

LAKESIDE HOPE HOUSE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019  
  
(with comparative figures  
for the year ended March 31, 2018)

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**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:

### **Qualified Opinion**

I have audited the accompanying financial statements of Lakeside Hope House, which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Lakeside Hope House, as at March 31, 2019, and the results of its operation and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organization.

### **Basis for Qualified Opinion**

In common with many charitable organizations, Lakeside Hope House derives revenue from donations, the completeness of which is not susceptible to satisfactory audit certification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Lakeside Hope House. Therefore, I was not able to determine whether any adjustments might be necessary to recorded donation, excess of revenues over expenses, cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended March 31, 2019 and 2018 was modified accordingly because of the possible effect of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. I am independent of Lakeside Hope House, in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for 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 non-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 Lakeside Hope House's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and

using the going concern basis of accounting, unless management either intends to liquidate Lakeside Hope House, or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing Lakeside Hope House's financial reporting process.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the organization's Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in regard.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 auditor's report that includes my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 omission, misrepresentations, or to 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 Lakeside Hope House, 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 condition that may cast significant doubt on Lakeside Hope House's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained to

the date of our auditor's report. However, future events or conditions may cause 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that I identify during my audit.



Guelph, Ontario.  
July 11, 2019

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

LAKESIDE HOPE HOUSE  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2019

ASSETS		2019	2018
CURRENT			
Cash	\$	205,587	\$ 185,549
Accounts receivable		92,067	57,690
HST Recoverable		5,287	4,690
Prepaid expenses		5,849	-
		308,790	247,929
CAPITAL ASSETS (notes 1 and 3)		13,998	19,118
		\$ 322,788	\$ 267,047
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	6,072	\$ 1,900
Government remittances payable		8,980	9,098
Deferred revenue		80,093	117,603
		95,145	128,601
NET ASSETS			
NET ASSETS		227,643	138,446
		\$ 322,788	\$ 267,047

Approved on behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

(see accompanying notes to financial statements)

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LAKESIDE HOPE HOUSE  
STATEMENT OF NET ASSETS  
AS AT MARCH 31, 2019

	2019	2018
Net assets, beginning of year	\$ 138,446	\$ 124,320
Excess of revenue over expenditures for the year	89,197	14,126
Balance, end of year	<u>\$ 227,643</u>	<u>\$ 138,446</u>

(see accompanying notes to financial statements)  
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LAKESIDE HOPE HOUSE  
STATEMENT OF OPERATIONS  
AS AT MARCH 31, 2019

	2019	2018
<b>REVENUES</b>		
Donations	\$ 341,970	\$ 239,892
Grants	86,982	67,930
<b>OTHER REVENUE</b>		
Designated grants and donations	118,075	89,407
Rental and other income	56,606	57,533
Special events	209,532	196,351
Self-supporting income	85,042	99,106
	898,207	750,219
 <b>EXPENDITURES</b>		
Administration	12,141	6,673
Amortization	5,120	7,083
Bank charges and interest	9,604	7,600
Clothing distribution	901	8,863
Community eatery	8,297	-
Community relief	70,683	52,738
Dental Care	4,723	5,729
Donations	96,000	95,000
Food market	60,413	53,879
Fundraising	60,943	42,816
Information technology	6,565	6,970
Lottery disbursal	-	-
Maintenance and repairs	15,561	3,154
Office	11,172	11,969
Professional fees	-	250
Project	102,644	116,810
Vehicle	14,055	7,650
Volunteer appreciation	1,050	1,130
Wages and benefits	329,138	307,779
	809,010	736,093
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	 <b>\$ 89,197</b>	 <b>\$ 14,126</b>

(see accompanying notes to financial statements)  
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LAKESIDE HOPE HOUSE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 89,197	\$ 14,126
Changes to earnings not involving cash		
Amortization	5,120	7,083
	94,317	21,209
 Changes in non-cash working capital:		
(Increase) in accounts receivable	(34,377)	(888)
(Increase) decrease in HST recoverable	(597)	(2,417)
(Increase) in prepaid expenses	(5,849)	-
Increase (decrease) in accounts payable and accrued liabilities	4,172	(1,765)
(Decrease) increase in government remittances payable	(118)	838
(Decrease) in deferred revenue	(37,510)	64,966
	20,038	81,943
 INCREASE (DECREASE) IN CASH FLOW	 20,038	 81,943
Cash and equivalents, beginning of the year	185,549	103,606
Cash and equivalents, end of the year	\$ 205,587	\$ 185,549
 Represented by:		
Cash	\$ 205,587	\$ 185,549

(see accompanying notes to financial statements)

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LAKESIDE HOPE HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2019

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 \$19,383 during the year (\$20,276 in 2018).

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, 2019

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, 2019

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 2019	Net book value 2018
Furniture and fixtures	\$ 19,300	\$ 14,150	\$ 5,150	\$ 6,438
Computers	1,700	1,649	51	113
Vehicle	43,106	34,309	8,797	12,567
	<u>\$ 64,106</u>	<u>\$ 50,108</u>	<u>\$ 13,998</u>	<u>\$ 19,118</u>