

LAKESIDE HOPE HOUSE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(with comparative figures
for the year ended March 31, 2017)

Contents

	Page
Independent auditor's report	1
Statement of financial position	2
Statement of changes in net assets	3
Statement of operations	4
Statement of cash flows	5
Notes to financial statements	6 to 8

BDH
CPA
CA

B. D. HAWKINS, CPA, CA
219 Silvercreek Pkwy N., Unit 17
Guelph, Ontario
N1H 7K4

Tel (519) 767-2002

INDEPENDENT AUDITOR'S REPORT

To: The Directors of Lakeside Hope House:

Report on the Financial Statements

I have audited the accompanying financial statements of Lakeside Hope House, which comprise the statement of financial position as at March 31, 2018 and the statements of changes in net assets, operations and changes in financial position 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 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.

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 the risks of material misstatement 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 in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

As is common with many charitable organizations, the entity derives revenue from cash donations, 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 entity and I was not able to determine whether any adjustments might be necessary to revenues, revenues over expenditures for the year, assets and net assets. Also the organization does not capitalize or amortize any capital assets purchased through funding received.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of Lakeside Hope House as at March 31, 2018 and 2017 and the results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Guelph, Ontario.
August 20, 2018

B. D. Hawkins, CPA, CA
Licensed Public Accountant.

LAKESIDE HOPE HOUSE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

ASSETS		2018	2017
CURRENT			
Cash	\$	185,549	\$ 103,606
Accounts receivable		57,690	56,802
HST Recoverable		4,690	2,273
		247,929	162,681
CAPITAL ASSETS (notes 1 and 3)			
		19,118	26,201
	\$	267,047	\$ 188,882
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	1,900	\$ 3,665
Government remittances payable		9,098	8,260
		10,998	11,925
NET ASSETS			
NET ASSETS		256,049	176,957
	\$	267,047	\$ 188,882

Approved on behalf of the board:

_____ Director

_____ Director

(see accompanying notes to financial statements)

(page 2)

B.D. Hawkins, CPA, CA

LAKESIDE HOPE HOUSE
STATEMENT OF NET ASSETS
AS AT MARCH 31, 2018

	2018	2017
Net assets, beginning of year	\$ 176,957	\$ 102,029
Excess of revenue over expenditures for the year	79,092	74,928
Balance, end of year	<u>\$ 256,049</u>	<u>\$ 176,957</u>

(see accompanying notes to financial statements)
(page 3)

LAKESIDE HOPE HOUSE
STATEMENT OF OPERATIONS
AS AT MARCH 31, 2018

	2018	2017
REVENUES		
Donations	\$ 239,892	\$ 356,922
Grants	67,930	55,692
OTHER REVENUE		
Designated grants and donations	154,373	63,605
Rental and other income	57,533	104,684
Special events	196,351	154,463
Self-supporting income	99,106	132,209
	815,185	867,575
EXPENDITURES		
Administration	6,673	4,379
Amortization	7,083	9,999
Bank charges and interest	7,600	7,640
Clothing distribution	8,863	27,311
Community relief	52,738	51,765
Dental Care	5,729	12,373
Donations	95,000	81,600
Food market	53,879	51,640
Fundraising	42,816	35,312
Information technology	6,970	5,186
Lottery disbursal	-	2,909
Maintenance and repairs	3,154	2,607
Office	11,969	15,931
Professional fees	250	3,515
Project	116,810	130,568
Vehicle	7,650	10,337
Volunteer appreciation	1,130	521
Wages and benefits	307,779	339,054
	736,093	792,647
EXCESS OF REVENUES OVER EXPENDITURES	\$ 79,092	\$ 74,928

(see accompanying notes to financial statements)
(page 4)

B.D. Hawkins, CPA, CA

LAKESIDE HOPE HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 79,092	\$ 74,928
Changes to earnings not involving cash		
Amortization	7,083	9,999
	86,175	84,927
Changes in non-cash working capital:		
(Increase) in accounts receivable	(888)	(19,782)
(Increase) decrease in HST recoverable	(2,417)	5,232
(Decrease) in accounts payable and accrued liabilities	(1,765)	(1,318)
Increase in government remittances payable	838	2,497
(Decrease) in deferred revenue	-	-
	81,943	71,556
 INCREASE (DECREASE) IN CASH FLOW	 81,943	 71,556
Cash and equivalents, beginning of the year	103,606	32,050
Cash and equivalents, end of the year	\$ 185,549	\$ 103,606
Represented by:		
Cash	\$ 185,549	\$ 103,606

(see accompanying notes to financial statements)
(page 5)

LAKESIDE HOPE HOUSE
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2018

1 Purpose of the organization

Lakeside Hope House is a registered charity, incorporated without share capital. The mission of Lakeside Hope House is providing tangible, compassionate assistance and care everywhere through immediate relief and ongoing support with the goal of a greater level of independence.

2 Significant accounting policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a Capital assets and amortization

Capital assets are recorded at cost. Amortization is recorded using the declining balance method at the following rate:

Furniture and equipment	20%
Computers	55%
Vehicle	30%

b Contributed services and materials

Contributed services by volunteers are not recognized in the financial statements. Contributed materials are recognized in the financial statements as the organization can assess the fair value of the donation of goods and materials. Gifts in kind amounted to \$20,276 during the year (\$66,444 in 2016).

c Income taxes

The organization has registered with Canada Revenue Agency as a charitable organization and is therefore exempt for income tax purposes under Section 149(1)(f) of the Income

d Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

LAKESIDE HOPE HOUSE
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2018

Revenue recognition (continued)

Donations and fundraising revenue is recognized when the amounts are received
Grant revenue is recognized over the term of the grant contract in the year in which the related expenses are incurred. Revenues received from grants for expenses not yet incurred are recorded as deferred revenue. Special events and special events income are recorded the same as grants.

e Financial Instruments

The organization is not exposed to significant credit or liquidity risk arising from the financial instruments.

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in value are recognized in net surplus.

Financial assets measured at amortized cost include cash, HST recoverable and prepaid expense.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, due to Lakeside and deferred revenue.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

LAKESIDE HOPE HOUSE
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT MARCH 31, 2018

f Use of estimates

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

3 Capital assets and amortization	Cost	Accumulated amortization	Net book value 2018	Net book value 2017
Furniture and fixtures	\$ 19,300	\$ 12,862	\$ 6,438	\$ 7,997
Computers	1,700	1,587	113	250
Vehicle	43,106	30,539	12,567	17,954
	<u>\$ 64,106</u>	<u>\$ 44,988</u>	<u>\$ 19,118</u>	<u>\$ 26,201</u>