



CHARTERED ACCOUNTANT

**Home Suite Hope
Shared Living Corp.
Financial Statements**
December 31, 2009

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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, 2009 and the statements of changes in net assets, operations and cash flow 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 to 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, except for the effect of adjustments, if any, I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

“Charles Havill”

Oakville, Ontario
July 27, 2010

Chartered Accountant
Licensed Public Accountant

Home Suite Hope Shared Living Corp. Statement of Financial Position

December 31,	General Fund 2009	Capital Fund 2009	Total 2009	Total 2008
Assets				
Current				
Cash	\$ 66,207		\$ 66,207	\$ 65,408
Short term Investment				121,460
Receivables	10,485	\$ 72,047	82,532	6,227
Prepays	<u>3,128</u>	<u>72,047</u>	<u>3,128</u>	<u>193,095</u>
	<u>79,820</u>	<u>72,047</u>	<u>151,867</u>	<u>193,095</u>
Capital assets (Note 3)	<u> </u>	<u>1,185,198</u>	<u>1,185,198</u>	<u>1,056,306</u>
	<u>\$ 79,820</u>	<u>\$ 1,257,245</u>	<u>\$ 1,337,065</u>	<u>\$ 1,249,401</u>
Liabilities				
Current				
Payables and accruals	\$ 7,170		\$ 7,170	\$ 4,844
Deferred revenue	4,000		4,000	
Current portion of mortgage payable (Note 5)	<u>11,170</u>	<u>\$ 48,230</u>	<u>48,230</u>	<u>203,503</u>
	<u>11,170</u>	<u>48,230</u>	<u>59,400</u>	<u>208,347</u>
Loans payable (Note 4)		163,853	163,853	19,853
Mortgage payable (Note 5)	<u>11,170</u>	<u>515,522</u>	<u>515,522</u>	<u>406,168</u>
	<u>11,170</u>	<u>727,605</u>	<u>738,775</u>	<u>634,368</u>
Net Assets				
Invested in capital assets		529,640	529,640	426,782
Internally restricted	120,000		120,000	120,000
Unrestricted	<u>(51,350)</u>	<u> </u>	<u>(51,350)</u>	<u>68,251</u>
	<u>68,650</u>	<u>529,640</u>	<u>598,290</u>	<u>615,033</u>
	<u>\$ 79,820</u>	<u>\$ 1,257,245</u>	<u>\$ 1,337,065</u>	<u>\$ 1,249,401</u>

On behalf of the board

Executive Director

Director

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 2009	Capital Fund 2009	Total 2009	Total 2008
Net assets, beginning of year	\$ 188,251	\$ 426,782	\$ 615,033	\$ 304,133
Excess of revenues over expenditures (expenditures over revenues)	45,109	(61,852)	(16,743)	310,900
Interfund transfers (Note 7)	<u>(164,710)</u>	<u>164,710</u>	_____	_____
Net assets, end of year	<u>\$ 68,650</u>	<u>\$ 529,640</u>	<u>\$ 598,290</u>	<u>\$ 615,033</u>

See accompanying notes to the financial statements

Home Suite Hope Shared Living Corp. Statement of Operations

Year Ended December 31,	General Fund 2009	Capital Fund 2009	Total 2009	Total 2008
Revenues				
Grants (Note 6)	\$ 118,147		\$ 118,147	\$ 79,300
Donations	152,609		152,609	389,688
Rental income	45,759		45,759	56,612
Sponsorship	38,000		38,000	23,000
Other	1,519		1,519	2,688
	<u>356,034</u>		<u>356,034</u>	<u>551,288</u>
Expenditures				
Fundraising	20,044		20,044	9,468
Wages and benefits	78,843		78,843	67,461
Telephone	580		580	646
Office and general	22,197		22,197	15,620
Promotion	732		732	984
Insurance	1,210		1,210	1,210
Rent	24,050		24,050	
Vehicle	2,825		2,825	1,974
Client income support	16,310		16,310	9,318
Household expense	117,698		117,698	67,860
Professional fees	26,436		26,436	24,255
Amortization		\$ 33,872	33,872	18,847
Interest		27,980	27,980	27,367
Gain on disposal of assets				(4,622)
	<u>310,925</u>	<u>61,852</u>	<u>372,777</u>	<u>240,388</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>\$ 45,109</u>	<u>\$ (61,852)</u>	<u>\$ (16,743)</u>	<u>\$ 310,900</u>

See accompanying notes to the financial statements

Home Suite Hope Shared Living Corp.

