

**Lakeside Hope House
o/a Hope House Guelph
Financial Statements
For the Year Ended March 31, 2022**

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Financial Statements
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Independent Auditor's Report

To the Board of Directors of Lakeside Hope House o/a Hope House Guelph

Qualified Opinion

We have audited the financial statements of Lakeside Hope House o/a Hope House Guelph (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 March 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 the general public in the form of donations and other fundraising activities, 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. Therefore, we were unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2022, current assets as at March 31, 2022, and net assets as at April 1, 2021 and March 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
September 23, 2022

**Lakeside Hope House
o/a Hope House Guelph
Statement of Financial Position**

March 31	2022	2021
Assets		
Current		
Cash	\$ 690,361	\$ 932,949
Accounts receivable	130,509	129,141
HST receivable	33,085	12,567
Prepaid expenses	3,867	3,867
	857,822	1,078,524
Capital assets (Note 2)	1,694,668	1,180,926
	\$ 2,552,490	\$ 2,259,450
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 38,130	\$ 20,353
Deferred contributions (Note 3)	217,112	172,108
Deferred capital donations and grants (Note 4)	379,701	178,779
Current portion of long-term debt (Note 5)	53,606	36,583
	688,549	407,823
Long-term debt (Note 5)	424,346	930,971
	1,112,895	1,338,794
Net Assets		
Unrestricted	1,439,595	920,656
	\$ 2,552,490	\$ 2,259,450

The accompanying notes are an integral part of these financial statements.

**Lakeside Hope House
o/a Hope House Guelph
Statement of Changes in Net Assets**

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 920,656	\$ 326,228
Excess of revenues over expenses	153,277	276,092
Capital donations and grants (Note 4)	<u>365,662</u>	<u>318,336</u>
Balance, end of the year	\$ 1,439,595	\$ 920,656

The accompanying notes are an integral part of these financial statements.

**Lakeside Hope House
o/a Hope House Guelph
Statement of Operations**

For the year ended March 31	2022	2021
Revenues		
Amortization of deferred capital donations and grants	\$ 10,420	\$ 5,210
Donations (Note 6)	627,368	613,946
Fundraising	221,370	194,271
Grants	135,577	66,127
Programs	257,939	307,503
Rental and other income	122,749	89,682
Self-supporting income	55,691	59,197
	<u>1,431,114</u>	<u>1,335,936</u>
Expenses		
Administration	7,105	6,867
Amortization	26,675	14,107
Bank charges	20,625	17,489
Capital campaign	7,320	36,258
Fundraising costs (Note 6)	34,738	33,698
Insurance	18,161	17,918
Interest on long-term debt	29,501	30,899
Occupancy costs	90,382	28,447
Office (Note 6)	29,402	20,281
Professional fees	5,850	6,500
Programs (Note 6)	437,277	365,393
Repairs and maintenance	32,224	26,437
Salaries and benefits	532,193	447,770
Vehicle (Note 6)	6,384	7,780
	<u>1,277,837</u>	<u>1,059,844</u>
Excess of revenues over expenses	\$ 153,277	\$ 276,092

The accompanying notes are an integral part of these financial statements.

**Lakeside Hope House
o/a Hope House Guelph
Statement of Cash Flows**

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ 153,277	\$ 276,092
Items not affecting cash:		
Amortization of capital assets	26,675	14,107
Amortization of deferred capital donations and grants	(10,420)	(5,210)
	<u>169,532</u>	<u>284,989</u>
Changes in non-cash working capital:		
Accounts receivable	(1,368)	(41,319)
HST receivable	(20,518)	(5,539)
Prepaid expenses	-	11,130
Accounts payable and accrued liabilities	17,780	11,252
Deferred contributions	45,004	77,552
	<u>210,430</u>	<u>338,065</u>
Cash flows from investing activities		
Purchase of capital assets	(540,420)	(1,179,096)
Capital donations and grants received	577,004	396,225
	<u>36,584</u>	<u>(782,871)</u>
Cash flows from financing activities		
Advances of long-term debt	-	1,000,000
Repayments of long-term debt	(489,602)	(32,446)
	<u>(489,602)</u>	<u>967,554</u>
Net (decrease) increase in cash	(242,588)	522,748
Cash, beginning of the year	932,949	410,201
Cash, end of the year	\$ 690,361	\$ 932,949

The accompanying notes are an integral part of these financial statements.

Lakeside Hope House o/a Hope House Guelph Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization Lakeside Hope House o/a Hope House Guelph (the "Organization") was incorporated without share capital on March 2, 2012, under the laws of Ontario for the purpose of providing tangible, compassionate assistance and care through immediate relief and ongoing support with the goal of a greater level of independence. On March 1, 2021, the Organization commenced operating under the name Hope House Guelph.

The Organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Capital Assets Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	40 years
Furniture and equipment	Declining balance	20%
Vehicles	Declining balance	30%
Outbuildings	Declining balance	20%
Computers	Declining balance	55%

Capital in progress is not amortized as it is not yet in use.

In the year of acquisition, one half of the normal rate is claimed.

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. Restricted revenues where expenses have not been incurred are recorded as deferred contributions.

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.

Rental income is recognized through the execution of agreements and occupancy of space by tenants.

**Lakeside Hope House
o/a Hope House Guelph
Notes to Financial Statements**

March 31, 2022

1. Significant Accounting Policies (continued)

Contributed Materials	Contributed materials which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.
Contributed Services	Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. During the year, volunteers contributed 11,585 hours (2021 - 10,960 hours).
Use of Estimates	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates included in the financial statements include accrued liabilities and amortization. Actual results could differ from those estimates and may have impact on future periods.
Financial Instruments	Financial instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changed in circumstances indicate that an asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

**Lakeside Hope House
o/a Hope House Guelph
Notes to Financial Statements**

March 31, 2022

2. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 713,218	\$ -	\$ 713,218	\$ -
Building	416,799	15,630	416,799	5,210
Furniture and equipment	80,293	31,455	62,581	21,459
Vehicles	60,224	42,656	43,106	38,795
Outbuildings	11,041	3,092	11,041	1,104
Computers	2,718	2,381	2,718	1,969
Capital in progress	505,589	-	-	-
	1,789,882	95,214	1,249,463	68,537
		\$ 1,694,668		\$ 1,180,926

During the year \$NIL (2021 - \$4,050) of contributed materials was recognized in furniture and equipment.

3. Deferred Contributions

Deferred contributions represent unspent resources restricted for the purposes of various programs. These amounts will be recognized as revenue in the year in which the related expenses are incurred.

	Opening Balance	Contributions	Recognized in Revenue	March 31, 2022
Programs	\$ 101,564	\$ 215,914	\$ (153,606)	\$ 163,872
Grants	30,015	-	(30,015)	-
Capital	40,529	-	(31,866)	8,663
Self-supporting	-	89,153	(44,576)	44,577
	\$ 172,108	\$ 305,067	\$ (260,063)	\$ 217,112

**Lakeside Hope House
o/a Hope House Guelph
Notes to Financial Statements**

March 31, 2022

4. Deferred Capital Donations and Grants

Deferred capital donations and grants represent the unrecognized portion of restricted contributions used for the purchase of capital assets. The changes in the deferred capital donations and grants balance for the year are as follows:

	2022	2021
Beginning balance	\$ 178,779	\$ 106,100
Add: capital donations and grants for the year	577,004	396,225
Less: amounts amortized to revenue	(10,420)	(5,210)
Less: amounts added to net assets	(365,662)	(318,336)
Ending balance	\$ 379,701	\$ 178,779

During the year, the Organization recognized \$10,420 (2021 - \$5,210) in revenue relating to donations and grants received for the purchase of the building and recognized \$365,662 (2021 - \$318,336) directly in net assets relating to donations and grants received for the purchase of the land.

5. Long-term Debt

	2022	2021
Bank of Montreal fixed term loan, interest at 3.42%, repayable in blended monthly installments of \$5,759. Due April 2025. Secured by property at 75 Norfolk Street, Guelph, ON with a carrying value of \$1,114,387.	\$ 477,952	\$ 967,554
Current portion	(53,606)	(36,583)
Long-term portion of debt	\$ 424,346	\$ 930,971

Principal repayments on long-term debt over the next four years are as follows:

2023	53,606
2024	55,469
2025	57,396
2026	311,481
	\$ 477,952

Lakeside Hope House o/a Hope House Guelph Notes to Financial Statements

March 31, 2022

6. Contributed Materials

During the year the Organization received total contributed materials in the amount of \$17,022 (2021 - \$37,503). This consisted of:

	<u>2022</u>	<u>2021</u>
Programs	\$ 11,201	\$ 19,141
Fundraising costs	177	10,721
Furniture and equipment (Note 2)	-	4,050
Vehicle (fuel)	-	2,487
Office	<u>5,644</u>	<u>1,104</u>
	<u>\$ 17,022</u>	<u>\$ 37,503</u>

7. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Organization is not currently exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. Liquidity risk has not increased from prior years.

8. Material Uncertainty

On March 11, 2020, the World Health Organization characterized the outbreak 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. As a result, the Organization has revised their programs and introduced various initiatives to provide support for those in need. The Organization has been able to continue operations during this time period. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.

**Lakeside Hope House
o/a Hope House Guelph
Notes to Financial Statements**

March 31, 2022

9. Comparative Figures

Certain prior year comparatives have been changed to conform with current year financial statement presentation.
