



- SEEDS of HOPE -

helping orphans around the world

2023 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

2023 BOARD OF DIRECTORS

Wade Godin | CHAIR
Karalee Braaksma, BSN | VICE CHAIR
Eldon Guenther | TREASURER
Rev. Dan Rempel | DIRECTOR, *term ended June 2023*
Stan Rempel | DIRECTOR
Tami Strople | SECRETARY
Kim VanderHaak | DIRECTOR, USA REP
Elvira Warner | DIRECTOR



SEEDS OF HOPE-
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Those who refresh others will themselves be refreshed.
Proverbs 11:25

From the Executive Director,

Dear Friends,

Looking back, 2023 was a busy year of growth as well as improving programs already in place. We did this by bringing in experts and professionals to help us in numerous areas including psychological (healing trauma), medical, agricultural and with technology.

However, the backbone of this ministry remains with you, our donors. We are so grateful for your generous support and heart for the children in our care. With your help, we were able to welcome into our homes and care for children that have suffered unfathomable loss, starting with the loss of parents, rejection from extended family members, disease, and hunger. In Thailand, we care for children rescued from human trafficking, an unspeakable evil. In Myanmar, we are care for children in a country that is war-torn and in political upheaval. Inside these pages you will read of some of our successes, accomplishments and challenges.

We are so grateful for your generous and faithful giving. We take accountability very seriously. and strive to be transparent and accountable in all our dealings. Please find our audited financial statements along with the stories of triumph and accomplishments.

Yours in Christ,

John Chalkias
Executive Director

RAISING CHILDREN WITH HOPE

By John Chalkias, Executive Director *(Excerpt from Fall 2023 newsletter)*

I love the name of our organization, “Seeds of Hope Children’s Ministry” (SoH), as it implies tending and nurturing a new life. At SoH, we are raising children who have come to us orphaned, vulnerable and abandoned. Some arrived abused, sick and severely malnourished. Some come to us as new-borns. Just like a seed that you plant and tend to, it takes time and love to raise a child. Some seeds take weeks before you see fruit, others take years. We have been in Zambia for 23 years and we are now seeing our children go to college, have careers, and get married! On my most recent trip to Zambia, we had the privilege to be part of the wedding ceremony of one of our kids who grew up at Grace Academy.

Joshua came to us when he was 14. His father had passed away and his mom was very sick. She later passed away too. Josh settled in well at Grace Academy. He was always well behaved and grateful to be there. He made friends easily, got along well with everyone and was a pleasure to be with. He learned to play guitar and drums and was on the worship team. In 2017, he was chosen to be a member of the choir that toured Thailand and Myanmar. Josh was a good student and upon graduation went on to study heavy duty mechanics. He started doing construction but later worked his way up to be the manager of a trucking company. Last March, when we were in Zambia, Josh called us to see us. Seeds of Hope is the only family he has, and he wanted to let us know that he was engaged to be married. He was so proud to let us know that he had bought a plot of land and would be building a house for himself and his bride, Nancy.

We are so impressed with Josh, and it was an honor to be part of his wedding. Stan and Karen Rempel, one of Josh’s sponsors, joined us in Zambia to be part of the wedding. In Zambia, there is a part in the wedding where the parents give the parental blessing to the couple. Stan Rempel had the honor, as his sponsor, to say the prayer of blessing to Josh and his bride.

Afterwards, the wedding reception was held at Grace Academy where Josh’s former friends, teachers and Grace family celebrated with the new couple.

Child sponsorship is what made the difference in Josh’s life: It provided a loving home, good nutritious meals, medical care, and an education. More than that, it gave him a family and a place of belonging. Not all child sponsors can travel and meet their sponsor children like the Rempel’s did, but each one can certainly get to know their sponsor child, pray for them, and write to them. I know from my involvement at Grace Academy that the children love to hear from their sponsors.

August 2023 was a busy month at Grace Academy with daily workshops running covering various topics for our staff and students.

We were joined by Shandalin and Duncan O’Mahoney, members of our Canadian medical committee. The medical committee assists with the medical needs of our medically fragile children at Grace Academy by reviewing medical reports and providing recommendations and options (including out of country care) to doctors in Zambia.

