

**LAKESIDE HOPE HOUSE
O/A HOPE HOUSE GUELPH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the 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, 2023, and the statements of operations and 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 Lakeside Hope House o/a Hope House Guelph as at March 31, 2023, and its financial performance 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 revenues 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 donation, fundraising and program-specific contribution revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, deferred revenues and cash flow balances.

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 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 opinion.

Emphasis of Matter

We draw attention to note 9 of the financial statements, which describes the impact of a retroactive adjustment made to the previously reported comparative figures related to accounting errors.

Other Matter

The financial statements of the organization for the year ended March 31, 2022, were audited by another firm of Chartered Professional Accountants who expressed a modified opinion for the same reasons as this current year qualification on September 23, 2022.

Responsibilities of Management and Those Charged with Governance 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.

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.

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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.



CALIBRE LLP

Chartered Professional Accountants
Licensed Public Accountants

Guelph, Ontario
August 18, 2023

LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

	2023	2022 (note 9)
ASSETS		
CURRENT		
Cash	\$ 658,090	\$ 690,361
Accounts receivable	203,974	474,128
Guaranteed investment certificates (note 2)	170,000	-
Government remittances recoverable	20,822	33,085
Prepaid expenses	<u>3,236</u>	<u>3,867</u>
	1,056,122	1,201,441
GUARANTEED INVESTMENT CERTIFICATES (note 2)	330,000	-
PROPERTY AND EQUIPMENT (note 3)	<u>2,170,823</u>	<u>1,694,668</u>
	<u>\$ 3,556,945</u>	<u>\$ 2,896,109</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 117,006	\$ 28,115
Government remittances payable	15,229	10,015
Deferred contributions (note 4)	246,026	217,112
Scheduled repayments of loan payable (note 5)	<u>55,429</u>	<u>53,606</u>
	433,690	308,848
LONG-TERM		
Loan payable (note 5)	368,587	424,346
Deferred capital donations and grants (note 6)	<u>1,128,795</u>	<u>719,025</u>
	<u>1,931,072</u>	<u>1,452,219</u>
NET ASSETS		
NET ASSETS	<u>1,625,873</u>	<u>1,443,890</u>
	<u>\$ 3,556,945</u>	<u>\$ 2,896,109</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

(See accompanying notes to financial statements)

LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022 (note 9)
NET ASSETS , beginning	1,443,890	920,656
EXCESS OF REVENUES OVER EXPENSES	152,764	157,572
CAPITAL DONATIONS AND GRANTS (note 6)	<u>29,219</u>	<u>365,662</u>
NET ASSETS , ending	<u>\$ 1,625,873</u>	<u>\$ 1,443,890</u>

(See accompanying notes to financial statements)

LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022 (note 9)
REVENUES		
Amortization of deferred capital donations and grants (note 6)	\$ 23,895	\$ 14,715
Donations (note 7)	643,599	690,684
Fundraising	276,664	221,370
Grants	298,905	135,577
Program-specific contributions	294,178	313,630
Rental and other income	<u>147,452</u>	<u>122,749</u>
	<u>1,684,693</u>	<u>1,498,725</u>
EXPENSES		
Administration	18,443	7,105
Amortization	49,380	26,675
Bank charges	15,389	20,625
Capital campaign	22	7,320
Fundraising costs (note 7)	58,991	34,738
Insurance	17,775	18,161
Interest on loan payable (note 5)	15,544	29,501
Occupancy costs	74,227	90,382
Office (note 7)	47,791	29,402
Professional fees	11,205	5,850
Programs (note 7)	540,995	500,593
Repairs and maintenance	43,557	32,224
Salaries and benefits	631,270	532,193
Vehicle	<u>7,340</u>	<u>6,384</u>
	<u>1,531,929</u>	<u>1,341,153</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 152,764</u>	<u>\$ 157,572</u>

(See accompanying notes to financial statements)

LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022 (note 9)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 152,764	\$ 157,572
Charges to excess of revenues over expenses not requiring cash:		
Amortization	49,380	26,675
Amortization of deferred capital donations and grants	<u>(23,895)</u>	<u>(14,715)</u>
	178,249	169,532
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease (increase) in accounts receivable	270,154	(344,987)
Decrease (increase) in government remittances recoverable	12,263	(20,518)
Decrease in prepaid expenses	631	-
Increase in accounts payable and accrued liabilities	88,891	7,765
Increase in government remittances payable	5,214	10,015
Increase in deferred contributions	<u>28,914</u>	<u>45,004</u>
Cash from (used in) operating activities	<u>584,316</u>	<u>(133,189)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loan payable	<u>(53,936)</u>	<u>(489,602)</u>
Cash used in financing activities	<u>(53,936)</u>	<u>(489,602)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of guaranteed investment certificates	(500,000)	-
Purchases of property and equipment	(525,535)	(540,420)
Capital donations and grants received	<u>462,884</u>	<u>920,623</u>
Cash (used in) from investing activities	<u>(562,651)</u>	<u>380,203</u>
DECREASE IN CASH	(32,271)	(242,588)
CASH, beginning	<u>690,361</u>	<u>932,949</u>
CASH, ending	<u>\$ 658,090</u>	<u>\$ 690,361</u>

(See accompanying notes to financial statements)

LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

Lakeside Hope House o/a Hope House Guelph is a not-for-profit organization incorporated without share capital under the Business Corporations Act of Ontario and its primary business activity is providing tangible, compassionate assistance and care through immediate relief and ongoing support with the goal of a greater level of independence.