Statement of Cash Flows

Year Ended December 31, 2009 2008

Cash derived from (applied to)

Operating

Excess of revenues over expenditures (expenditures over revenues)		
General Fund	\$ 45,109	\$ 130,950
Capital Fund	(61,852)	179,950
Amortization	33,872	18,847
Gain on disposal of capital asset		(4,622)
	17,129	325,125

Change in non-cash operating working capital

Receivables	(76,305)	(4,805)
Prepays	(3,128)	30,000
Payables and accruals	2,326	2,844
Deferred revenue	4,000	
	(55,978)	353,164

Financing

Mortgage proceeds		450,000
Loan proceeds	144,000	19,853
Mortgage repayment	(45,919)	(15,169)
Loan repayment		(101,333)
	98,081	353,351

Investing

Purchase of capital assets	(162,764)	(829,533)
Proceeds on sale of capital assets		250,000
Short term investment	121,460	(81,460)
	(41,304)	(660,993)

Net increase in cash	799	45,522
Cash, beginning of year	65,408	19,886
Cash, end of year	\$ 66,207	\$ 65,408

Supplemental cash flow information:

Interest paid in year	\$ 27,980	\$ 27,367
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See accompanying notes to the financial statements

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2009

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. 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.

Financial instruments

The following policies and assumptions were used to determine the fair value of each class of financial assets and liabilities:

Cash, receivables, and payables and accruals

These financial assets and liabilities are measured at their carrying amount since it is comparable to their fair value due to the approaching maturity of these financial instruments.

Short term investments

Short term investments are classified as available for sale assets. They are measured at fair value based on market prices. Realized gains and losses are reflected in the statement of operations. Unrealized gains and losses are reflected in the statement of changes in net assets.

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.

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2009

2. Significant accounting policies (continued)

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 project is deferred and recognized over the specified time period as expenditures are incurred.

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.

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, payables and accruals and deferred revenue. 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.

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009 Net Book Value</u>	<u>2008 Net Book Value</u>
Land - Lindsay	\$ 86,167		\$ 86,167	\$ 86,167
Land - Belyea	250,000		250,000	250,000
Building - Lindsay	175,288	\$ 27,751	147,537	154,549
Building - Belyea	738,121	37,825	700,296	565,045
Computer equipment	<u>2,308</u>	<u>1,110</u>	<u>1,198</u>	<u>545</u>
	<u>\$ 1,251,884</u>	<u>\$ 66,686</u>	<u>\$ 1,185,198</u>	<u>\$ 1,056,306</u>

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2009

4. Loans payable

The loans payable balance consists of two forgivable loans, both related to the Belyea property.

The first is from the Region of Halton in the amount of \$19,853 and was provided to fund the purchase of the Belyea property in the previous year. The loan term is ten years, bearing no interest or principle payments and will be forgiven at the anniversary date if there is no default in regards to the terms of the contribution agreement.

The second is from Canada Mortgage and Housing Corporation in the amount of \$144,000 and was provided to fund repairs to the Belyea property and other eligible costs. The loan term is fifteen years, bearing interest at 7.625% with no principal repayments and will be forgiven on a monthly basis over the term of the loan if there is no default in regards to the terms of the operating agreement.

5. Mortgage payable	<u>2009</u>	<u>2008</u>
Mortgage payable, secured by property, bearing interest at a fixed rate of 3.35%, repayable in blended monthly payments of \$1,336, due June 1, 2012	\$ 157,584	\$ 168,201
Mortgage payable, secured by property, bearing interest at a fixed rate of 5.5%, repayable in blended monthly payments of \$4,870, due September 1, 2013	<u>406,168</u> 563,752	<u>441,470</u> 609,671
Less: current portion	<u>(48,230)</u>	<u>(203,503)</u>
	<u>\$ 515,522</u>	<u>\$ 406,168</u>

Principal repayments over the next four years are as follows:

2010	\$ 48,230
2011	\$ 50,679
2012	\$ 176,838
2013	\$ 288,005

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2009

6. Grants

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

	<u>2009</u>	<u>2008</u>
Ontario Trillium Foundation	\$ 64,000	\$ 35,000
Region of Halton	48,797	21,750
Catherine Donnelly Foundation	1,850	16,650
Canada Housing and Mortgage Corporation		4,700
Other	<u>3,500</u>	<u>1,200</u>
	<u>\$ 118,147</u>	<u>\$ 79,300</u>

7. Interfund transfer

During the year, \$164,710 was transferred from the General Fund to the Capital Fund to fund capital purchases and mortgage payments.

8. Capital disclosures

The organization manages its capital to maintain its ability to continue as a going concern in order to continue to provide shared living accommodations for those in need. It also manages its capital in accordance with the grant agreement guidelines so that it can continue to operate as a non-profit organization. The capital structure of the organization consists of net assets allocated to both the General Fund and the Capital Fund. The organization's overall strategy with respect to capital management remains unchanged from the year ended December 31, 2008.

The organization is subject to externally imposed capital requirements in both the General and Capital fund as per the grant agreements. The organization must ensure grant contributions are applied to certain expenditures noted in each individual grant agreement. For the remaining capital, there are no externally imposed capital requirements.

Home Suite Hope Shared Living Corp.

Notes to the Financial Statements

December 31, 2009

9. Financial instruments

Interest rate risk

The interest rate risk is the risk future cash flows of a financial instrument will change due to 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.

Credit risk

Cash is in place with major financial institutions. The organization is not exposed to credit risk on the receivables. The organization does not have significant exposure to any concentration of credit risk, but is exposed to credit risk to the extent that it derives rental revenues from clients.
