

**Lakeside Hope House
o/a Hope House Guelph
Financial Statements
For the Year Ended March 31, 2021**

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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, 2021, 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, 2021, 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, 2021, current assets as at March 31, 2021, and net assets as at April 1, 2020 and March 31, 2021.

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.

Comparative Information

The financial statements for the year ended March 31, 2020 have not been audited or reviewed.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
September 21, 2021

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

March 31	2021	(Unaudited) 2020
Assets		
Current		
Cash	\$ 932,949	\$ 410,201
Accounts receivable	129,141	87,822
HST receivable	12,567	7,028
Prepaid expenses	3,867	14,997
	1,078,524	520,048
Capital assets (Note 3)	1,180,926	15,937
	\$ 2,259,450	\$ 535,985
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 20,353	\$ 9,101
Deferred contributions (Note 4)	172,108	94,556
Deferred capital donations and grants (Note 5)	178,779	106,100
Current portion of long-term debt (Note 6)	36,583	-
	407,823	209,757
Long-term debt (Note 6)	930,971	-
	1,338,794	209,757
Net Assets		
Unrestricted	920,656	326,228
	\$ 2,259,450	\$ 535,985

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**

For the year ended March 31	2021	(Unaudited) 2020
Balance, beginning of the year	\$ 326,228	\$ 227,794
Excess of revenues over expenses	276,092	98,434
Capital donations and grants (Note 5)	318,336	-
Balance, end of the year	\$ 920,656	\$ 326,228

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	2021	(Unaudited) 2020
Revenues		
Donations	\$ 576,444	\$ 414,886
Programs	307,503	142,031
Fundraising	194,271	214,486
Rental and other income (Note 7)	127,184	61,549
Grants	66,127	23,314
Self-supporting income	59,197	108,875
Amortization of deferred capital donations and grants	5,210	-
	1,335,936	965,141
Expenses		
Salaries and benefits	447,770	337,051
Programs (Note 7)	365,393	394,650
Capital campaign	36,258	10,243
Fundraising costs (Note 7)	33,698	59,452
Interest on long-term debt	30,899	-
Occupancy costs	28,447	786
Repairs and maintenance	26,437	16,730
Office (Note 7)	20,281	13,825
Insurance	17,918	6,573
Bank charges	17,489	4,994
Amortization	14,107	4,323
Vehicle (Note 7)	7,780	5,891
Administration	6,867	9,599
Professional fees	6,500	2,590
	1,059,844	866,707
Excess of revenues over expenses	\$ 276,092	\$ 98,434

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	2021	(Unaudited) 2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 276,092	\$ 98,434
Items not affecting cash:		
Amortization of capital assets	14,107	4,323
Amortization of deferred capital donations and grants	(5,210)	-
	284,989	102,757
Changes in non-cash working capital:		
Accounts receivable	(41,319)	4,245
HST receivable	(5,539)	(1,741)
Prepaid expenses	11,130	(14,997)
Accounts payable and accrued liabilities	11,252	(5,951)
Deferred contributions	77,552	20,463
	338,065	104,776
Cash flows from investing activities		
Purchase of capital assets	(1,179,096)	(6,262)
Capital donations and grants received	396,225	106,100
	(782,871)	99,838
Cash flows from financing activities		
Advances of long-term debt	1,000,000	-
Repayments of long-term debt	(32,446)	-
	967,554	-
Net increase in cash	522,748	204,614
Cash, beginning of the year	410,201	205,587
Cash, end of the year	\$ 932,949	\$ 410,201

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, 2021

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%

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.

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.

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

March 31, 2021

1. Significant Accounting Policies (continued)

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 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, 2021

2. Re-adoption of ASNPO

Effective April 1, 2020, the Organization re-adopted the requirements of the accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the CPA Canada Handbook - Accounting. The transitional provisions of Section 1501, First-time Adoption by Not-for-Profit Organizations, have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2021 and the comparative information presented in these financial statements for the year ended March 31, 2020. As there would be no adjustments to the opening statement of financial position at the date of transition of April 1, 2019, the transitional statement of financial position has not been presented in these financial statements.

