was also limited. Travel to Myanmar was shutdown, quarantines were put in place and the ministry along with countless businesses was put in an unfamiliar and unstable situation.

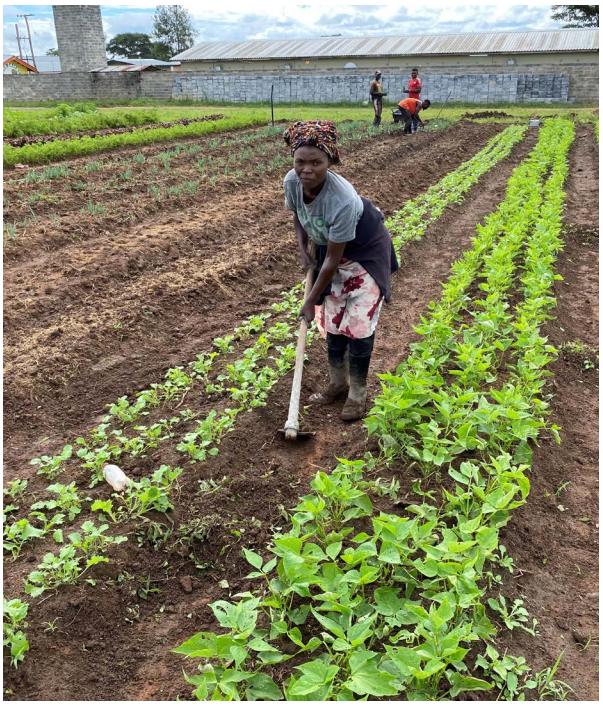
We had to rethink how we did everything and are so grateful for our staff and the way we work together in these difficult times. We are also so grateful for our amazing donors who stood by us.

Our 25th Annual Banquet which also celebrated our 25th year in ministry was done virtually and was very successful. We also did a virtual auction for the first time. We connected with supporting churches through videos, emails, Constant Contact and social media.

Grace Academy ended its lockdown in November after almost 9 months. This was a difficult time for all our overseas staff. Many were laid off (with pay) but others stayed on site and were on call 24/7 and were called on to perform extra duties to compensate for staff shortages. It was difficult to keep that many children occupied especially since school was canceled and we had our outside students also residing at Grace during that time. We are so grateful for the small team that was able to go to Zambia in November to put on our annual Christmas celebration with our children and staff.

Despite the difficulties, we have many success stories; the farm at Grace absolutely flourished with all kinds of vegetables and fruit, we added chickens, goats and fish. Evan and Trinda Akers, who came on board with us in November 2019 are doing an amazing job managing and growing the farm. One of their duties is to mentor Sheila and Axon, our Zambian couple who will be our Zambian farm managers. They too are doing a great job!

God, in His providence prepared us for all the difficulties of the lockdown. We were able to grow our own food, and even were able to provide food to our neighbors. We had plenty of water because of our four wells, generated our own electricity through our solar panels, and needed very few outside supplies.



GRACE ACADEMY CONTINUES TO BE "A PLACE OF GRACE"

(February 2020) In response to a call from Social Welfare, saying that they had 17 children that needed a home, Susan (Director, SoH), found herself traveling to town behind an old, rickety cargo truck, its box covered with a big tarp which had a small opening. Something was off about this truck. Curious, Susan drove closer and was shocked to see that under the tarp was a big cage, **containing .....Children - crammed in and sweltering in the Zambian sun.** Mortified, Susan sped around the vehicle and was able to get to the police at the road check ahead. The police moved quickly and pulled the truck over. While we cannot 100% know the reason for several children being caged under a tarp in the back of a truck, we 100% know it was not for good and that bad things still happen: Children cast away, stolen, sold, used, abused, trafficked… With the authorities involved, there was nothing further Susan could do in that situation, so she prayerfully continued on to her meeting with Social Welfare, thanking the Lord for His providence, mercies and grace in allowing that truck to be stopped and grieving the reality of what had just happened.

At Social Welfare, another heart wrenching scene unfolded: 17 children dressed in rags, orphaned, abandoned and homeless. From where did they come? While we will likely never know all the details, we do know that all of them have experienced trauma: All our children have experienced trauma. They come to us in varying states of: alone, hungry, tired, hopeless, illness, frightened, orphaned, abandoned and grieving the loss of parents and family.

