



CHARTERED ACCOUNTANT

**Home Suite Hope  
Shared Living Corp.  
Financial Statements**  
December 31, 2010

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CHARTERED ACCOUNTANT

## Independent Auditor's Report

To the Members of  
Home Suite Hope Shared Living Corp.

### Report on the Financial Statements

I have audited the accompanying financial statements of Home Suite Hope Shared Living Corp., which comprise the statement of financial position as at December 31, 2010, and the statements of changes in net assets, operations 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 generally accepted accounting policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.



CHARTERED ACCOUNTANT

#### Basis for Qualified Opinion

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

#### Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Home Suite Hope Shared Living Corp. as at December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

***“Charles Havill”***

Oakville, Canada  
June 6, 2011

Chartered Accountant  
Licensed Public Accountant

## Home Suite Hope Shared Living Corp. Statement of Financial Position

December 31,	General Fund 2010	Capital Fund 2010	Total 2010	Total 2009
<b>Assets</b>				
Current				
Cash				\$ 66,207
Short term investment	\$ 40,000		\$ 40,000	
Receivables	28,868		28,868	82,532
Prepays	<u>4,431</u>		<u>4,431</u>	<u>3,128</u>
	73,299		73,299	151,867
Capital assets (Note 3)		<u>\$ 1,152,365</u>	<u>1,152,365</u>	<u>1,185,198</u>
	<u>\$ 73,299</u>	<u>\$ 1,152,365</u>	<u>\$ 1,225,664</u>	<u>\$ 1,337,065</u>
<b>Liabilities</b>				
Current				
Bank indebtedness (Note 4)	\$ 12,315		\$ 12,315	
Payables and accruals	11,163		11,163	\$ 7,170
Deferred revenue				4,000
Current portion of mortgage payable (Note 5)	<u>23,478</u>	<u>\$ 50,679</u>	<u>50,679</u>	<u>48,230</u>
		50,679	74,157	59,400
Loans payable (Note 6)		155,053	155,053	163,853
Mortgage payable (Note 5)	<u>23,478</u>	<u>464,842</u>	<u>464,842</u>	<u>515,522</u>
		670,574	694,052	738,775
<b>Net Assets</b>				
Invested in capital assets		481,791	481,791	529,640
Internally restricted (Note 8)	40,000		40,000	120,000
Unrestricted	<u>9,821</u>		<u>9,821</u>	<u>(51,350)</u>
	49,821	<u>481,791</u>	<u>531,612</u>	<u>598,290</u>
	<u>\$ 73,299</u>	<u>\$ 1,152,365</u>	<u>\$ 1,225,664</u>	<u>\$ 1,337,065</u>

On behalf of the board

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Director

See accompanying notes to the financial statements

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

Year Ended December 31,	General Fund 2010	Capital Fund 2010	Total 2010	Total 2009
Net assets, beginning of year	\$ 68,650	\$ 529,640	\$ 598,290	\$ 615,033
Excess of expenditures over revenues	(15,292)	(51,386)	(66,678)	(16,743)
Interfund transfer (Note 8)	<u>(3,537)</u>	<u>3,537</u>	<u>          </u>	<u>          </u>
Net assets, end of year	<u>\$ 49,821</u>	<u>\$ 481,791</u>	<u>\$ 531,612</u>	<u>\$ 598,290</u>

See accompanying notes to the financial statements

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## Home Suite Hope Shared Living Corp. Statement of Operations

Year Ended December 31,	General Fund 2010	Capital Fund 2010	Total 2010	Total 2009
<b>Revenues</b>				
Grants (Note 7)	\$ 169,214		\$ 169,214	\$ 118,147
Donations	35,934	\$ 4,000	39,934	55,096
Rental income	42,127		42,127	45,759
Sponsorship	28,000		28,000	38,000
Fundraising	40,845		40,845	97,513
Other	72		72	1,519
Forgiveness of debt (Note 6)		18,434	18,434	
	<u>316,192</u>	<u>22,434</u>	<u>338,626</u>	<u>356,034</u>
<b>Expenditures</b>				
Fundraising	8,724		8,724	20,044
Wages and benefits	122,268		122,268	78,843
Telephone	1,935		1,935	580
Office and general	24,762		24,762	22,197
Promotion				732
Insurance	1,411		1,411	1,210
Rent	16,545		16,545	24,050
Vehicle	1,510		1,510	2,825
Client income support	10,343		10,343	16,310
Household expense	104,949		104,949	117,698
Professional fees	38,319		38,319	26,436
Volunteer program	718		718	
Amortization		37,942	37,942	33,872
Interest		35,878	35,878	27,980
	<u>331,484</u>	<u>73,820</u>	<u>405,304</u>	<u>372,777</u>
Excess of expenditures over revenues	\$ <u>(15,292)</u>	\$ <u>(51,386)</u>	\$ <u>(66,678)</u>	\$ <u>(16,743)</u>

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See accompanying notes to the financial statements

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# Home Suite Hope Shared Living Corp.