The organization is a registered charity under the Income Tax Act and is exempt from tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

(a) Cash

Cash includes deposits at a financial institution net of outstanding cheques and deposits.

(b) Property and equipment

Property and equipment are recorded at cost. Amortization is provided at the following annual rates:

Buildings	- 40 years on a straight-line basis
Computers	- 55% declining-balance basis
Furniture and equipment	- 20% declining-balance basis
Outbuildings	- 20% declining-balance basis
Vehicles	- 30% declining-balance basis

Amortization is calculated at one-half of the normal rate in the year of acquisition.

(c) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long term service potential to the organization.

(d) Revenue recognition

The organization follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the period 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 or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized in accordance with the rental contracts in place, when collection of the relevant receivable is probable.

All other revenues are recognized in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(e) Contributed services

The organization derives a benefit from volunteers and directors. Since these activities are not normally purchased by the organization and due to difficulty of determining their fair value, the value of these services is not recognized in the financial statements. During the year, volunteers contributed 10,571 hours (2022 - 11,585 hours).

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LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

4. DEFERRED CONTRIBUTIONS

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

	2023	2022
Opening balance	\$ 217,112	\$ 172,108
Contributions	368,179	305,067
Recognized in revenue	<u>(339,265)</u>	<u>(260,063)</u>
Ending balance	<u>\$ 246,026</u>	<u>\$ 217,112</u>

5. LOAN PAYABLE

	2023	2022
Bank of Montreal - repayable in monthly payments of \$5,759 principal and interest, interest at 3.42%. Due April 2025. Secured by a property with a carrying value of \$2,095,395.	\$ 424,016	\$ 477,952
Less scheduled repayments due within one year	<u>55,429</u>	<u>53,606</u>
	<u>\$ 368,587</u>	<u>\$ 424,346</u>

Scheduled principal repayments are as follows:

2024	\$ 55,429
2025	57,390
2026	<u>311,197</u>
	<u>\$ 424,016</u>

6. 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:

	2023	2022
Beginning balance	\$ 719,025	\$ 178,779
Add: capital donations and grants for the year	462,884	920,623
Less: amounts amortized to revenue	(23,895)	(14,715)
Less: amounts added to net assets	<u>(29,219)</u>	<u>(365,662)</u>
Ending balance	<u>\$ 1,128,795</u>	<u>\$ 719,025</u>

During the year, the organization recognized \$23,895 (2022 - \$14,715) in revenue relating to donations and grants received for the purchase of the building. The organization recognized \$29,219 (2022 - \$365,662) directly in net assets relating to donations and grants received for the purchase of land.

LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

7. CONTRIBUTED MATERIALS

During the year, the organization received total contributed materials in the amount of \$112,384 (2022 - \$80,338) which consisted of:

	2023	2022
Fundraising costs	\$ 805	\$ 177
Office expenses	383	5,644
Program expenses	<u>111,196</u>	<u>74,517</u>
	<u>\$ 112,384</u>	<u>\$ 80,338</u>

8. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its cash, accounts receivable and guaranteed investment certificates.

Credit risk associated with cash and guaranteed investment certificates is minimized substantially by ensuring that the assets are invested with a major financial institution.

Credit risk associated with accounts receivable is minimized by ensuring that the counterparty is an entity that the organization has had a long history with in regards to its collections.

(b) Liquidity risk

Liquidity risk refers to the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price.

The organization meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

(c) Currency risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate in value relative to the Canadian dollar due to changes in foreign exchange rates.

The organization is not exposed to significant currency risk.

(d) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments will fluctuate due to changes in market interest rates.

The organization is not exposed to significant interest rate risk.

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LAKESIDE HOPE HOUSE O/A HOPE HOUSE GUELPH

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

8. FINANCIAL INSTRUMENT RISKS - continued

(e) Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The organization is not exposed to significant other price risk.

(f) Market risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The organization is not exposed to significant market risk.

The extent of the organization's exposure to the above risks did not change significantly in 2023.

9. COMPARATIVE FIGURES AND CORRECTION OF ERROR

Certain comparative figures have been restated to conform with the presentation adopted in the current year.

The organization failed to recognize accounts receivable in regards to funds that they qualified to receive due to its property betterments completed during the comparative year. In addition, contributed materials were not fully recognized in the comparative year in the amount of \$63,316.

The impact on the organization's financial results as at and for the year ended March 31, 2022 is as follows:

	Balance, as previously reported	Correction of error	Balance, as adjusted
Accounts receivable	\$ 130,509	\$ 343,619	\$ 474,128
Deferred capital donations and grants	\$ 379,701	\$ 339,324	\$ 719,025
Amortization of deferred capital donations and grants	\$ 10,420	\$ 4,295	\$ 14,715

Excess of revenues over expenses increased by an amount of \$4,295 from \$153,277 as previously reported to \$157,572 as restated. Similarly, net assets increased by \$4,295 from \$1,439,595 as previously reported to \$1,443,890 as restated. Due to the contributed materials error, donation revenue and their associated expenses increased by \$63,316.