

HOME SUITE HOPE SHARED LIVING CORP.

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

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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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 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
June 15, 2021

HOME SUITE HOPE SHARED LIVING CORP.

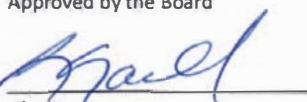
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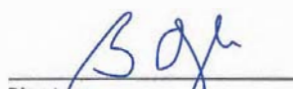
Statement of financial position

As at December 31, 2020

	General Fund	Capital Fund	Total 2020	(Restated) Total 2019
Assets				
Current assets				
Cash and cash equivalents	\$ 324,010		324,010	200,609
Accounts receivable	6,108	-	6,108	7,926
Fund investment	-	250,000	250,000	250,000
Prepaid expenses	2,794	-	2,794	2,446
	332,912	250,000	582,912	460,981
Property, plant and equipment (Note 5)	-	15,977	15,977	23,282
Investment				
Oakville Community Funds (Note 7)	51,495	350,000	401,495	391,188
	\$ 384,407	615,977	1,000,384	875,451
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 17,937	-	17,937	24,651
Deferred revenue (Note 8)	82,409	-	82,409	127,722
	100,346	-	100,346	152,373
Net assets				
Internally restricted	189,000	600,000	789,000	600,000
Invested in property, plant and equipment	-	15,977	15,977	23,282
Unrestricted	95,061	-	95,061	99,796
	284,061	615,977	900,038	723,078
	\$ 384,407	615,977	1,000,384	875,451

Approved by the Board


 Director


 Director

 GLENN • GRAYDON • WRIGHT LLP
 CHARTERED PROFESSIONAL ACCOUNTANTS

HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Statement of changes in net assets

For the year ended December 31, 2020

		General Fund	Capital Fund	Total 2020	(Restated) Total 2019
Net assets, beginning of year	\$	99,796	623,282	723,078	616,595
Excess of revenue over expenditure for year		157,651	19,309	176,960	106,483
Interfund transfer (Note 9)		26,614	(26,614)	-	-
Net assets, end of year	\$	284,061	615,977	900,038	723,078



HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Statement of operations**For the year ended December 31, 2020**

	General Fund	Capital Fund	Total 2020	(Restated) Total 2019
Revenue				
Donations	\$ 282,280	-	282,280	297,625
Fundraising	20,643	-	20,643	64,690
Grants (Note 10)	502,723	-	502,723	317,952
Other (Note 13)	74,862	29,890	104,752	54,901
Sponsorship	32,500	-	32,500	52,000
	913,008	29,890	942,898	787,168
Expenditure				
Amortization	-	10,581	10,581	12,343
Fundraising	10,177	-	10,177	21,852
Insurance	1,277	-	1,277	1,277
Margaret Gardens project	-	-	-	80,186
Non-recoverable sales tax	4,319	-	4,319	13,852
Office and general	74,074	-	74,074	53,773
Participant support	461,361	-	461,361	327,498
Professional fees	43,265	-	43,265	38,071
Volunteer program	12,930	-	12,930	10,380
Wages and benefits	147,954	-	147,954	121,453
	755,357	10,581	765,938	680,685
Excess of revenue over expenditure for year	\$ 157,651	19,309	176,960	106,483



HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Statement of cash flows**For the year ended December 31, 2020**

	2020	(Restated) 2019
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year		
General Fund	\$ 157,651	63,925
Capital Fund	19,309	42,558
Adjustment for		
Amortization of property, plant and equipment	10,581	12,343
	187,541	118,826
Changes in non-cash working capital		
Decrease in accounts receivable	1,818	53,287
(Increase) decrease in prepaid expenses and deposits	(348)	1
Decrease in accounts payable and accrued liabilities	(6,714)	(5,225)
(Decrease) increase in deferred revenue	(45,313)	127,722
Cash flows from operating activities	136,984	294,611
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(3,276)	(7,270)
Fund investment	-	(200,000)
Investment in Oakville Community Fund	(10,307)	(38,485)
Cash flows used in investing activities	(13,583)	(245,755)
Net increase in cash and cash equivalents during the year	123,401	48,856
Cash and cash equivalents, beginning of year	200,609	151,753
Cash and cash equivalents, end of year	\$ 324,010	200,609



HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2020

1. Prior period adjustment

During the year, it was determined that the Home Suite Hope Endowed Fund held with the Oakville Community Foundation should not be recorded as an asset of the organization and that the investment income recognized in respect of the Endowed Fund should be limited to the amount actually received during the year. This change was made on a retrospective basis and the effect on the 2019 amounts presented for comparative purposes is as follows:

	As previously reported	Restatements	As restated
Other revenue – Capital Fund	\$ 58,124	(3,223)	54,901
Excess of revenue over expenditure for year	109,706	(3,223)	106,483
Net assets, beginning of year			
General Fund	200,188	(15,171)	185,017
Capital Fund	458,880	(27,302)	431,578
Endowment Fund contributions			
Capital Fund	800	(800)	-
Endowment Fund – Capital Fund	31,325	(31,325)	-
Net assets, end of year			
General Fund	114,967	(15,171)	99,796
Capital Fund	654,607	(31,325)	623,282
Oakville Community Funds			
General Fund	56,359	(15,171)	41,188
Capital Fund	381,325	(31,325)	350,000

2. 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.

3. 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.



HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2020

3. Significant accounting policies - continued

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.

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.



HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2020

3. Significant accounting policies – continued

g) 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.

h) Contributed materials and services

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

4. 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.



HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2020

5. Property, plant and equipment

		2020		2019
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 4,962	1,497	3,465	4,331
Computer equipment	31,414	26,439	4,975	7,389
Computer software	27,932	27,932	-	-
Leasehold improvements	24,123	16,586	7,537	11,562
	<u>\$ 88,431</u>	<u>72,454</u>	<u>15,977</u>	<u>23,282</u>

Amortization recorded during the year amounted to \$10,581.

During the year, property, plant and equipment were acquired for cash at an aggregate cost of \$3,276.

6. 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, 2020. The operating line of credit is secured by a general security agreement covering all assets of the organization.

7. Oakville Community Funds

During the year, the pooled Investment Fund earned \$23,152, net of fees and expenses (2019 earned \$51,306). The organization received a spendable amount of \$12,845 in 2020 (2019 - \$12,822).

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, 2020 was \$47,716 (2019 - \$46,496).

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 \$1,531 (2019 - \$2,917) which has been included in other revenue on the statement of operations.

8. Deferred revenue

	2020	2019
Balance, beginning of year	\$ 127,722	-
Contributions received for future expenses	329,332	152,978
Recognized as grant revenue	<u>374,645</u>	<u>25,256</u>
Balance, end of year	<u>\$ 82,409</u>	<u>127,722</u>



HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Notes to financial statements
As at December 31, 2020

9. Interfund transfer

During the year, \$26,614 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.

10. Grants

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

	2020	2019
Greater Toronto Apartment Association	\$ 15,000	-
Oakville Community Foundation	88,117	33,834
Oakville Community Foundation – Margaret Gardens project	-	83,083
Ontario Trillium Foundation	35,000	8,900
Other Foundation grants	46,585	37,148
Peter Gilgan Foundation	46,944	21,256
The Regional Municipality of Halton	271,077	133,731
	<u>\$ 502,723</u>	<u>317,952</u>

11. Operating lease commitments

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

2021	\$ 13,283
2022	<u>6,773</u>
	<u>\$ 20,056</u>

12. 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.

13. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the organization in future periods.

Other revenue includes \$65,732 for the Canadian Emergency Wage Subsidy and \$9,130 for the Temporary Wage Subsidy. These subsidies were introduced by the Government of Canada as a result of COVID-19 to provide assistance to cover a portion of eligible salaries and wages.