While there, Shandalin and Duncan held workshops recognizing children’s behavior influenced by prior abuse, providing tools to help de-escalate children’s emotional outbursts due to trauma and helping dorm parents walk through these powerful emotions with children. Shandalin also worked with a couple of our diabetic children dealing with diabetes and helping to help them control their sugar and insulin levels. They accompanied a couple of our children on doctors’ visits, toured the local hospital, and helped us measure our special needs children to get fitted for new wheelchairs.

In addition to our medical workshops, we held classes on human trafficking awareness for our children and staff. A21 is a global non-governmental organization (NGO) with offices in 19 locations in 14 countries, dedicated to combating human trafficking using a three-pronged operational strategy: prevention and awareness, intervention, and aftercare. Two of their representatives came from South Africa for one week and educated our children and staff on prevention and awareness. We are so thankful to these two passionate ladies who worked long hours to educate us.

MEET THE GROHMUELLER FAMILY

In 2023, we welcomed Karl and Kailey Grohmueller, along with their children as they joined our team in Zambia. Karl comes to us with a rich background in agriculture and construction, he is mentoring our farming and construction staff. Kailey is a registered nurse and assisting with the medical needs of our children and is the liaison with our medical committee. They have committed for one year of service with us.



NEW BUILDINGS ZAMBIA

Our new shop building was completed in 2023 in Zambia. This building consists of our mechanics shop where all our vehicles are maintained, our welding shop for all our metal fabrication, and our woodworking shop where we will make furniture as well as school projects. We are currently looking for tradesmen who will join us on teams to teach both our staff and students in these trades. We are very excited to offer vocational training to our students.



We are thrilled to have our new Youth Center completed. It is a place of meeting, teaching Bible study, movie nights and other fun activities for our young people at Grace Academy. It's spacious and roomy with lounge seats and couches, a coffee bar, and games area! The Youth Center also has two offices/counseling rooms for our youth mentors.



GRACE ACADEMY CLASS OF 2023

Grace Academy is celebrating being rated the number one school in the city of Ndola in 2023 based on the results of national exams. This is a big honor and a testament to the hard work of our principal, teachers, dorm mothers and diligent students. Our vision as posted on the principal's office is **"To Raise Leaders Through Education and Opportunity."** We do this by providing our children love and security, by encouraging them in their studies and helping them become confident young adults who can be a blessing to their communities. We started Grace Academy in 2008 and added a grade to the school every year. Today, our school goes from pre-school where they learn their shapes, colors, and ABC's through 12th grade. All grades are taught in the school on our property, and the children have access to additional help, if needed, after school from teachers and mentors living on site. In addition, we have also admitted to our school, vulnerable children from the community. We are thrilled to be able to provide an education to these children, who otherwise would not have access to the level of education we are providing.

To date we have had 97 graduates! We have a scholarship program in place where each graduate chooses their post-secondary education path according to their aptitude and interests. Some options include trade school, college (diploma program), or university (degree program). We are extremely proud of our graduates whether they go into the trades or pursue degrees. To date, we have had four students pursue medical school, including one who has graduated to become our first doctor. We have several nurses, an engineer, another studying law, another who has graduated with a business degree and many more in the trades. It is thrilling to see these young people thrive especially knowing their backgrounds. Many of these young adults came to us from, and referred by, social welfare as "dumped children". "Dumped children" are orphaned children who are unwanted, or whose extended families are unable to care for them. Many of our children at Grace are HIV positive, others are malnourished. Most come suffering the effects of grief after losing parents and family. Others have come from abusive backgrounds, suffering traumas that no child should have to endure. We are especially grateful to our donors and sponsors for helping us care for these children.

DEAF MINISTRY PROGRAM



Edward is the first deaf youth to graduate high school from our Deaf Ministry Program.

This is an amazing accomplishment! He is graduating with his hearing peers of his own age group. This is rare in Zambia because deaf children usually fall significantly behind as they don't have access to their first language (sign) like their hearing peers – this is known as language deprivation. In Zambia, the usual first language is Bemba, which is learned at home. English is typically learned within the school system. In addition to learning Bemba and English, deaf children have to learn to sign which is heavily influenced by different dialects, which results in great inconsistency within the education system.

Edward is a pleasant and sweet young man with a great attitude and aptitude! We are very proud of him. After graduation, Edward will be joining the students at our transition house as he moves towards obtaining his teaching degree. He already helps among the Deaf as a leader in the local townships.

