SEEDS OF HOPE

helping orphans around the world

2022 ANNUAL REPORT

Seeds of Hope Children's Ministry®

Sowing life, love, and laughter

2022 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

2022 BOARD OF DIRECTORS

Karalee Braaksma, BSN | VICE CHAIR
Wade Godin | TREASURER
Eldon Guenther | DIRECTOR
Kevin McAllan | DIRECTOR, *term ended June 2022*
Rev. Dan Rempel | DIRECTOR
Stan Rempel | DIRECTOR
Leanne Schroeder | SECRETARY, *term ended June 2022*
Deni Starbuck | CHAIR, USA REP
Tami Strople | SECRETARY
Dr. Bill Tyler | DIRECTOR, *term ended June 2022*
Kim VanderHaak | DIRECTOR, USA REP

-SEEDS OF HOPE-
helping orphans around the world

FAITH INTEGRITY KNOWLEDGE COURAGE
GRACE ACADEMY
ZAMBIA

FROM THE EXECUTIVE DIRECTOR

"But be sure to fear the Lord and serve him faithfully with all your heart; consider what great things he has done for you."
1 Samuel 12:24

From the Executive Director,

Dear Friends,

2022 was a year during which we turned the corner on the Covid restrictions and lockdowns. We are so grateful that God is not restricted by man's decrees and mandates. The work of caring for orphans and widows did not stop. God's commission to share the Gospel did not take a back seat. Christ's command to love our neighbor was more urgent than ever. During the time of covid, we saw the ministry opportunities and needs grow. We were able to help more people and children in need than ever before, both at home and abroad. In these pages you will see some of the amazing accomplishments made possible by the generous support of our donors, devoted staff, and volunteers. We are so thankful for each one.

At Seeds of Hope Children's Ministry, we strive to be transparent, integral and honor the LORD in all our work. In this report you will find our audited financial statements and can see how we used the funds entrusted to us.

We are so grateful for your friendship, prayers, and generosity. May God bless you for your heart for the needy.

Yours in Christ's service,

John Chalkias
Executive Director

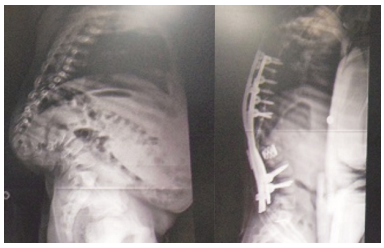
ZAMBIA

We had an incredible year of growth at Grace Academy, our project in Zambia.

Have you heard the saying “Christmas should be every day?” Well, we started 2022 by celebrating Christmas in January. The 2021 Christmas team did not bring the gifts. Instead, the gifts were sent in the summer of 2021 on a shipping container along with farming equipment and machinery. Unfortunately, the container did not arrive until January 2022, which made for an extended Christmas season and prolonged anticipation, joy, and excitement!

Usually, we do our Christmas celebration in November in Zambia because we would be hard pressed to have a team in December. Our team brings the gifts and helps prepare the big Christmas dinner for all our staff and children at Grace Academy (well over 300 people). The night before our dinner, team members break up in groups of two and go to each of the dorms where they give out homemade cookies and read the Christmas story to the kids. Something we introduced a few years ago is our now annual gingerbread house contest which the kids absolutely love. After ‘Christmas’ dinner, each dorm performs skits, songs, and dances for everyone. The kids choreographed the dances and skits themselves and are so proud to perform. Then right after the performances is the time everyone had been waiting for … gifts!

In March of 2022, we had our high school graduation for the class of 2021 (The school year in Zambia runs from January to December). It was truly a time of celebration for each graduate. Each of our graduates has a story of overcoming obstacles. This is especially true for our 2022 Valedictorian, Shepherd Katongo. Shepherd came to us at ten years old in 2013, suffering with club feet and an extreme curvature in his back caused by scoliosis. Later that year we were able to bring him to Ghana for corrective surgery on his back. His back surgery was followed by surgery on his feet. His surgeries took years of preparation, and recoveries not to mention pain, discomfort, and frustration. Despite all the difficulties, Shepherd never let up on his studies and always remained focused. He graduated with top marks in his class. Shepherd was accepted to Lusaka University where he is in his first year of medicine!



In 2022, we formed a Medical Consult Team in Canada. This team is made up a doctor, nurse practitioner and other medical professionals that advise us on treatment and options for our medically fragile children.

