

Charles
Havill

CHARTERED ACCOUNTANT

**Home Suite Hope
Shared Living Corp.
Financial Statements**
December 31, 2007

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CHARTERED ACCOUNTANT

Auditor's Report

To the Members of
Home Suite Hope Shared Living Corp.

I have audited the statement of financial position of Home Suite Hope Shared Living Corp. as at December 31, 2007 and the statements of operations and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the organization derives donation revenues the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of expenditures over revenues, assets and net assets.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Charles Havill".

Oakville, Canada
September 17, 2008

Chartered Accountant
Licensed Public Accountant

Home Suite Hope Shared Living Corp. Statements of Operations

Year Ended December 31,	General Fund 2007	Capital Fund 2007	Total 2007	Total 2006
Revenues				
Grants (Note 7)	\$ 44,202		\$ 44,202	\$ 84,000
Donations	103,832	\$ 50,000	153,832	6,095
Rental income	31,930		31,930	30,734
Sponsorship	15,000		15,000	
Other	<u>12,374</u>		<u>12,374</u>	<u>3,551</u>
	<u>207,338</u>	<u>50,000</u>	<u>257,338</u>	<u>124,380</u>
Expenditures				
Fundraising	11,638		11,638	1,023
Wages and benefits	48,376		48,376	48,528
Telephone	826		826	1,123
Office and general	12,497		12,497	8,420
Promotion				1,683
Insurance	1,210		1,210	202
Vehicle	9,940		9,940	9,140
Client income support	8,604		8,604	3,026
Household expense	45,810		45,810	37,121
Professional fees	13,398		13,398	2,796
Amortization		9,575	9,575	6,893
Gain on disposal of vehicle	<u>(12,500)</u>		<u>(12,500)</u>	
	<u>139,799</u>	<u>9,575</u>	<u>149,374</u>	<u>119,955</u>
Excess of revenues over expenditures	<u>\$ 67,539</u>	<u>\$ 40,425</u>	<u>\$ 107,964</u>	<u>\$ 4,425</u>

See accompanying notes to the financial statements.

Home Suite Hope Shared Living Corp.
Statement of Changes in Net Assets

Year Ended December 31,	General Fund 2007	Capital Fund 2007	Total 2007	Total 2006
Net assets, beginning of year				
As previously reported	\$ 196,169		\$ 196,169	\$ 191,744
Change in accounting policy for the amortization of capital assets	(72,245)	\$ 72,245		
As restated	123,924	72,245	196,169	191,744
Excess of revenues over expenditures	67,539	40,425	107,964	4,425
Interfund transfers	(132,155)	132,155		
Net assets, end of year	\$ 59,308	\$ 244,825	\$ 304,133	\$ 196,169

See accompanying notes to the financial statements.

Home Suite Hope Shared Living Corp. Statement of Financial Position

December 31,	General Fund 2007	Capital Fund 2007	Total 2007	Total 2006
Assets				
Current				
Cash	\$ 19,886		\$ 19,886	\$ 9,986
Short term investment	40,000		40,000	110,084
Receivables	1,422		1,422	6,656
Prepays	<u> </u>	<u>\$ 30,000</u>	<u>30,000</u>	<u>4,433</u>
	61,308	30,000	91,308	131,159
Capital assets (Note 4)	<u> </u>	<u>490,998</u>	<u>490,998</u>	<u>251,607</u>
	<u>\$ 61,308</u>	<u>\$ 520,998</u>	<u>\$ 582,306</u>	<u>\$ 382,766</u>
Liabilities				
Current				
Payables and accruals	\$ 2,000		\$ 2,000	\$ 7,235
Current portion of mortgage payable	<u> </u>	<u>5,097</u>	<u>5,097</u>	<u>4,817</u>
	2,000	5,097	7,097	12,052
Loan payable (Note 5)		101,333	101,333	
Mortgage payable (Note 6)	<u> </u>	<u>169,743</u>	<u>169,743</u>	<u>174,545</u>
	2,000	276,173	278,173	186,597
Net Assets				
Invested in capital assets		244,825	244,825	72,245
Internally restricted	60,000		60,000	
Unrestricted	<u>(692)</u>	<u> </u>	<u>(692)</u>	<u>123,924</u>
	<u>59,308</u>	<u>244,825</u>	<u>304,133</u>	<u>196,169</u>
	<u>\$ 61,308</u>	<u>\$ 520,998</u>	<u>\$ 582,306</u>	<u>\$ 382,766</u>

On behalf of the board

Executive Director

Director

See accompanying notes to the financial statements

Home Suite Hope Shared Living Corp.