MOBILITY AND INDEPENDENCE



Michael was born with brittle bone disease which caused him to have multiple fractures. He came to us from a different orphanage that did not have the resources to take him to the hospital to get casted. Because Michael's fractured bones were not set, his limbs are deformed. Michael was admitted to Grace Academy in 2016, and we immediately sought medical help for his condition. He is now receiving medication which increases bone density and relieves him of pain. Because of his deformed arms, Michael depended on others to push his wheelchair. Recently, we purchased an electric wheelchair for him, which has given him a sense of independence and freedom. It is heart-filling to watch him beam with pride as he is able to move by himself.

Michael is one of several children with physical disabilities that we care for at Grace Academy.

MYANMAR

Our children's home in Myanmar continues to face daily challenges and struggles due to the political situation and civil wars being fought in that country. There are food shortages, inflation, theft, violence, and an underlying feeling of uncertainty and fear.

We are happy to report that to date all our children are safe. However, communication and sending of funds is very difficult. In November 2023, we were able to visit Myanmar for the first time since 2020. We were not able to visit the children's home because of military roadblocks and

limitations to where foreigners can go. We met our pastor who runs the home in Yangon. The situation continues to be grim, and many are saying it will get even worse before there is a change in the government. As of this writing, there has been a new law put in place conscripting into the military all those between the ages of 18 to 45. Our children of military age are now in hiding in efforts to protect them from being forced to kill their fellow countrymen. We are deeply distressed for the children in our care who, instead of entering college and starting their careers and families, are struggling for survival. We are so grateful for our friends and donors who continue to support and pray for the situation in Myanmar.

RAYS OF HOPE THAILAND

In Thailand, the Lord put it on our hearts to serve children who have experienced the unfathomable evil and trauma of human trafficking. Rescuing children from trafficking was very new and different from what were used to, that is caring for HIV/AIDS affected or infected children. We started on a small scale with two homes, one for boys and the other for girls. We hired a nurse, social worker and psychologist along with house parents and other supporting staff. The idea was to get good at what it took to care for children coming out of such circumstances and then expand to help more children. Rays of Hope is located on a small acreage in a rural area outside the city of Chiang Mai. It is surrounded by rice paddies, has beautiful lawns, fruit trees, a playground and even a swimming pool. I love walking around the property and listening to the sound of children's laughter. The property is quiet, peaceful and soothing in its surroundings. Currently we have 16 children. We want to help more. What we have discovered is that there are other organizations along with police task force members doing the rescuing, but then there is no place to bring the children. They end up in overcrowded government orphanages where they don't receive the care and healing they need. Many end up addicted, back in the sex trade or in prison.

At Rays of Hope, they find acceptance, security, love and most of all learn that God loves them and has a wonderful plan for their lives. They learn that God is bigger than their past experiences and can redeem their lives, cleanse them from shame and fill them full of hope for the future.

In 2023, it was decided it was time to grow. It was decided to build two more children's homes and a library to help the children academically. In December 2023 we broke ground and started construction of the new buildings.





As 2023 was coming to a close, our board of directors made the decision to purchase an office building to enable us to expand. We looked at several buildings in the Abbotsford area but ended up purchasing in Chilliwack, BC. We are so excited about the potential of our new office space and what it means for us going forward. Owning our offices will bring down our monthly costs as we will no longer be paying rent, and we will have room to grow for several years. We were able to purchase the property without a mortgage and all the renovations were done at discounted rates and or by volunteers. We are very grateful for those who donated to our renovations, furniture needs, and all the new office supplies.

As of this writing we are now located at:

Seeds of Hope Children's Ministry
#101B-43869 Progress Way
Chilliwack BC V2R 0E6
Canada

Seeds of Hope Children's Ministry®

2023 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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. The audit opinion of the prior year ending December 31, 2022 was also modified because of the possible effect of this limitation in scope.

Independent Auditor's Report to the Members of Seeds of Hope Children's Ministry (*continued*)

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.

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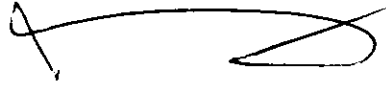
Independent Auditor's Report to the Members of Seeds of Hope Children's Ministry (continued)

- 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.

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.