Something new for us in 2022: Social Welfare in Zambia approached us to care for children who have been removed from extreme conditions – trafficking, rape, abuse and/or abandonment. These vulnerable children have been placed into our safe and loving environment at Grace Academy while the Social Welfare and Court systems handle their cases. Because these children will not be at Grace Academy long-term, we cannot support them with our regular sponsorship program, but they still need food, medical care, shelter, and love. We formed the Temporary Emergency Support Care Sponsorship program to address this opportunity.

In July, we said goodbye to the DeLeeuw family who spent a year managing and mentoring our farming crew. In September, we said goodbye to Dave and Shannon Doerksen about whom we joked “they came for 2 weeks and stayed for 5 years!” Dave was our construction manager and Shannon did everything from inventory, purchasing, and organizing the supply room. More importantly, she loved our children well, bandaging scraped knees and praying for children. We welcomed AJ and Laura VanMaren and their two boys who took over from Dave and Shannon.

We began construction on a large building that will house a three-bay mechanic’s shop. We have a full-time mechanic who services all our vehicles but does repairs on the ground. With the new shop, we will be able to secure tools, have a proper work area and be able to service vehicles in a more efficient manner. The building will also include a metal shop where we will do welding and metal fabrication. The building also includes a woodworking area. The shop also provides a fantastic opportunity to teach our students these trades in a structured environment.

In 2022, we hired two youth mentors to counsel and mentor our high school and college students. To help equip them we started construction on a youth center. This building will be used for activities, events, Bible studies and counseling.

On the farm side we added 5 more greenhouses which allows us to conserve water, reduce weeding and labour costs which results in a better crop yield.

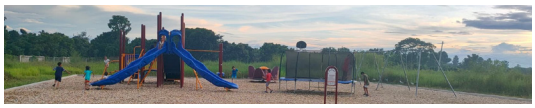
We ended the year the way it started, with a Christmas celebration that started in November with our annual Christmas team and ran all the way through December.

MYANMAR

Precious Gems Children’s Home, our project in Myanmar, continued offering love, care and security to children in our home despite the political upheaval caused by the military coup which began in February 2021. We have faced many challenges including food shortages, massive inflation, rise in crime and difficulty in getting medical care. In addition, power outages are increasing. One of the reasons for the increasing power outages is rampant theft of wire and electrical equipment. There is difficulty in communications as Precious Gems Home is in a rural area and to connect to the internet our pastor must travel to the city. We are so grateful for God’s protection and provision; our children are safe and have not suffered any physical harm.

Please continue to pray for Precious Gems Children’s Home and for peace in Myanmar.

THAILAND



Rays of Hope, our project in Chiang Mai, Thailand saw many good changes and growth. This is the first full year of operation for our two children's homes. The end of 2022 saw us with 13 children residing at Rays of Hope and we are so pleased to see the transformation in the children's behavior and attitude. The children in our care came to us traumatized and bewildered. Some came out of the sex trade; others had been abused. All had been vulnerable to horrific situations. We have a social worker, pastor, nurse and psychologist working with the children. The healing taking place is remarkable given that they were unresponsive, reclusive, and fearful when they came. It is remarkable now to see them playing and laughing like children should be.

We know that play is vital in the development of healthy children. Thanks to a generous donor, we were able to install a large commercial grade playground. We also concreted the driveway in front of the children's homes so that they can ride bikes and rollerblade. Play is healing. Play is a way for children to be children, to exercise, learn new skills, and to help in their development and coordination. Play helps in a child's imaginative, and cognitive skills. Play helps a child learn to be cooperative and develop social skills. Play is fun!

Academically the children were behind, so we hired tutors to help them catch up and they are now enrolled in their proper grades in a private Christian School.

On the other side of the Rays of Hope property we have a ministry called "Nuu Rain" where we care for women who are suffering from mental illness, HIV, and other medical issues which prevent them from being able to live independently. Some have come out of the sex trade and have severe trauma and deep emotional scars. We provide housing, medical care and share the Gospel with them. At Nuu Rain they experience the love of Jesus which washes their sin and shame away. They learn that God loves them, and they are highly valued. At Nuu Rain, they find community, acceptance, and friendship.

In late 2022, we started to build a much-needed new home to allow us to bring more women as well as a new kitchen and eating area.

