

HOME SUITE HOPE SHARED LIVING CORP.
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018

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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Directors
Home Suite Hope Shared Living Corp.

Qualified Opinion

We have audited the financial statements of Home Suite Hope Shared Living Corp. which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 organization as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Consequently, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditure and cash flow from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

JOHN R. NUNNIKHOVEN, CPA, CA

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INDEPENDENT AUDITORS' REPORT, continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
May 22, 2019

HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Statement of financial position**As at December 31, 2018**

	General Fund	Capital Fund	Total 2018	Total 2017
Assets				
Current assets				
Cash and cash equivalents	\$ 151,753	-	151,753	359,035
Accounts receivable	61,213	-	61,213	36,731
Fund investment	-	50,000	50,000	50,000
Prepaid expenses	2,447	-	2,447	9,547
	215,413	50,000	265,413	455,313
Property, plant and equipment (Note 4)	-	28,355	28,355	20,811
Investment				
Oakville Community Fund (Note 6)	14,651	380,525	395,176	414,827
	\$ 230,064	458,880	688,944	890,951
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 29,876	-	29,876	27,340
Net assets				
Internally restricted	-	400,000	400,000	326,875
Endowment Fund	-	30,525	30,525	30,525
Invested in property, plant and equipment	-	28,355	28,355	20,811
Unrestricted	200,188	-	200,188	485,400
	200,188	458,880	659,068	863,611
	\$ 230,064	458,880	688,944	890,951

Approved by the Board



President and CEO



Director

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HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Statement of changes in net assets**For the year ended December 31, 2018**

	General Fund	Capital Fund	Total 2018	Total 2017
Net assets, beginning of year	\$ 485,400	378,211	863,611	792,850
Excess of (expenditure over revenue) revenue over expenditure for year	(189,518)	(15,025)	(204,543)	40,236
Endowment Fund contributions	-	-	-	30,525
Interfund transfer (Note 8)	(95,694)	95,694	-	-
Net assets, end of year	\$ 200,188	458,880	659,068	863,611



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HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Statement of operations**For the year ended December 31, 2018**

	General Fund	Capital Fund	Total 2018	Total 2017
Revenue				
Donations	\$ 93,141	-	93,141	130,815
Fundraising	175,788	-	175,788	101,722
Grants (Note 7)	311,271	-	311,271	482,081
Other	-	(5,965)	(5,965)	35,084
Sponsorship	25,000	-	25,000	41,500
	605,200	(5,965)	599,235	791,202
Expenditure				
Amortization	-	9,060	9,060	4,605
Fundraising	36,873	-	36,873	28,916
Insurance	1,401	-	1,401	1,328
Non-recoverable sales tax	9,238	-	9,238	5,495
Office and general	65,973	-	65,973	57,221
Participant support	418,664	-	418,664	424,863
Professional fees	33,918	-	33,918	32,119
Volunteer program	4,362	-	4,362	2,297
Wages and benefits	224,289	-	224,289	194,122
	794,718	9,060	803,778	750,966
Excess of (expenditure over revenue)				
revenue over expenditure for year	\$ (189,518)	(15,025)	(204,543)	40,236



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(Incorporated without share capital)

Statement of cash flows**For the year ended December 31, 2018**

	2018	2017
Cash flows from (used in) operating activities		
Excess of (expenditure over revenue)		
revenue over expenditure for year		
General Fund	\$ (189,518)	13,540
Capital Fund	(15,025)	26,696
Adjustment for		
Amortization of property, plant and equipment	9,060	4,605
	(195,483)	44,841
Changes in non-cash working capital		
Increase in accounts receivable	(24,482)	(9,394)
Decrease (increase) in prepaid expenses and deposits	7,100	(618)
Increase (decrease) in accounts payable and accrued liabilities	2,536	(12,271)
Cash flows (used in) from operating activities	(210,329)	22,558
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(16,604)	(23,125)
Capital Fund contributions	-	30,525
Fund investment	-	(50,000)
Investment in Oakville Community Fund	19,651	(52,498)
Cash flows from (used in) investing activities	3,047	(95,098)
Net decrease in cash and cash equivalents during year	(207,282)	(72,540)
Cash and cash equivalents, beginning of year	359,035	431,575
Cash and cash equivalents, end of year	\$ 151,753	359,035



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HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2018

1. Purpose of the organization

The purpose of Home Suite Hope Shared Living Corp. (the "organization") is to assist single-parent families to end the cycle of poverty and homelessness.

