

HOME SUITE HOPE SHARED LIVING CORP.

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both 2022 and 2021. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

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
July 19, 2023

John R. Nunnikhoven, CPA, CA Anthony Falco, CPA, CA Atif Akhtar, CPA, CA Christopher J. Reinhardt, CPA, CA

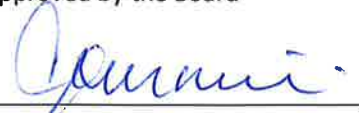
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HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Statement of financial position
As at December 31, 2022

	General Fund	Capital Fund	Total 2022	Total 2021
Assets (Note 8)				
Current assets				
Cash and cash equivalents	\$ 270,224	84,053	354,277	220,202
Short-term investments (Note 4)	-	262,231	262,231	185,060
Accounts receivable	24,097	-	24,097	6,561
Prepaid expenses	15,201	-	15,201	5,677
	309,522	346,284	655,806	417,500
Property, plant and equipment (Note 5)	-	8,946	8,946	20,437
Investments				
Oakville Community Funds (Note 6)	59,495	340,000	399,495	436,061
Long-term investments (Note 7)	-	127,080	127,080	275,000
	59,495	467,080	526,575	711,061
	\$ 369,017	822,310	1,191,327	1,148,998
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 40,314	-	40,314	26,773
Deferred revenue (Note 9)	108,592	-	108,592	119,564
	148,906	-	148,906	146,337
Net assets				
Internally restricted	59,495	813,364	872,859	904,059
Invested in property, plant and equipment	-	8,946	8,946	20,437
Unrestricted	160,616	-	160,616	78,165
	220,111	822,310	1,042,421	1,002,661
	\$ 369,017	822,310	1,191,327	1,148,998

Approved by the Board


 Director


 Director

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Statement of changes in net assets****For the year ended December 31, 2022**

		General Fund	Capital Fund	Total 2022	Total 2021
Net assets, beginning of year	\$	174,226	828,435	1,002,661	900,038
Excess of revenue over expenditure (expenditure over revenue) for year		54,781	(15,021)	39,760	102,623
Interfund transfer (Note 10)		(8,896)	8,896	-	-
Net assets, end of year	\$	220,111	822,310	1,042,421	1,002,661

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Statement of operations****For the year ended December 31, 2022**

	General Fund	Capital Fund	Total 2022	Total 2021
Revenue				
Donations	\$ 221,400	11,722	233,122	226,938
Fundraising	35,310	-	35,310	44,549
Grants (Note 11)	710,213	-	710,213	661,409
Other	-	(15,252)	(15,252)	50,462
Sponsorship	26,500	-	26,500	33,806
	993,423	(3,530)	989,893	1,017,164
Expenditure				
Amortization	-	11,491	11,491	13,076
Fundraising	22,772	-	22,772	36,475
Insurance	5,374	-	5,374	4,500
Non-recoverable sales tax	3,592	-	3,592	5,103
Office and general	63,661	-	63,661	67,681
Participant support	614,625	-	614,625	584,358
Professional fees	40,834	-	40,834	39,649
Volunteer program	1,384	-	1,384	21,466
Wages and benefits	186,400	-	186,400	142,233
	938,642	11,491	950,133	914,541
Excess of revenue over expenditure (expenditure over revenue) for year	\$ 54,781	(15,021)	39,760	102,623

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Statement of cash flows****For the year ended December 31, 2022**

	2022	2021
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year		
General Fund	\$ 54,781	57,299
Capital Fund	(15,021)	45,324
Adjustment for		
Amortization of property, plant and equipment	11,491	13,076
Unrealized loss (gain) on investments	22,312	(49,148)
	73,563	66,551
Changes in non-cash working capital		
(Increase) decrease in short-term investments	(77,171)	64,940
Increase in accounts receivable	(17,536)	(453)
Increase in prepaid expenses	(9,524)	(2,883)
Increase in accounts payable and accrued liabilities	13,541	8,836
(Decrease) increase in deferred revenue	(10,972)	37,155
Cash flows (used in) from operating activities	(28,099)	174,146
Cash flows (from) used in investing activities		
Acquisition of property, plant and equipment	-	(17,536)
Oakville Community Funds	36,566	(34,566)
Long-term investments	125,608	(225,852)
Cash flows from (used) in investing activities	162,174	(277,954)
Net increase (decrease) in cash and cash equivalents during the year	134,075	(103,808)
Cash and cash equivalents, beginning of year	220,202	324,010
Cash and cash equivalents, end of year	\$ 354,277	220,202

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Notes to financial statements****As at December 31, 2022**

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.

