SEEDS OF HOPE CHILDREN'S MINISTRY

FINANCIAL STATEMENTS

Year Ended December 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Seeds of Hope Children's Ministry

Qualified Opinion

We have audited the financial statements of Seeds of Hope Children's Ministry (the Society), which comprise the statement of financial position as at December 31, 2025, 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 our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2025, 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

As disclosed in Note 2, the Society has control over not-for-profit organizations in Zambia, Thailand, Myanmar, Tanzania, and the United States, all of which carry out activities on behalf of the Society. The audited 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 revenue from (specify type of contributions affected) the completeness of which is not susceptible of 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 adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with 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 audit opinion.

Other Matter

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed a qualified opinion on those financial statements on June 21, 2025 for the reasons described in the *Basis for Qualified Opinion* section.

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.

(continues)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

(continues)

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

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 organization have been applied on a basis consistent with that of the preceding year.

Empire CPA

EMPIRE, CHARTERED PROFESSIONAL ACCOUNTANTS

Mission, BC
June 12, 2026

SEEDS OF HOPE CHILDREN'S MINISTRY
STATEMENT OF REVENUES AND EXPENDITURES
Year Ended December 31, 2025

	2025	2024
REVENUES		
Donation revenue	$ 2,728,661	$ 2,287,814
Investment income	27,506	39,630
Sales	24,015	23,190
	2,780,182	2,350,634
EXPENSES		
Advertising and promotion	69,247	80,658
Amortization	29,350	15,896
Child sponsorships	1,123,481	818,769
Construction costs	263,063	512,297
Education sponsorship	159,685	113,062
Farming expense	18,461	57,296
Feeding program	1,714	1,868
General program expense *(Note 7)*	150,599	158,870
Insurance	10,662	11,910
Interest and bank charges	21,574	15,923
Office and miscellaneous	23,165	53,341
Product costs	-	1,505
Professional fees	17,000	18,450
Rental, strata fees, and property taxes *(Note 8)*	18,794	38,986
Salaries, benefits, and payroll costs *(Note 9)*	340,607	324,151
Sub-contracts *(Note 10)*	38,315	39,756
Supplies and maintenance	688	1,043
Teams travel	245,712	244,680
Telephone and utilities	12,785	14,049
Travel	9,042	8,080
Widows jar (medical)	13,279	7,951
	2,567,223	2,538,541
Excess (deficiency) of revenues over expenses from operations	212,959	(187,907)
Other expenses		
Loss on foreign exchange	(3,637)	(4,711)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 209,322	$ (192,618)

See notes to financial statements

SEEDS OF HOPE CHILDREN'S MINISTRY
STATEMENT OF CHANGES IN NET ASSETS
Year Ended December 31, 2025

	General Fund	Restricted Fund	2025	2024
NET ASSETS - BEGINNING OF YEAR	$ 1,145,389	$ 211,469	$ 1,356,858	$ 1,549,476
Excess (deficiency) of revenues over expenses	209,322	-	209,322	(192,618)
NET ASSETS - END OF YEAR	$ 1,354,711	$ 211,469	$ 1,566,180	$ 1,356,858

See notes to financial statements

SEEDS OF HOPE CHILDREN'S MINISTRY

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	$ 209,322	$ (192,618)
Item not affecting cash:		
Amortization of tangible capital assets	29,350	15,896
	238,672	(176,722)
Changes in non-cash working capital:		
Marketable securities	83,370	(27,972)
Government agencies receivable	33	1,201
Inventory	(375)	1,505
Prepaid expenses	(40,351)	(31,694)
Accounts payable and accrued liabilities	(2,524)	3,958
Government agencies payable	1,860	(955)
Deferred contributions	(151,999)	235,626
	(109,986)	181,669
Cash flow from operating activities	128,686	4,947
INVESTING ACTIVITY		
Purchase of tangible capital assets	(1,263)	(1,327,561)
INCREASE (DECREASE) IN CASH FLOW	127,423	(1,322,614)
Cash - beginning of year	548,942	1,871,556
CASH - END OF YEAR	$ 676,365	$ 548,942