LOOKING AHEAD

In our office and in the school at Grace Academy we have signs posted that read, "***How Do We Make It Better?***" It is a question that we continually ask ourselves as we strive to grow to help more children and their communities. We ask our staff and children, we ask ourselves, we ask the LORD. We are striving to be good stewards of what the LORD has entrusted to us. We are looking forward to continued growth and helping more children and their communities. We are committed to sharing the love of Jesus in word and deed. We are continuing to improve our childcare, our medical care, and our education. We are doing this by the mentors we have put in place, the medical team that is advising us and the continual seminars and programs we are introducing. With the completion of the new shop in Zambia in 2023, we look forward to introducing vocational training for our students on site.

Our youth are looking forward to the opening of the youth center with anticipation and excitement. This will be a place where our mentors can speak encouragement and guidance into their lives as well as be a safe place for our teens to have fun.

The transition program is growing and is proving to be a great help as our grads transition into Zambian society. Besides social skills, we teach money management skills including help in starting businesses. Our goal is to raise leaders who will be a blessing to their community and can share the blessings and grace they themselves have received. We have the same vision for our kids in Thailand and in Myanmar. We are so grateful for our friends and donors who lift us up in prayer and contribute to our work – we cannot do this without you.

At Rays of Hope (Thailand), we are looking forward to moving the younger women, ages 18-25 into the new home. We are looking forward to outfitting the new kitchen and transforming the old kitchen space to an outside lounge area. We also hope to start having guest speakers and have a church right on site. It is our prayer that God would provide a volunteer(s) to live onsite for a month at a time and work with the women. Most of all we are hoping to learn more to enable us to do the best we can for the children in our care.

With covid restrictions still in place, team travel was pretty much at a standstill in 2022. We are looking forward to resuming team projects in 2023 and have booked a team from Australia to go to Zambia in January 2023. This team will be providing wheelchairs for the community. We are also planning to have members from the medical advisory team join us for teaching. Teams bring in expertise and help mentor our staff in different trades and skills; they do ministry both for our programs and in the communities where we work. In addition, teams help us grow by sharing with their family and friends about their experience. In 2023, we are also planning to have teams visit our Thailand projects.

Seeds of Hope Children's Ministry®

2022 AUDITED FINANCIAL STATEMENTS

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A. Stephen Pomeroy Ltd.
Chartered Professional Accountant
202 33123 First Avenue
Mission B.C. V2V 1G5

INDEPENDENT AUDITOR'S REPORT

To the Members of Seeds of Hope Children's Ministry

Qualified Opinion

I have audited the financial statements of Seeds of Hope Children's Ministry (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

Note 2 indicates that the Society has control over a not-for-profit organization in Zambia, a not-for-profit organization in Thailand and a not-for-profit organization in the United States, all of 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 not-for-profit organizations, the Society 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 Society. Therefore, I was 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. The audit opinion of the predecessor auditor for the year ended December 31, 2021 was modified accordingly because of the possible effect of this limitation in scope.

(continues)

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the organization to cease to continue as a going concern.

(continues)

- 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.

I 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 I identify during my audit.

Other Matter

The financial statements for the year ending December 31, 2021, which are shown for comparative purposes, were audited by another auditor who expressed a qualified opinion on those financial statements on June 3, 2022. The qualified opinion relates to the non-consolidated financial statements which do not contain disclosures related to the assets, liabilities, net assets, revenue and expenses of controlled foreign organizations and the possible effects of a scope limitation due to the organization receiving is revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification.

Report on other legal and regulatory requirements

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

Mission, British Columbia
June 1, 2023

A. Stephen Pomeroy Ltd
Chartered Professional Accountant

SEEDS OF HOPE CHILDREN'S MINISTRY

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	**$ 1,526,946**	$ 892,952
Marketable securities *(Cost $809,724) (Note 5)*	**746,693**	789,786
Inventory *(Note 6)*	**5,858**	9,395
Goods and services tax recoverable	**4,294**	3,590
Prepaid expenses	**18,400**	14,995
	2,302,191	1,710,718
PROPERTY, AND EQUIPMENT *(Note 7)*	**3,769**	5,011
	$ 2,305,960	$ 1,715,729
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	**$ 36,038**	$ 30,892
Payroll and employee deductions payable	**6,226**	5,036
Deferred contributions *(Note 8)*	**828,569**	867,455
	870,833	903,383
NET ASSETS		
Unrestricted	**1,223,658**	600,877
Internally restricted	**211,469**	211,469
	1,435,127	812,346
	$ 2,305,960	$ 1,715,729