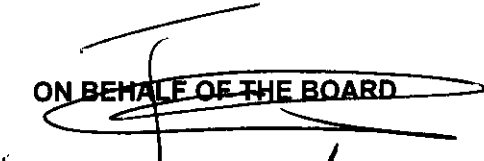


A. Stephen Pomeroy Ltd
Chartered Professional Accountant

Mission, British Columbia
June 13, 2024

SEEDS OF HOPE CHILDREN'S MINISTRY
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,871,556	\$ 1,526,946
Marketable securities (Cost \$810,746) (Note 5)	801,836	746,693
Inventory (Note 6)	4,739	5,858
Goods and services tax recoverable	4,487	4,294
Prepaid expenses	6,250	18,400
	2,688,868	2,302,191
PROPERTY, AND EQUIPMENT (Note 7)	5,148	3,769
	\$ 2,694,016	\$ 2,305,960
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,763	\$ 36,038
Payroll and employee deductions payable	6,256	6,226
Deferred contributions (Note 8)	1,112,521	828,569
	1,144,540	870,833
NET ASSETS		
Unrestricted	1,338,007	1,223,658
Internally restricted	211,469	211,469
	1,549,476	1,435,127
	\$ 2,694,016	\$ 2,305,960

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, 2023

	2023	2022
REVENUES		
Donation revenue (Note 3)	\$ 2,029,175	\$ 3,066,068
Investment income	47,620	35,809
Sales	25,707	6,286
	2,102,502	3,108,163
EXPENSES		
Child sponsorships	741,987	892,116
Salaries, benefits, and payroll costs	324,751	340,145
Construction costs	271,498	336,028
Teams travel	158,896	126,149
General program expense (Note 10)	135,680	235,456
Education Sponsorship	91,446	134,903
Advertising and promotion	54,432	45,383
Rental	46,125	31,187
Sub-contracts	40,617	24,722
Office	29,651	52,574
Professional fees	23,861	36,911
Farming expense	21,746	119,405
Interest and bank charges	13,928	16,907
Books and educational materials	13,137	4,200
Telephone and utilities	12,998	11,194
Travel	11,632	13,253
Insurance	8,231	8,138
Widows jar (Medical)	6,955	1,472
Feeding program	2,919	4,120
Product costs	1,382	6,793
Amortization	1,328	1,242
Supplies and maintenance	739	6,715
	2,013,939	2,449,013
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	88,563	659,150
OTHER INCOME (EXPENSES)		
Gain on foreign exchange	552	26,662
Gain (loss) on marketable securities (short term investments)	25,234	(63,031)
	25,786	(36,369)
EXCESS OF REVENUES OVER EXPENSES	\$ 114,349	\$ 622,781

SEEDS OF HOPE CHILDREN'S MINISTRY
Statement of Changes in Net Assets
Year Ended December 31, 2023

	General Fund	Restricted Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,223,658	\$ 211,469	\$ 1,435,127	\$ 812,346
EXCESS OF REVENUES OVER EXPENSES	114,349	-	114,349	622,781
NET ASSETS - END OF YEAR	\$ 1,338,007	\$ 211,469	\$ 1,549,476	\$ 1,435,127

SEEDS OF HOPE CHILDREN'S MINISTRY
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 114,349	\$ 622,781
Item not affecting cash:		
Amortization of property, and equipment	1,328	1,242
	115,677	624,023
Changes in non-cash working capital:		
Marketable securities	(55,143)	43,093
Inventory	1,119	3,537
Accounts payable	(10,275)	5,146
Deferred income	283,952	(38,886)
Prepaid expenses	12,150	(3,405)
Goods and services tax payable	(193)	(704)
Employee deductions payable	30	1,190
	231,640	9,971
Cash flow from operating activities	347,317	633,994
INVESTING ACTIVITY		
Purchase of property, and equipment	(2,707)	-
INCREASE IN CASH FLOW	344,610	633,994
Cash - beginning of year	1,526,946	892,952
CASH - END OF YEAR	\$ 1,871,556	\$ 1,526,946

SEEDS OF HOPE CHILDREN'S MINISTRY
Notes to Financial Statements
Year Ended December 31, 2023

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.

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SEEDS OF HOPE CHILDREN'S MINISTRY
Notes to Financial Statements
Year Ended December 31, 2023

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 rates 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 \$ 5,177 (\$10,707 in 2022)

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..