BUT God, can and did change that for these 17 kids. They were not on that truck. In His Goodness, He brought these children to us and with your support, the healing process has begun. Thank you for your helping rescue children and changing their destiny.

RAYS OF HOPE

In Thailand, our newest project, (to have a home for children rescued from human trafficking on Rays of Hope property) went forth as planned. The builder was hired, plans drawn up, permits and licenses issued, and construction was started. We were successful in getting grants to fully fund the construction and as of the end of the year the two homes are complete, and work was scheduled to start the kitchen area.

Financially, our budget was met and exceeded in many areas. 2020 ended up being our biggest year financially to date. Administratively, our board of directors extended the terms of each director by one year because of Covid to ensure that we have an experienced board to see us through the Covid crisis. Board meetings have been held via Zoom.

"We are therefore Christ's ambassadors, as though God were making His appeal through us." 2 Corinthians 5:20

LOOKING AHEAD

We are facing a year of unprecedented uncertainty, however, there is one thing we are certain of: Our calling to serve orphaned children and the poor. Despite what is happening in the world, restrictions and quarantines, our calling is louder than ever.

Grace Academy in Zambia is continuing to grow, and we are continually looking at ways to improve the way we do childcare. Plans are in the works to hire two youth mentors (much like high school guidance counselors) to help our children prepare for leaving Grace Academy. In 2020, we started a transition house in town that will help our students reintegrate into Zambian society. We have hired a Zambian couple to mentor our graduates in all aspects of everyday living: Learning to shop, budgeting, banking, dating, cooking, job search, interviews, etc.

RAYS OF HOPE IN THAILAND

In Thailand, our call to arms is Luke 4:18, 19 – **"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"**

We are looking forward to opening the homes for children rescued from human trafficking by Spring 2021.

These homes are being built on our property at Rays of Hope. Rays of Hope cares for women infected with HIV and who have been ousted by their families and society. These women are vulnerable and often too sick to be on their own. At Rays of Hope they are loved and cared for. They learn that Jesus loves them, and the Gospel is shared with them. Their lives are literally renewed: physically, emotionally, and spiritually.

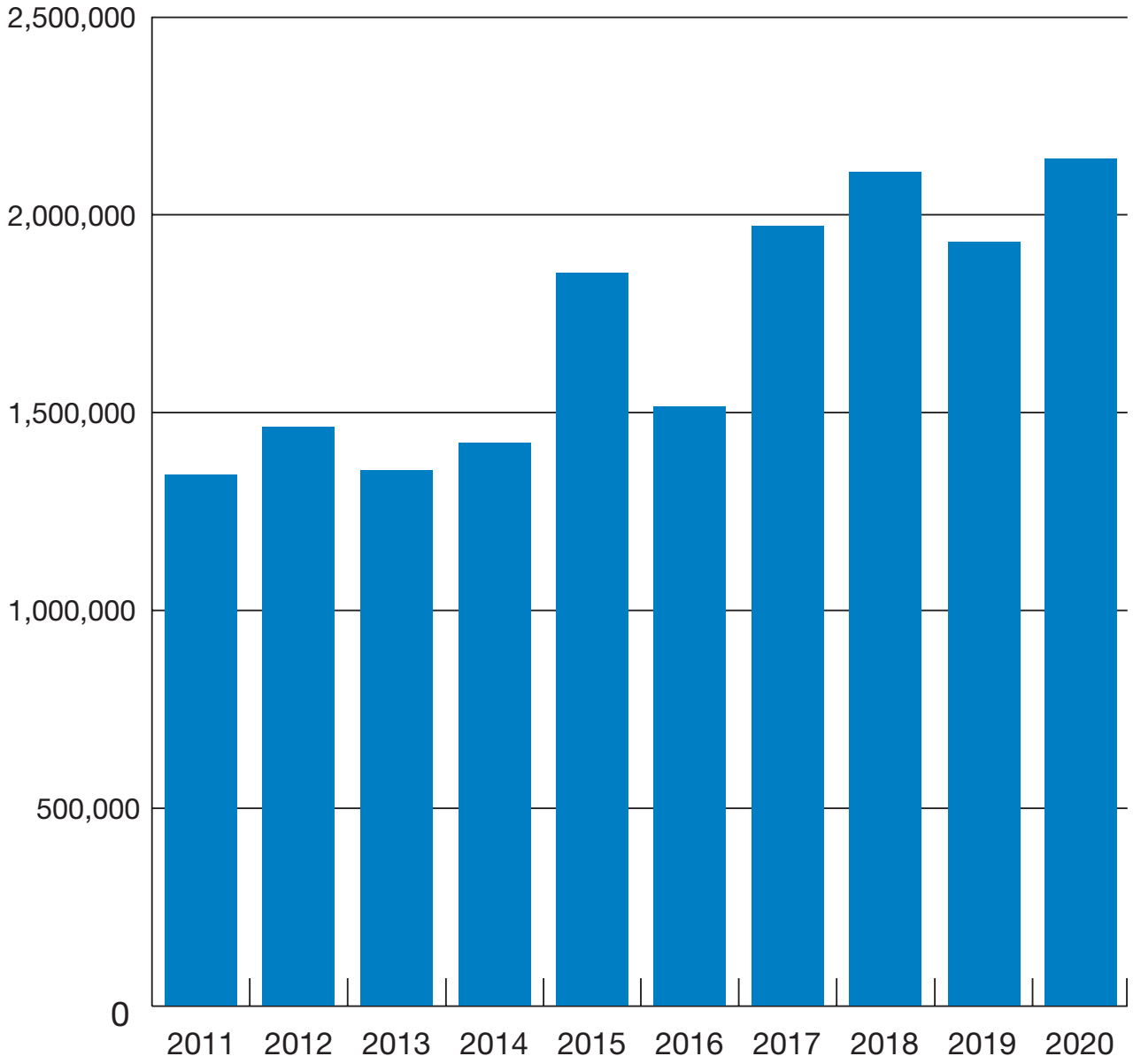
The property has been sub-divided with one part being for the women and the other for the children.