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

SEEDS OF HOPE CHILDREN'S MINISTRY
Statement of Revenues and Expenditures
Year Ended December 31, 2022

	2022	2021
REVENUES		
Donations *(Note 3)*	**$ 3,066,068**	$ 1,989,216
Investment income	**35,809**	15,981
Sales	**6,286**	11,937
	3,108,163	2,017,134
EXPENSES		
Child sponsorships	**892,116**	648,958
Construction costs	**336,028**	482,346
Salaries and wages *(Note 9)*	**307,081**	324,224
General expense *(Note 13)*	**235,456**	160,252
Education Sponsorship	**134,903**	25,282
Teams travel	**126,149**	80,612
Farming expense	**119,405**	198,995
Office	**52,574**	42,577
Advertising and promotion	**45,383**	36,190
Professional fees	**36,911**	22,554
Employee benefits and payroll costs	**33,064**	31,482
Rental	**31,187**	29,957
Sub-contracts	**24,722**	-
Interest and bank charges	**16,907**	19,145
Travel	**13,253**	8,783
Telephone and utilities	**11,194**	12,957
Insurance	**8,138**	9,703
Product costs	**6,793**	3,892
Supplies and maintenance	**6,715**	7,220
Books and educational materials	**4,200**	4,400
Feeding program	**4,120**	3,808
Widows jar (Medical)	**1,472**	268
Amortization	**1,242**	1,681
Donations to charities	**-**	5,500
	2,449,013	2,160,786
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	**659,150**	(143,652)
OTHER INCOME (EXPENSES)		
Gain on foreign exchange	**26,662**	(3,245)
Provision for loss on marketable securities (short term investments)	**(63,031)**	-
	(36,369)	(3,245)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**$ 622,781**	$ (146,897)

See notes to financial statements

SEEDS OF HOPE CHILDREN'S MINISTRY

Statement of Changes in Net Assets

Year Ended December 31, 2022

	General Fund	Restricted Fund	**2022**	2021
NET ASSETS - BEGINNING OF YEAR	$ 600,877	$ 211,469	**$ 812,346**	$ 959,243
EXCESS OF REVENUES OVER EXPENSES	622,781	-	**622,781**	(146,897)
NET ASSETS - END OF YEAR	$ 1,223,658	$ 211,469	**$ 1,435,127**	$ 812,346

See notes to financial statements

SEEDS OF HOPE CHILDREN'S MINISTRY

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**$ 622,781**	$ (146,897)
Item not affecting cash:		
Amortization of property, and equipment	**1,242**	1,681
	624,023	(145,216)
Changes in non-cash working capital:		
Marketable securities	**43,093**	(764,991)
Inventory	**3,537**	(226)
Accounts payable	**5,146**	12,832
Deferred income	**(38,886)**	213,475
Prepaid expenses	**(3,405)**	2,004
Goods and services tax payable	**(704)**	(608)
Employee deductions payable	**1,190**	(910)
	9,971	(538,424)
Cash flow from (used by) operating activities	**633,994**	(683,640)
INVESTING ACTIVITY		
Purchase of property, and equipment	**-**	(1,259)
INCREASE (DECREASE) IN CASH FLOW	**633,994**	(684,899)
Cash - beginning of year	**892,952**	1,577,851
CASH - END OF YEAR	**$ 1,526,946**	$ 892,952

See notes to financial statements

1. NATURE OF OPERATIONS

Seeds of Hope Children's Ministry (the "organization") is a not-for-profit organization incorporated under the Societies Act of B.C.. The organization has it's registered office in the City of Abbotsford , British Columbia. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to equip children and those in need to love and serve Jesus Christ while becoming healthy, educated, responsible members of society. The organization primarily does this by operating and partnering with orphanages, schools, women's homes and other social service endeavours in Africa and Asia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Property, and equipment

Property, and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

The organization regularly reviews its property, and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, and equipment cost.

Property, and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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 mane 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 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 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 USA 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, 2022

Revenue recognition

Seeds of Hope Children's Ministry follows the deferral method of accounting for contributions.

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

(continues)

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

Use of Estimates

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 statement, 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.

Foreign currency transactions

The Society translates all of its self-sustaining foreign operations using the current rate method. All assets and liabilities are translated using exchange rates in effect at year-end. Items appearing in the statement of net income (loss) are translated using the average exchange rages for the period. Exchange gains and losses are included in the statement of net income (loss).