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SEEDS OF HOPE CHILDREN'S MINISTRY
Notes to Financial Statements
Year Ended December 31, 2023

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

	2023	2022
<u>Donations</u>		
Donations received in the year	\$ 2,313,128	\$ 3,027,181
Deferred revenue - prior year	828,568	107,594
Deferred revenue - current year	(1,112,521)	(68,707)
	\$ 2,029,175	\$ 3,066,068

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, 2023, cash on hand and in the bank totaling \$ 48,679 USD (\$46,35 USD in 2022) is denominated in US dollars and converted into Canadian dollars at the year-end exchange rate. The organization also had marketable securities totaling \$260,110 (\$ 229,246 USD in 2022) denominated in US dollars and converted into Canadian Dollars at the year end exchange rate.

5. SHORT TERM INVESTMENT

The short term investments consist of: Cash equivalents 4%, Fixed Income/Preferred Shares 43%, Equity investments 51% and other 2%. Investments are made in Canadian and United States Dollars. All amounts have been converted to Canadian Dollars.

	2023	2022
<u>Short term investment</u>		
Equity investments	\$ 801,836	\$ 746,693

SEEDS OF HOPE CHILDREN'S MINISTRY
Notes to Financial Statements
Year Ended December 31, 2023

6. INVENTORY	2023	2022
Inventory consists of books and apparel as follows:		
Books	\$ 3,336	\$ 3,470
Clothing	1,403	2,388
	\$ 4,739	\$ 5,858

7. PROPERTY, AND EQUIPMENT	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Machinery and equipment	\$ 10,541	\$ 9,514	\$ 1,027	\$ 1,284
Computer equipment	19,835	16,359	3,476	1,679
Furniture and fixtures	5,068	4,423	645	806
	\$ 35,444	\$ 30,296	\$ 5,148	\$ 3,769

(See Subsequent Event note # 14)

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:

	2023	2022
Child sponsorship	\$ 882,750	\$ 631,027
Construction	152,575	111,015
Other	77,196	86,527
	1,112,521	828,569
Total contributions received in the year	2,313,128	3,027,181
Transferred to revenue	(2,029,175)	(3,066,068)
Subtotal	283,953	(38,887)
Deferred contributions, beginning of year	828,568	867,455
	1,112,521	828,568

9. WAGES

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

(continues)

SEEDS OF HOPE CHILDREN'S MINISTRY
Notes to Financial Statements
Year Ended December 31, 2023

9. WAGES (continued)	2023	2022
Wage Allocation		
Construction activities- Zambia	\$ 26,309	\$ 16,710
Farming activities - Zambia	6,887	21,700
Administration and program- Canada, Africa, and Asia	257,768	268,671
Benefits and payroll costs	33,787	33,064
	\$ 324,751	\$ 340,145

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 medial procedures.

11. 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, 2023, are as follows:

	Base	Operating costs	storage and sign	Total
2024	\$ 28,800	\$ 13,500	\$ 2,700	\$ 45,000

12. RELATED PARTY TRANSACTIONS

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

	2023	2022
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.	\$ 940,178	\$ 1,343,519
Myanmar organization The Society paid the Myanmar organization for child sponsorship, repairs, and general expenses.	23,317	41,398

(continues)

SEEDS OF HOPE CHILDREN'S MINISTRY

Notes to Financial Statements

Year Ended December 31, 2023

12. RELATED PARTY TRANSACTIONS *(continued)*

	2023	2022
Baan Nu Rain (Thailand Organization) <i>(A controlled entity)</i>		
The Society paid Baan Nu Rain for child sponsorship and support for the on going operations of the facility	319,276	357,337
Seeds of Hope Children's Ministry USA <i>Controlled entity</i>		
During the year the Society received funds from the Seeds of Hope Children's Ministry which represent funds received from USA residents to be used for Canadian operations.	(394,610)	(334,249)
Subcontract		
During the year the Society paid a company controlled by a director for subcontract bookkeeping services	40,617	24,772
	\$ 928,778	\$ 1,432,777

13. 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. (See also Note 2 regarding controlled entities)

14. SUBSEQUENT EVENT

Subsequent to the year end, the organization purchased office space in Chilliwack B.C. for approximately \$ 1,132,000. The organization expect to move it's office from rental premises in Abbotsford B.C. to the owned premises in Chilliwack B.C.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



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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.

2023 ANNUAL REPORT