See notes to financial statements

SEEDS OF HOPE CHILDREN'S MINISTRY
STATEMENT OF FINANCIAL POSITION
December 31, 2025

	2025	2024
ASSETS		
Current		
Cash	$ 676,365	$ 548,942
Marketable securities *(Note 3)*	746,438	829,808
Government agencies receivable	3,253	3,286
Inventory	3,609	3,234
Prepaid expenses *(Note 4)*	78,295	37,944
	1,507,960	1,423,214
Tangible capital assets *(Note 5)*	1,288,727	1,316,813
	$ 2,796,687	$ 2,740,027
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 27,198	$ 29,721
Government agencies payable	7,161	5,301
Deferred contributions *(Note 6)*	1,196,148	1,348,147
	1,230,507	1,383,169
NET ASSETS		
General fund	1,354,711	1,145,389
Restricted fund	211,469	211,469
	1,566,180	1,356,858
	$ 2,796,687	$ 2,740,027

APPROVED BY THE DIRECTOR

_______________________ *Director*

See notes to financial statements

1. PURPOSE OF THE SOCIETY

Seeds of Hope Children's Ministry (the "Society") is a not-for-profit organization of B.C. As a registered charity the Society is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Society operates to provide assistance to children and those in need in order to become healthy, educated, responsible members of society. The Society primarily does this by operating and partnering with orphanages, schools, women's homes and other social service organizations in Africa and Asia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) found in Part III of the Chartered Professional Accountants Handbook - Accounting. Outlined below are the policies considered particularly significant:

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions, including donations designated by the donor for a particular project or purpose, are recognized as revenue in the year in which the related expenses are incurred.

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

Revenue from the sale of products is recorded when product is transferred to the purchaser.

Investment income is recognized as revenue when earned.

Contributed services

The operations of the Society depend on 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.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Cash and cash equivalents

Cash includes cash and deposits in Canadian financial institutions. Term deposits that are restricted from short-term use or are pledged as security are excluded from cash and cash equivalents.

(continues)

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

Marketable securitites

Marketable securities consist of deposits and short-term investments in accounts with registered securities dealers.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful life on a declining balance basis at the following rates:

Buildings	4%
Computer equipment	30%
Equipment	20%
Furniture and fixtures	20%

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(continues)

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

Investments with significant influence

The Society has significant influence over a number of foreign not-for-profit organizations, including: a not-for-profit society registered with the Zambian government operating under the name "Seeds of Hope Children's Ministry Zambia"; a not-for-profit society registered with the Thailand government operating under the name "Baan Nuu Rain"; a not-for-profit society registered with the Tanzanian government operating under the name "Seeds of Hope Children's Ministry Tanzania"; and a not-for-profit entity registered with the United States of America ("USA") government operating under the name "Seeds of Hope Children's Ministry USA". The not-for profit entities in Zambia, Thailand, and Tanzania have common board members with the Society, which has operational control over the foreign organizations through veto power. The USA organization has common directors and board members with the Society. The USA not-for-profit entity exists in order to enable American donors to contribute to the Society and receive tax receipts within the USA.

The Society also has significant influence over a not-for-profit Society in Myanmar through a combination of common board members and being its major source of funding. The Myanmar entity exists in order to carry out the work of the Society in Myanmar, including supporting homes for children with HIV/AIDS.

These societies all have unaudited financial information. The financial information for these entities is not readily available and have, therefore, not been presented through note disclosure or consolidation with the Society at December 31, 2025.

Internally restricted net assets

The Society sets aside funds from child sponsorship for future post secondary education scholarships for the children, as well as for construction, expansion, and refurbishment of overseas facilities. These funds are included in internally restricted net assets.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial asset impairment

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or in the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(continues)

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

Cloud computing arrangements

The Society has elected to apply the simplification approach for cloud computing arrangements, in accordance with Accounting Guideline AcG-20, which permits the expensing of all expenditures related to cloud computing arrangements as incurred.