The organization was incorporated without share capital on January 15, 2004 under the laws of Ontario.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, 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.

b) Basis of accounting

The organization follows the deferral method of accounting for contributions whereby revenue and expenditure are reflected in the accounts in the period in which they have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.



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2. Significant accounting policies – continued

d) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful lives. In the year of acquisition, property, plant and equipment are amortized at one-half of the normal rate. Methods and rates used are:

Office equipment
20% diminishing balance basis

Computer equipment
55% diminishing balance basis

Computer software
Straight-line basis over 3 years

Leasehold improvements
Straight-line basis over 5 years

e) Revenue recognition

The organization recognizes donations, fundraising, other and sponsorship as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization recognizes grant revenue in the fiscal period to which they relate.

f) Fund investments

The General Fund accounts for the organization's program delivery and administrative activities. The fund reports unrestricted and internally restricted resources.

The Capital Fund reports the accounts for assets, liabilities, revenues and expenditures relating to property, plant and equipment and investments.

The Endowment Fund reports the assets donated but which the capital cannot be spent. The income derived from the Endowment Fund can be used on an annual basis.

g) Contributed materials and services

The value of contributed materials and services and volunteer time is not reflected in these financial statements.



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3. Financial instruments**a) Fair value**

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The organization is exposed to interest rate risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The organization's Fund investment bears interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the investment.

c) Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the organization is not subject to significant liquidity risk. The organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- Investing in liquid fixed income securities and cash and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Property, plant and equipment

		2018		2017
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 750	75	675	-
Computer equipment	26,080	14,586	11,494	-
Computer software	27,932	27,932	-	-
Leasehold improvements	23,123	6,937	16,186	20,811
	<u>\$ 77,885</u>	<u>49,530</u>	<u>28,355</u>	<u>20,811</u>

Amortization recorded during the year amounted to \$9,060.

During the year, property, plant and equipment were acquired for cash at an aggregate cost of \$16,604.



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5. Bank indebtedness

The organization has an authorized line of credit of \$75,000 at a rate of bank prime plus 2.0% per annum, of which \$75,000 remained unused as at December 31, 2018. The operating line of credit is secured by a general security agreement covering all assets of the organization.

6. Oakville Community Fund Investment and Endowment Funds

During the year, the pooled Investment Fund lost \$6,281, net of fees and expenses (2017 earned \$28,182). The organization received a spendable amount of \$12,619 in 2018 (2017 - \$8,870).

No new contributions were donated to the Endowment Fund in 2018 (2017 - \$30,525). The Endowment Fund contributions totaling \$30,525 cannot be spent by the organization and must remain in the fund. The remaining Endowment Fund balance of \$11,948 can be withdrawn at the organization's discretion. Earnings on the Endowment Fund are available to the organization on an annual basis.

During the year, the Endowment Fund lost \$751, net of fees and expenses (2017 earned \$2,661).

	2018	2017
Oakville Community Fund Investment Fund	\$ 352,703	371,603
Oakville Community Fund Endowment Fund	42,473	43,224
	<u>\$ 395,176</u>	<u>414,827</u>

7. Grants

The organization received grants during the year from the following organizations:

	2018	2017
Oakville Community Foundation	\$ 25,000	25,000
Ontario Trillium Foundation	26,100	111,000
Other Foundation grants	43,593	44,582
Peter Gilgan Foundation	-	90,000
The Regional Municipality of Halton	146,578	166,499
Catherine and Maxwell Meighen Foundation	25,000	25,000
JP Bickell Foundation	25,000	-
Greater Toronto Apartment Association	20,000	20,000
	<u>\$ 311,271</u>	<u>482,081</u>

8. Interfund transfers

During the year, \$95,694 was transferred from the General Fund to the Capital Fund. The transfer represents net investment earnings from investments in the Oakville Community Foundation, as well as Fund investment and investments in property, plant and equipment.



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9. Operating lease commitments

Future minimum rental payments required under operating leases that have remaining terms in excess of one year are:

2019	\$	12,726
2020		12,981
2021		13,240
2022		<u>6,686</u>
	\$	<u>45,633</u>

10. Income tax status

The organization is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

11. Comparative figures

Certain figures in the 2017 financial statements have been reclassified to conform with the basis of presentation used in 2018.



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