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Notes to financial statements****As at December 31, 2022**

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) Deferred revenue

Deferred revenue consists of funding received during the year which is designated for subsequent years' programs.

f) Revenue recognition

The organization follows the deferral method of accounting for contributions. The organization recognizes donations, fundraising, other revenue 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.

g) Fund balances

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.

h) Contributed materials and services

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

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Notes to financial statements****As at December 31, 2022**

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 short-term and long-term investments bear 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 asset.

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. Short-term investments

Term deposits mature between March 5, 2023 and November 17, 2023. The interest rates vary from 0.8% to 1.5%.

HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Notes to financial statements
As at December 31, 2022

5. Property, plant and equipment

		2022		2021
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 4,962	2,744	2,218	2,772
Computer equipment	48,950	42,222	6,728	14,953
Computer software	27,932	27,932	-	-
Leasehold improvements	24,123	24,123	-	2,712
	<u>\$ 105,967</u>	<u>97,021</u>	<u>8,946</u>	<u>20,437</u>

Amortization recorded during the year amounted to \$11,491 (2021 - \$13,076).

6. Oakville Community Funds

During the year, the pooled Investment Fund lost \$22,312, net of fees and expenses (2021 earned \$47,599) and received a spendable amount of \$14,254 (2021 - \$13,033).

The organization established the Home Suite Hope Endowed Fund at the Oakville Community Foundation under the terms of an agency endowment agreement. Under the terms of the agreement, the Endowed Fund will be held in perpetuity for the organization. The market value of the Home Suite Hope Endowed Fund as at December 31, 2022 was \$47,474 (2021 - \$51,833).

The organization receives investment income from the Home Suite Hope Endowed Fund to be used for operations. During the year, the organization received investment income of \$4,029 (2021 - \$1,549) which has been included in other revenue on the statement of operations.

7. Long-term investments

Term deposits mature between July 17, 2024 and November 17, 2024. The interest rates vary from 1.6% to 1.75%.

8. Bank indebtedness

The organization has an authorized line of credit of \$75,000 at a rate of bank prime plus 2% per annum, of which \$75,000 remained unused as at December 31, 2022. The operating line of credit is secured by a general security agreement covering all assets of the organization.

HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Notes to financial statements
As at December 31, 2022

9. Deferred revenue

	2022	2021
Balance, beginning of year	\$ 119,564	82,409
Contributions received for future expenses	339,066	420,008
Recognized as grant revenue	<u>(350,038)</u>	<u>(382,853)</u>
Balance, end of year	<u>\$ 108,592</u>	<u>119,564</u>

10. Interfund transfer

During the year, \$8,438 was transferred from the Capital Fund to the General Fund. The transfer represents the net investment earnings from the Oakville Community Foundation investments in excess of additions to the fund investment and investment in property, plant and equipment.

11. Grants

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

	2022	2021
Greater Toronto Apartment Association	\$ 10,000	-
Meaningful Work Foundation	20,000	14,534
Oakville Community Foundation	147,085	100,621
Ontario Trillium Foundation	105,000	105,000
Other Foundation grants	41,389	101,242
Ontario Realtors Care Foundation	17,600	-
Scotia Wealth Management	6,000	13,000
Canada Mortgage and Housing Corporation	75,000	-
JP Bickell Foundation	35,698	-
The Regional Municipality of Halton	<u>252,441</u>	<u>327,012</u>
	<u>\$ 710,213</u>	<u>661,409</u>

12. Operating lease commitments

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

2023	\$ 16,350
2024	18,798
2025	<u>10,050</u>
	<u>\$ 45,198</u>

13. Income taxes

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