3. MARKETABLE SECURITIES

Marketable securities consists of short term investments with maturities of twelve months or less. All amounts have been convered to Canadian Dollars. The investments have a cost equivalent to the fair market value as disclosed below:

	2025	2024
Cash equivalent equity investments	$ 746,438	$ 829,808

4. PREPAID EXPENSES

	2025	2024
Prepaid insurance	$ 4,678	$ 4,680
Prepaid flights	73,617	33,264
	$ 78,295	$ 37,944

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	$ 630,339	$ -	$ 630,339	$ 630,339
Buildings	691,967	40,915	651,052	676,887
Computer equipment	20,880	18,555	2,325	3,322
Equipment	10,541	9,884	657	822
Furniture and fixtures	10,542	6,188	4,354	5,443
	$ 1,364,269	$ 75,542	$ 1,288,727	$ 1,316,813

6. 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. During the year, there were changes in the deferred contributions balance as follows:

(continues)

6. DEFERRED CONTRIBUTIONS *(continued)*

	2025	2024
	2025	2024
Child sponsorship	$ 998,897	$ 955,605
Construction	41,593	283,907
Teams	137,495	61,985
Other	18,163	46,650
Total deferred contributions	$ 1,196,148	$ 1,348,147
Beginning balance	$ 1,348,147	$ 1,112,521
Amount received in the year	2,576,662	2,523,440
Amount recognized as income in the year	(2,728,661)	(2,287,814)
Total deferred contributions	$ 1,196,148	$ 1,348,147

7. GENERAL PROGRAM EXPENSE

General program 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.

8. RENTAL, STRATA FEES, AND PROPERTY TAXES

	2025	2024
Property rental	$ -	$ 30,750
Strata fees	7,652	3,660
Property taxes	11,142	4,576
	$ 18,794	$ 38,986

9. SALARIES, BENEFITS, AND PAYROLL COSTS

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

	2025	2024
Wage allocation		
Construction and farming activities - Zambia	$ 11,012	$ 44,166
Administration and programs in Canada, Africa, and Asia	292,496	242,660
Benefits and payroll costs	37,099	37,325
	$ 340,607	$ 324,151

10. RELATED PARTY TRANSACTIONS

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

		2025		2024
Seeds of Hope Children's Ministry Zambia *(A controlled entity)* Construction, building and farm expansion, orphanage and child sponsorship, worker support, and travel.	$	947,994	$	868,035
Myanmar organization *(A controlled entity)* Child sponsorship, repairs, and general expenses.	$	32,542	$	51,082
Baan Nuu Rain (Thailand Organization) *(A controlled entity)* Child sponsorship and support for the on going operations of the facility	$	284,250	$	529,034
Seeds of Hope Children's Ministry Tanzania *(A controlled entity)* Child sponsorship	$	264,391	$	-
777Eccounting Systems *(Controlled by a Director of the Society)* Bookkeeping services (sub-contracts)	$	38,315	$	39,756

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. RISK MANAGEMENT

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2025.

Credit risk

The Society is exposed to credit risk equal to the sum of its financial instruments. Management believes that this risk is appropriately managed.

Credit risk rises from the potential that a counterparty will fail to perform its obligations. The Society's credit risk is primarily attributable to its liquid financial assets including cash, term deposit and accounts receivable. The Society limits exposure to credit risk on its cash and term deposits through maintaining them with high-credit quality financial institutions.

Receivables consist primarily of recoverable amounts from government organizations and therefore credit risk on these receivables is minimal.

(continues)

11. RISK MANAGEMENT *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society feels its exposure to liquidity risk to be acceptable and appropriately managed.

Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Society does not use derivative instruments to reduce its exposure to foreign currency risk.

	2025	2024
Cash	$ 28,294	$ 41,161

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

12. DISCLOSURE OF DIRECTOR AND EMPLOYEE COMPENSATION

During the year, one employee received remuneration in excess of $75,000 totaling $92,921 (2024 - one employee received $89,913). In addition, no remuneration was paid to any members of the Board of Directors in the current or prior year.

13. CAPITAL DISCLOSURE

The Society defines its capital as the amounts included in its net asset balances.

The Society's objective when managing its capital is to safeguard the Society's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the economically disadvantaged communities that it serves.