Statement of Cash Flows

Year Ended December 31, 2007 2006

Cash derived from (applied to)

Operating

Excess of revenues over expenditures

General Fund	\$ 67,539	\$ 11,318
Capital Fund	40,425	(6,893)
Amortization	<u>9,575</u>	<u>6,893</u>
	117,539	11,318

Change in non-cash operating working capital

Receivables	5,234	1,314
Prepays	(25,567)	(4,433)
Payables and accruals	<u>(5,235)</u>	<u>(7,656)</u>
	91,971	543

Financing

Mortgage payable	(4,521)	(4,410)
Loan payable	<u>101,333</u>	<u> </u>
	<u>96,812</u>	<u>(4,410)</u>

Investing

Purchase of capital assets	(248,967)	
Short term investment	<u>70,084</u>	<u>(19,284)</u>
	<u>(178,883)</u>	<u>(19,284)</u>

Net increase (decrease) in cash	9,900	(23,151)
Cash, beginning of year	<u>9,986</u>	<u>33,137</u>
Cash, end of year	<u>\$ 19,886</u>	<u>\$ 9,986</u>

See accompanying notes to the financial statements

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2007

1. Nature of operations

Home Suite Hope Shared Living Corp. was incorporated without share capital under the laws of Ontario and its purpose is to provide shared living accommodations for those in need. It is a registered charity and therefore exempt from tax.

2. Change in accounting policies

Capital assets

During the year, the organization changed its accounting for capital assets. Amortization, which previously was not recognized, has been recorded retroactively. The new method has been adopted in anticipation of future growth of the organization, which will require capital assets to be amortized under the provisions of CICA Handbook Section 4430, *Capital Assets Held by Not-for-Profit Organizations*. The effects of this change are as follows:

	2007	2006
Capital assets	\$ (9,575)	\$ (6,893)
Unrestricted net assets	(6,893)	

Restricted fund accounting

During the year, the organization changed its accounting for certain funds, which has been recorded retroactively. The new method has been adopted to account for capital assets. No changes are required to the comparative figures.

Investments

During the year the organization adopted the provisions of CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*. In accordance with these requirements, the organization has classified its investments in short term deposits as “available for sale” and accounts for them at fair value. Unrealized gains and losses associated with the investments will be recognized as a separate line item in the statement of changes in net assets. There was no impact to the financial statements as a result of adopting the policy.

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2007

3. Significant accounting policies

Fund accounting

The financial statements are prepared on a restricted fund accounting basis.

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

The Capital Fund reports the accounts for assets, liabilities, revenues and expenditures relating to the capital assets.

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Significant areas requiring the use of significant judgement include the amounts included in receivables, prepaids, and payables and accruals. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in the future periods could be significant.

Revenue recognition

Revenues are recognized using the restricted fund method. Contributions are recorded on receipt. Contributions made for capital projects are reflected in the Capital Fund. Grant funding for a specific period of time is deferred and recognized over the specified time period as expenditures are incurred.

Amortization

It is the organization's policy to capitalize significant capital asset purchases at cost. The assets are amortized over their estimated useful lives as follows:

Buildings	25 years, straight line
Computer equipment	3 years, straight line

In the year of acquisition, amortization is provided for a half year.

Volunteer time

The organization cannot continue without the ongoing support of numerous volunteers. The value of volunteer time of Board members and other volunteer services is not reflected in these financial statements.

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2007

4. Capital assets

	Cost	Accumulated Amortization	2007 Net book Value	2006 Net book Value
Land - Lindsay	\$ 86,167		\$ 86,167	\$ 86,167
Land - Lancaster	122,878		122,878	
Building - Lindsay	172,333	\$ 13,787	158,546	165,440
Building - Lancaster	125,000	2,500	122,500	
Computer equipment	1,089	182	907	
	\$ 507,467	\$ 16,469	\$ 490,998	\$ 251,607

5. Loan payable

The loan bears interest at 4%, calculated annually is secured by property and is repayable on August 24, 2008. No interest is payable until the repayment date.

6. Mortgage payable

Mortgage payable, secured by property,
bearing interest at prime less .25%,
repayable in blended monthly payments
of \$1,240, due October 1, 2009

\$ 174,840

Less: current portion

(5,097)

\$ 169,743

Principal repayments (assuming renewal at current terms) over the next five years are as follows:

2008	\$ 5,097
2009	\$ 5,396
2010	\$ 5,710
2011	\$ 6,044
2012	\$ 6,396

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2007

7. Grants

The grant revenue received by the organization during the year is as follows:

Ontario Trillium Foundation	\$ 30,500
Catherine Donnelly Foundation	2,000
Canadian Mortgage and Housing Corporation	5,300
Community Foundation of Oakville	3,000
Million Dollar Round Table	<u>3,402</u>
	<u>\$ 44,202</u>

8. Interfund transfer

During the year, \$132,155 was transferred from the General Fund to the Capital Fund to fund capital purchases and mortgage payments made.

9. Financial instruments

Interest rate risk

The interest rate risk is the risk to the organization's operations that arises from fluctuations in interest rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to interest rate risk.