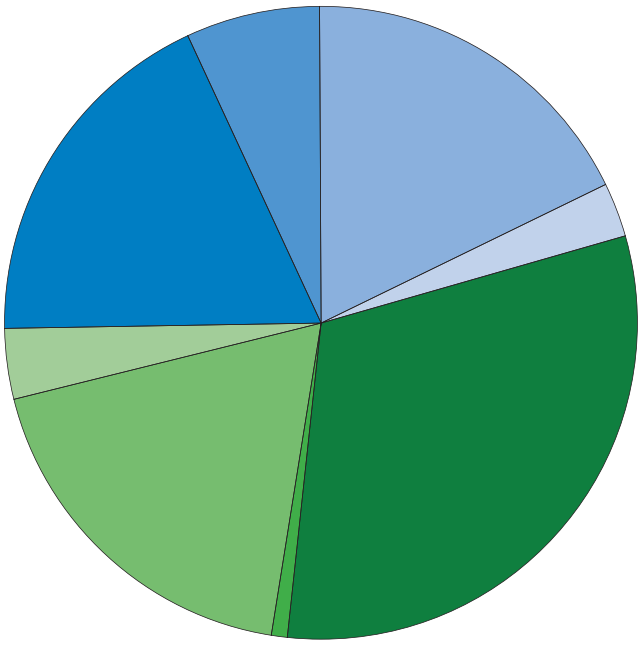
As of this writing everything is on time and on budget. We are very pleased with the builder and the way the homes are taking shape.

PRECIOUS GEMS CHILDREN'S HOME IN MYANMAR

As of this writing, there has been a military coup in Myanmar (February 2021). To date all our children and staff are safe and sound, however, we are very concerned for their safety and well being. Inflation has skyrocketed, there are food shortages, and daily reports of protests, violence, arrests, and killings. Through our friends and partners, we were able to get funds, emergency food and medical supplies to not only our children at PGH but also to hundreds of displaced people in the name of Jesus. We are so grateful to all those who made this possible.