A reconciliation of the excess of revenues over expenses reported in the Organization's most recent previously issued financial statements to its excess of revenues over expenses under ASNPO for the same period is as follows:

	<u>(Unaudited) March 31, 2020</u>
Excess of revenues over expenses, previously reported	\$ 204,534
Deferral of capital donations and grants (Note A)	<u>(106,100)</u>
Excess of revenues over expenses, ASNPO	<u>\$ 98,434</u>

The re-adoption of ASNPO resulted in the following adjustments to the statement of financial position for the year ending March 31, 2020.

	<u>As previously issued</u>	<u>Adjustment</u>	<u>(Unaudited) March 31, 2020</u>
Deferred capital donations and grants (Note A)	\$ -	\$ 106,100	\$ 106,100
Unrestricted net assets (Note A)	\$ 432,328	\$ (106,100)	\$ 326,228

Note A: Under the re-adoption of ASNPO, the Organization is required to recognize restricted contributions in the year in which the related expenses are incurred. Restricted contributions where expenses have not been incurred are recorded as deferred contributions. As a result, the Organization was required to defer the restricted contributions used for the purchase of capital assets as at March 31, 2020.

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

March 31, 2021

3. Capital Assets

	2021		(Unaudited) 2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 713,218	\$ -	\$ -	\$ -
Building	416,799	5,210	-	-
Furniture and equipment	62,581	21,459	25,562	15,806
Vehicles	43,106	38,795	43,106	36,948
Outbuildings	11,041	1,104	-	-
Computers	2,718	1,969	1,700	1,677
	1,249,463	68,537	70,368	54,431
		\$ 1,180,926		\$ 15,937

During the year \$4,050 (2020 - \$NIL) of contributed materials was recognized in furniture and equipment.

4. Deferred Contributions

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

	Opening Balance	Contribution	Recognized in Revenue	March 31, 2021
Programs	\$ 55,960	\$ 353,107	\$ (307,503)	\$ 101,564
Grants	10,000	86,142	(66,127)	30,015
Fundraising	11,250	183,021	(194,271)	-
Capital	214	40,315	-	40,529
Self-supporting	17,132	42,065	(59,197)	-
	\$ 94,556	\$ 704,650	\$ (627,098)	\$ 172,108

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

March 31, 2021

5. 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 period are as follows:

	2021	(Unaudited) 2020
Beginning balance	\$ 106,100	\$ -
Add: capital donations and grants for the year	396,225	106,100
Less: amounts amortized to revenue	(5,210)	-
Less: amounts added to net assets	(318,336)	-
Ending balance	<u>\$ 178,779</u>	<u>\$ 106,100</u>

During the year, the Organization recognized \$5,210 (2020 - \$NIL) in revenue relating to donations and grants received for the purchase of the building and recognized \$318,336 (2020 - \$NIL) directly in net assets relating to donations and grants received for the purchase of the land.

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

March 31, 2021

6. Long-term Debt

	<u>2021</u>	<u>(Unaudited) 2020</u>
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 with a carrying value of \$1,120,749.	\$ 967,554	\$ -
Current portion	<u>(36,583)</u>	-
Long-term portion of debt	<u>\$ 930,971</u>	<u>\$ -</u>

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

2022	\$	36,583
2023		37,854
2024		39,169
2025		40,529
2026		<u>813,419</u>
	\$	<u>967,554</u>

7. Contributed Materials

During the year the Organization received total contributed materials in the amount of \$37,503 (2020 - \$15,872). This consisted of:

	<u>2021</u>	<u>(Unaudited) 2020</u>
Programs	\$ 19,141	\$ 14,775
Fundraising costs	10,721	790
Furniture and equipment (Note 3)	4,050	307
Vehicle (fuel)	2,487	-
Office	<u>1,104</u>	-
	<u>\$ 37,503</u>	<u>\$ 15,872</u>

**Lakeside Hope House
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Notes to Financial Statements**

March 31, 2021

8. 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.

9. 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.