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donations and gift 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 $10,707 ($8,493 in 2021)

Cash and cash equivalents

The Society's policy is to disclose bank balances under cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and highly liquid temporary investments usually with a maturity period of three months or less from the date of acquisition. Term deposits that the Society can not use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Internally restricted net assets

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

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..

(continues)

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

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. DONATIONS

	2022	2021
Donations		
Donations received in the year	**$ 3,027,181**	$ 2,202,761
Deferred revenue of prior years	**107,594**	227,447
Deferred contributions	**(68,707)**	(440,992)
	$ 3,066,068	$ 1,989,216

4. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Foreign exchange 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, 2022, cash on hand and in the bank totaling $ 46,352 USD ($122,985 USD in 2021) is denominated in US dollars and converted into Canadian dollars at the year-end exchange rate. The organization also had marketable securities totaling $ 229,246 USD denominated in US dollars and converted into Canadian Dollars at the year end exchange rate.

5. SHORT TERM INVESTMENT

	2022	2021
Section heading		
Equity investments	**$ 746,693**	$ 765,951
GIC investments	**-**	23,835
	$ 746,693	$ 789,786

6. INVENTORY

	2022	2021
Inventory consists of books and apparel as follows:		
Books	**$ 3,470**	$ 8,195
Clothing	**2,388**	1,200
	$ 5,858	$ 9,395

7. PROPERTY, AND EQUIPMENT

	Cost	Accumulated amortization	**2022 Net book value**	2021 Net book value
Machinery and equipment	$ 10,541	$ 9,257	**$ 1,284**	$ 1,605
Computer equipment	17,128	15,449	**1,679**	2,398
Furniture and fixtures	5,068	4,262	**806**	1,008
	$ 32,737	$ 28,968	**$ 3,769**	$ 5,011

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent portion of externally restricted funds donated for specific projects. These amounts were received in the current year 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:

	2022	2021
Child sponsorship	**$ 631,027**	$ 609,715
Construction	**111,015**	153,629
Other	**86,527**	104,112
	828,569	867,456
Contributions	**68,707**	440,922
Transferred to revenue	**(107,594)**	(227,447)
Subtotal	**(38,887)**	213,475
Deferred contributions, beginning of year	**867,455**	653,980
	828,568	867,455

9. WAGES

The organization has employees involved in administration as well as program activities in Canada and in foreign countries.

		2022
Wage Allocation		
Construction activities- Zambia	**$**	**16,710**
Farming activities- Zambia		**21,700**
Administration and program- Canada, Africa, Asia		**268,671**
	$	**307,081**

10. LEASE COMMITMENTS

The organization has entered into a long term lease with respect to its premises. the term of the lease is from January 1, 2023 to December 31, 2024. The lease provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2022, are as follows:

	Base	Operating costs	storage and sign	Total
2023	$ 28,800	$ 13,500	$ 2,700	$ 45,000
2024	28,800	13,500	2,700	45,000
	$ 57,600	$ 27,000	$ 5,400	$ 90,000

11. RELATED PARTY TRANSACTIONS

The following is a summary of the organization's related party transactions:

		2022	2021
Seeds of Hope Children's Ministry Zambia *(A controlled entity)* The Society paid Seeds of Hope Children's Ministry Zambia for construction, building, and farm expansion, orphanage and child sponsorship, worker support and travel.	**$**	**1,343,519**	$ 1,165,531
Myanmar organization The Society paid the Myanmar organization for child sponsorship, repairs, and general expenses.		**41,398**	65,565
Baan Nuu Rain (Thailand Organization) *(A controlled entity)* The Society paid Baan Nuu Rain for child sponsorship and support for the on going operations of the facility		**357,337**	285,006

(continues)

11. RELATED PARTY TRANSACTIONS *(continued)*

	2022	2021
Seeds of Hope Children's Ministry USA *Controlled entity)* During the year the Society received funds from the Seeds of Hope Children's Ministry which represent funds received fro USA residents to be used for Canadian operations.	**(334,249)**	(233,306)
Subcontract During the year the Society paid a company controlled by a director for subcontract bookkeeping services	**24,772**	-
	$ 1,432,777	$ 1,282,796

12. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATION

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 seeds of Hope Children's Ministry in Myanmar. This work consists of providing support to homes for children with HIV/AIDS.

13. 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 medial procedures.

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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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