## Statement of Cash Flows

Year Ended December 31,

2010

2009

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Cash derived from (applied to)

### Operating

Excess of (expenditures over revenues)  
revenues over expenditures

General Fund	\$ (15,292)	\$ 45,109
Capital Fund	(51,386)	(61,852)
Amortization	<u>37,942</u>	<u>33,872</u>
	(28,736)	17,129

Change in non-cash operating working capital

Receivables	53,664	(76,305)
Prepays	(1,303)	(3,128)
Payables and accruals	3,993	2,326
Deferred revenue	<u>(4,000)</u>	<u>4,000</u>
	<u>23,618</u>	<u>(55,978)</u>

### Financing

Loan proceeds		144,000
Mortgage repayment	(48,231)	(45,919)
Loan repayment	<u>(8,800)</u>	<u></u>
	<u>(57,031)</u>	<u>98,081</u>

### Investing

Purchase of capital assets	(5,109)	(162,764)
Short term investment	<u>(40,000)</u>	<u>121,460</u>
	<u>(45,109)</u>	<u>(41,304)</u>

Net (decrease) increase in cash

(78,522) 799

Cash, beginning of year

66,207 65,408

(Bank indebtedness) cash, end of year

\$ (12,315) \$ 66,207

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Supplemental cash flow information:

Interest paid in the year	<u>\$ 35,878</u>	<u>\$ 27,980</u>
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See accompanying notes to the financial statements



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# Home Suite Hope Shared Living Corp.

## Notes to the Financial Statements

December 31, 2010

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### 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.

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### 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 and internally restricted resources.

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

#### Financial instruments

Short term investments are classified as available for sale assets and are measured at cost plus accrued income, which approximates fair value. Short term investment consists of a guaranteed investment certificate, maturing on March 14, 2011 bearing annual interest at 3.0%. Interest earned is recognized in the statement of operations.

All other financial instruments are classified as loans and receivables or other financial liabilities and their carrying value approximates fair value due to their short term nature.

In accordance with the CICA Handbook, the organization has adopted Section 3861, *Financial Instruments – Disclosures and Presentation* in place of Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*.

#### 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.

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# Home Suite Hope Shared Living Corp.

## Notes to the Financial Statements

December 31, 2010

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### 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.

#### Future accounting pronouncements

In September 2010, the Accounting Standards Board of Canada (AcSB) substantially approved the Exposure Draft with regard to Accounting Standards for not-for-profit organizations (NFPO) which will replace the existing standards for NFPO. Mandatory adoption of these new standards are required for fiscal years beginning on or after January 1, 2012 with early adoption permitted. The organization will have the right to elect to apply NFPO accounting standards under International Financial Reporting Standards or Canadian reporting standards in conjunction with Accounting Standards for Private Enterprises where applicable. The impact on the organization's future financial reporting is not reasonably determinable or estimable at this time as no election has been made as to which accounting standards for NFPO will be applied.

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## Home Suite Hope Shared Living Corp.

### Notes to the Financial Statements

December 31, 2010

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#### 3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	2010 <u>Net Book Value</u>	2009 <u>Net Book Value</u>
Land - Lindsay	\$ 86,167		\$ 86,167	\$ 86,167
Land - Belyea	250,000		250,000	250,000
Building - Lindsay	175,288	\$ 34,762	140,526	147,537
Building - Belyea	739,589	67,380	672,209	700,296
Computer equipment	<u>5,949</u>	<u>2,486</u>	<u>3,463</u>	<u>1,198</u>
	<u>\$ 1,256,993</u>	<u>\$ 104,628</u>	<u>\$ 1,152,365</u>	<u>\$ 1,185,198</u>

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#### 4. Bank indebtedness

The bank indebtedness consists of an operating line of credit due on demand, bearing interest at prime plus 2.0% payable monthly and is secured by a general security agreement on the organization's assets. The authorized maximum line of credit is \$50,000 and renewed annually.

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#### 5. Mortgage payable

	<u>2010</u>	<u>2009</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	\$ 146,625	\$ 157,584
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>368,896</u>	<u>406,168</u>
	515,521	563,752
Less: current portion	<u>(50,679)</u>	<u>(48,230)</u>
	<u>\$ 464,842</u>	<u>\$ 515,522</u>

Principal repayments over the next three years are as follows:

2011	\$ 50,679
2012	\$ 176,838
2013	\$ 288,004

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# Home Suite Hope Shared Living Corp.

## Notes to the Financial Statements

December 31, 2010

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### 6. Loans payable

The loans payable balance consists of two forgivable loans received by the organization during fiscal 2009 and are both related to the Belyea property.

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

A second amount was received 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. Principal and interest 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. During the year, the principal and interest amounts of \$8,800 and \$9,634 were forgiven respectively.

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### 7. Grants

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

	<u>2010</u>	<u>2009</u>
Ontario Trillium Foundation	\$ 64,000	\$ 64,000
Region of Halton	99,214	48,797
Catherine Donnelly Foundation		1,850
Other	<u>6,000</u>	<u>3,500</u>
	<u>\$ 169,214</u>	<u>\$ 118,147</u>

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### 8. Interfund transfer

During the year, \$3,537 (2009 - \$164,710) was transferred from the General Fund to the Capital Fund to fund capital purchases and mortgage payments.

During the year, \$80,000 was transferred from the internally restricted net assets in the General Fund to the unrestricted net assets in the General Fund.

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# Home Suite Hope Shared Living Corp.

## Notes to the Financial Statements

December 31, 2010

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### 9. Capital disclosures

The capital structure of the organization consists of net assets allocated to both the General Fund and the Capital Fund. 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 organization's overall strategy with respect to capital management remains unchanged from the year ended December 31, 2009.

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.

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### 10. 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.

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