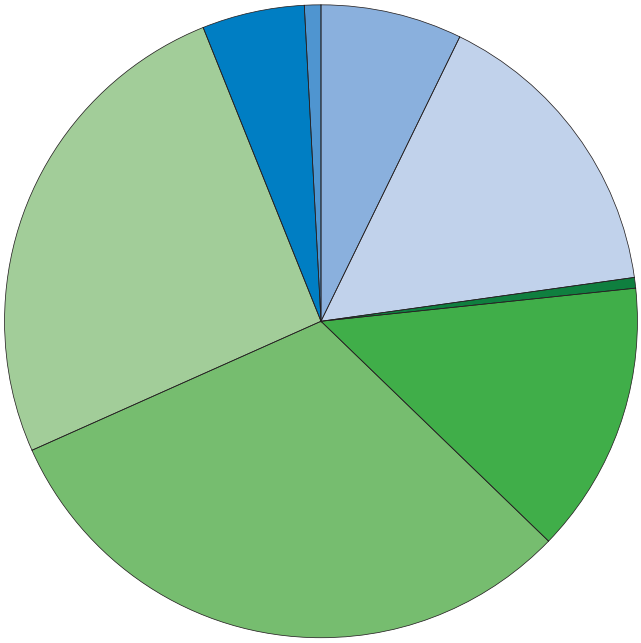
10 YEARS OF GROWTH





SOURCES OF INCOME

$145,516	Farming Donations
$390,646	Rays of Hope (Thailand)
$77,839	Education
$400,953	Individuals
$16,120	Sales
$661,301	Child Sponsorship
$59,600	Thrift Store
$385,630	Grants
$2,137,605	



HOW WE SPENT OUR FUNDS

$12,248	Widows Jar
$102,398	Team Projects
$485,969	Administration
$591,029	Orphanage Support
$260,354	Construction (Zambia)
$14,177	Sales
$292,268	Rays of Hope (Thailand)
$142,065	Farming (Zambia)
$1,900,508	

Seeds of Hope Children's Ministry®

2020 AUDITED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

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, 2020, 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, 2020, 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.

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.

Grant Thornton LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Abbotsford, Canada
June 7, 2021

SEEDS OF HOPE CHILDREN'S MINISTRY
Non-consolidated Statement of Operations
For the year ended December 31, 2020

	2020	2019
REVENUE		
Donations (Note 8)	**$ 2,113,087**	$ 1,891,581
Sales	**16,120**	26,211
Investment income	**8,398**	10,572
Rental income (Note 9)	**-**	1,700
	2,137,605	1,930,064
OPERATING EXPENSES		
Child sponsorship	**719,705**	603,355
Salaries, wages and subcontract	**300,471**	243,751
Construction costs	**260,354**	123,735
Farming expenses	**142,065**	205,530
Teams travel	**102,398**	208,786
General expenses (Note 10)	**90,203**	112,309
Education sponsorship	**73,389**	98,302
Advertising and promotion	**37,406**	59,449
Employee benefits and payroll costs	**31,550**	19,814
Rent	**29,963**	28,905
Professional fees	**20,013**	20,942
Interest and bank charges	**16,385**	13,286
Product cost	**14,177**	23,497
Insurance, fees and licences	**14,068**	12,725
Office, stationery and postage	**13,377**	21,458
Telephone and utilities	**10,963**	11,115
Supplies and maintenance	**8,278**	6,535
Widows Jar (Medical)	**7,828**	19,312
Feeding program	**4,420**	14,908
Amortization	**1,843**	2,510
Travel and vehicle	**1,652**	12,380
	1,900,508	1,862,604
EXCESS OF REVENUE FROM OPERATIONS	**237,097**	67,460
Foreign exchange (losses) gains	**(15,646)**	2,236
EXCESS OF REVENUE	**$ 221,451**	$ 69,696

See accompanying Notes to Financial Statements

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SEEDS OF HOPE CHILDREN'S MINISTRY

Non-consolidated Statement of Changes in Net Assets
For the year ended December 31, 2020

	Unrestricted	Internally Restricted	2020	2019
NET ASSETS - Open	$ 547,081	$ 190,711	**$ 737,792**	$ 668,096
Excess of revenue	221,451	-	**221,451**	69,696
Fund Transfers	(9,920)	9,920	**-**	-
NET ASSETS - Close	$ 758,612	$ 200,631	**$ 959,243**	$ 737,792

See accompanying Notes to Financial Statements

Grant Thornton

SEEDS OF HOPE CHILDREN'S MINISTRY

Non-consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and bank	**$ 1,577,851**	$ 731,090
Temporary investments (Note 5)	**24,795**	425,438
Sales taxes refundable	**2,982**	5,689
Inventory (Note 4)	**9,169**	9,560
Prepaid expenses	**16,999**	41,248
	1,631,796	1,213,025
CAPITAL ASSETS (Note 6)	**5,433**	7,277
	$ 1,637,229	$ 1,220,302
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accruals	**$ 18,060**	$ 37,516
Payroll and deductions payable	**5,946**	3,682
Deferred contributions (Note 7)	**653,980**	441,312
	677,986	482,510
NET ASSETS		
Internally restricted	**200,631**	190,711
Unrestricted	**758,612**	547,081
	959,243	737,792
	$ 1,637,229	$ 1,220,302

