

**EL HOGAR PROJECTS (CANADA)**  
**Financial Statements**  
**Year Ended December 31, 2023**

**EL HOGAR PROJECTS (CANADA)**  
**Index to Financial Statements**  
**Year Ended December 31, 2023**

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**Chaggares & Bonhomme**  
CHARTERED PROFESSIONAL ACCOUNTANTS

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Members of El Hogar Projects (Canada)

We have reviewed the accompanying financial statements of El Hogar Projects (Canada) (the organization) that 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 a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (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.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

*Basis for Qualified Conclusion*

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were 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 year ended December 31, 2023, current assets and net assets as at December 31, 2023. Our audit conclusion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

(continues)

Independent Practitioner's Review Engagement Report to the Members of El Hogar Projects (Canada)  
(continued)

*Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of El Hogar Projects (Canada) as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Chaggares & Bonhomme*

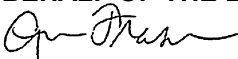
Newmarket, Ontario  
March 9, 2024

**Chaggares & Bonhomme**  
**Chartered Professional Accountants**  
Licensed Public Accountants

**EL HOGAR PROJECTS (CANADA)**  
**Statement of Financial Position**  
**December 31, 2023**

	<b>2023</b>	<i>2022</i> <i>Audited</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 182,291	\$ 175,965
Short term investments (Note 3)	247,979	328,940
Harmonized sales tax recoverable	663	6,342
	<b>430,933</b>	511,247
<b>LONG TERM INVESTMENTS (Note 4)</b>	<b>137,789</b>	137,789
	<b>\$ 568,722</b>	\$ 649,036
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 5,106	\$ 6,109
Deferred income (Note 6)	125,588	179,270
	<b>130,694</b>	185,379
<b>NET ASSETS</b>		
General fund	<b>438,028</b>	463,657
	<b>\$ 568,722</b>	\$ 649,036

**ON BEHALF OF THE BOARD**



\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See notes to financial statements

**EL HOGAR PROJECTS (CANADA)**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2023**

	2023	2022 <i>Audited</i>
<b>REVENUES</b>		
Event income	\$ 3,682	\$ 19,784
Non-receipted donations	-	244
Receipted donations	<b>213,227</b>	291,175
	<b>216,909</b>	311,203
<b>EXPENSES</b>		
Advertising and promotion	-	240
Business taxes, licenses and memberships	-	102
Direct appeal expenses	659	410
Donations	238,065	272,277
Event expenses	1,661	2,206
Foreign exchange loss(gain)	2,322	2,341
Insurance	1,559	1,464
Interest and bank charges	1,123	2,093
Office	2,143	11,502
Professional fees	5,000	3,739
	<b>252,532</b>	296,374
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(35,623)</b>	14,829
<b>OTHER INCOME</b>		
Dividend income	169	-
Interest income	10,153	6,261
Loss on sale of marketable securities	(328)	(13)
	<b>9,994</b>	6,248
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (25,629)</b>	\$ 21,077

See notes to financial statements

**EL HOGAR PROJECTS (CANADA)**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2023**

	<b>2023</b>	2022 <i>Audited</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 463,657</b>	\$ 442,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<b>(25,629)</b>	21,077
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 438,028</b>	\$ 463,657

See notes to financial statements

**EL HOGAR PROJECTS (CANADA)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

	2023	2022 <i>Audited</i>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (25,629)	\$ 21,077
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(1,003)	(16,503)
Deferred income	(53,682)	31,923
Harmonized sales tax payable	5,679	5,347
	<b>(49,006)</b>	20,767
Cash flow from (used by) operating activities	<b>(74,635)</b>	41,844
<b>INVESTING ACTIVITY</b>		
Purchase of marketable securities	<b>80,961</b>	(112,347)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>6,326</b>	(70,503)
Cash - beginning of year	<b>175,965</b>	246,468
<b>CASH - END OF YEAR</b>	<b>\$ 182,291</b>	\$ 175,965

See notes to financial statements



**EL HOGAR PROJECTS (CANADA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

**(b) Cash and cash equivalents**

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

**(c) 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.

**(d) Donated goods**

Donated goods are recorded at their fair market value at the time of the donation. During the 2023 year, \$Nil in goods were donated (2022 - \$Nil).

**(e) 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.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

**(f) 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.

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**EL HOGAR PROJECTS (CANADA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**

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

**(g) Investments and other non-cash assets**

All gains and losses from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets.

Ordinary income from investments, receivables, and similar assets is accounted for in the fund owning the assets, with the exception of income derived from investment of endowments funds. Unrestricted endowment fund investments are accounted for as revenue of the operation fund or, if they are restricted, as deferred amounts until the terms of the restriction have been met.

**(h) Leases**

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

**(i) 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.

**(j) Revenue recognition**

El Hogar Projects (Canada) 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

**2. PURPOSE OF THE ORGANIZATION**

El Hogar Projects (Canada) (the "organization") is a not-for-profit organization of Ontario. 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 raise funds in Canada to support the transformative work of El Hogar Projects in Honduras: providing quality education and a safe environment to Honduran children living in impoverished conditions.

**EL HOGAR PROJECTS (CANADA)**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended December 31, 2023

**3. SHORT TERM INVESTMENTS**

	2023	2022
TD Direct Investing ( <i>market value \$10,461</i> )	\$ 10,039	\$ 31
National Bank Portfolio ( <i>market value \$7,940</i> )	7,940	5,597
TD GIC ( <i>market value \$230,000</i> )	230,000	323,312
	<b>\$ 247,979</b>	<b>\$ 328,940</b>

**4. LONG TERM INVESTMENTS**

	2023	2022
National Bank Portfolio	\$ 137,789	\$ 137,789
Market value	<b>\$ 134,830</b>	<b>\$ 125,900</b>

**5. COMPARATIVE FIGURES**

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

**EL HOGAR PROJECTS (CANADA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**

**6. DEFERRED INCOME**

	2023	2022
The David N.L. Winsor Fund	\$ 10,100	\$ 15,100
The Shoes Fund	-	(817)
The Book Project Fund	25,000	25,000
The Hansen Viking Scholarship	59,987	89,987
The Blue Lupin Fund	26,000	50,000
The Parish Church of St. Luke	4,500	-
	<b>\$ 125,587</b>	<b>\$ 179,270</b>

i) The David N.L. Winsor Fund has been established to provide psychological counselling and behavioural guidance to students of El Hogar Projects.

ii) The Shoes Fund has been established to provide shoes to students of El Hogar Projects.

iii) The Book Project Fund has been established to provide an active library and reading program to students of El Hogar Projects.

iv) The Hansen Viking Scholarship was established to help fund schooling for children and students in Honduras.

v) The Blue Lupin Fund was established to support (a) one university scholarship for an El Hogar graduate student for four years, (b) to fund the redesign and renovation of the ITSM Blue Lupin Library, (c) initiate and research a pilot project to build a Blue Lupin library in the El Hogar community, (d) assess the funding needs and any new projects that the David Windsor Fund may initiate, and (e) fund a site visit to Gracias, Lempira to learn about the Blue Lupin library projects there.

vi) The Parish Church of St.Luke contribution received by year-end is relating to their 2024 tax-year sponsorship and is recognized as income received in January 2024.