APPROVED ON BEHALF OF THE BOARD:

Director

Director

See accompanying Notes to Financial Statements

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SEEDS OF HOPE CHILDREN'S MINISTRY

Non-consolidated Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue	**$ 221,451**	$ 69,696
Add: non-cash items affecting operations		
Amortization	**1,843**	2,510
Accounts receivable	**-**	11,346
Inventory	**391**	(3,255)
Prepaid expenses	**24,250**	(9,939)
Accounts payable and accruals	**(19,457)**	17,507
Sales taxes payable	**2,707**	(1,636)
Deferred contributions	**212,668**	130,326
Payroll and deductions payable	**2,265**	(436)
	446,118	216,119
INVESTING ACTIVITIES		
Acquisitions of capital assets	**-**	(820)
Temporary investments	**400,643**	(16,558)
Long-term investments	**-**	11,876
	400,643	(5,502)
INCREASE IN CASH OR EQUIVALENTS	**846,761**	210,617
CASH - OPEN	**731,090**	520,473
CASH - CLOSE	**$ 1,577,851**	$ 731,090
CASH REPRESENTED BY:		
Cash on hand	**$ 9,249**	$ 5,043
Canadian banks - domestic currency	**1,275,350**	654,811
Canadian banks - foreign currency	**293,252**	71,236
	$ 1,577,851	$ 731,090

See accompanying Notes to Financial Statements

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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.

During the year, the spread of COVID-19 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 and impact on businesses and operations of not-for-profit organizations. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

However, the pandemic creates uncertainty about the future which could include decreases in revenue, changes to assets or liabilities or an impact on future operations. As the situation is dynamic, and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the future financial effect on the Society is not predictable at this time.

2. ACCOUNTING POLICIES

(a) Accounting framework

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

(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 %

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, 2020.

(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 ASNPO, 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.

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 $3,011 ($7,141 in 2019).

(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 society 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, 2020, cash on hand and in the bank totalling $230,327 USD ($57,291 USD in 2019) is denominated in US dollars and converted into Canadian dollars at the year-end exchange rate.

4. INVENTORY

Inventory consists of books and compact discs, apparel, and coffee as follows:

	2020	2019
Books and CDs	**$ 7,836**	$ 7,978
Apparel	**992**	1,152
Coffee	**341**	430
	$ 9,169	$ 9,560

5. INVESTMENTS

Investments consist of amounts held in Guaranteed Investment Certificates maturing October 2021 and earn interest at 1.85% per annum. These funds have been allocated by the board for post secondary education for children in Zambia.

6. CAPITAL ASSETS

	Original Cost	Accumulated Amortization	2020	2019
Computer hardware	$ 16,415	$ (13,703)	**$ 2,712**	$ 3,874
Equipment	10,541	(8,534)	**2,007**	2,510
Furniture and fixtures	4,522	(3,808)	**714**	893
	$ 31,478	$ (26,045)	**$ 5,433**	$ 7,277

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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:

	2020	2019
Opening balance	**$ 441,312**	$ 310,987
Less amount recognized as revenue in the year	**(99,487)**	(78,629)
Add amount received related to future periods	**312,155**	208,954
	$ 653,980	$ 441,312

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:

	2020	2019
Contributions received in the year	**$ 2,325,755**	$ 2,021,907
Changes in deferred contributions in the year	**(212,668)**	(130,326)
	$ 2,113,087	$ 1,891,581

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.

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 $958,963 ($961,856 in 2019) for construction and building and farm expansion, orphanage and child sponsorship, worker support and travel.

During the year the Society paid the Myanmar organization $42,080 ($30,693 in 2019) for child sponsorship, repairs and general expenses.

During the year the Society paid the Nuu Rain Thailand organization $292,769 ($134,847 in 2019) 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 $341,868 ($303,375 in 2019) which represents funds received from USA residents to be used for Canadian operations.

During the year the Society paid rent in the amount of $29,963 ($28,905 in 2019) to Everite Investments, an entity controlled by Bill Bartleman. Bill Bartleman was a member of the Board of Directors in 2020, and also owns the building in which the Society is a tenant.

13. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to current presentation.

NOTES

NOTES

seeds of hope
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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.

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