

HOME SUITE HOPE SHARED LIVING CORP.

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors
Home Suite Hope Shared Living Corp.

Qualified Opinion

We have audited the financial statements of Home Suite Hope Shared Living Corp. which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 December 31, 2023, 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 donations and fundraising, 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. Consequently, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditure and cash flow from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified because of the possible effects of this limitation in scope.

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

INDEPENDENT AUDITORS' REPORT, continued

Auditors' 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 auditors' 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 auditors' 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 auditors' 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
Oakville, Ontario
May 23, 2024

HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Statement of financial position
As at December 31, 2023

	General Fund	Capital Fund	Total 2023	Total 2022
Assets (Note 7)				
Current assets				
Cash and cash equivalents	\$ 115,753	110,154	225,907	354,277
Short-term investments (Note 4)	-	454,517	454,517	262,231
Accounts receivable	48,568	-	48,568	24,097
Prepaid expenses	15,810	-	15,810	15,201
	180,131	564,671	744,802	655,806
Property, plant and equipment (Note 5)	-	58,246	58,246	8,946
Investments				
Oakville Community Funds (Note 6)	75,856	340,000	415,856	399,495
Long-term investments	-	-	-	127,080
	75,856	340,000	415,856	526,575
	\$ 255,987	962,917	1,218,904	1,191,327
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 27,707	-	27,707	40,314
Deferred revenue (Note 8)	68,773	-	68,773	108,592
	96,480	-	96,480	148,906
Deferred contributions – property, plant and equipment (Note 9)	-	47,894	47,894	-
	96,480	47,894	144,374	148,906
Net assets				
Internally restricted	75,856	904,671	980,527	872,859
Invested in property, plant and equipment	-	10,352	10,352	8,946
Unrestricted	83,651	-	83,651	160,616
	159,507	915,023	1,074,530	1,042,421
	\$ 255,987	962,917	1,218,904	1,191,327

Approved by the Board


Director


Director

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Statement of changes in net assets****For the year ended December 31, 2023**

		General Fund	Capital Fund	Total 2023	Total 2022
Net assets , beginning of year	\$	237,445	804,976	1,042,421	1,002,661
Excess of revenue over expenditure (expenditure over revenue) for year		(195,393)	227,502	32,109	39,760
Interfund transfer (Note 10)		117,455	(117,455)	-	-
Net assets , end of year	\$	159,507	915,023	1,074,530	1,042,421

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Statement of operations****For the year ended December 31, 2023**

	General Fund	Capital Fund	Total 2023	Total 2022
Revenue				
Donations	\$ 184,387	194,205	378,592	233,122
Fundraising	23,016	-	23,016	35,310
Grants (Note 12)	536,079	1,228	537,307	710,213
Other	-	42,517	42,517	(15,252)
Sponsorship	17,000	51,500	68,500	26,500
	760,482	289,450	1,049,932	989,893
Expenditure				
Amortization	-	6,922	6,922	11,491
Fundraising	68,216	55,026	123,242	22,772
Insurance	7,220	-	7,220	5,374
Non-recoverable sales tax	10,406	-	10,406	3,592
Office and general	68,586	-	68,586	63,661
Participant support	599,079	-	599,079	614,625
Professional fees	67,790	-	67,790	40,834
Volunteer program	588	-	588	1,384
Wages and benefits	133,990	-	133,990	186,400
	955,875	61,948	1,017,823	950,133
Excess of revenue over expenditure (expenditure over revenue) for year	\$ (195,393)	227,502	32,109	39,760

HOME SUITE HOPE SHARED LIVING CORP.**(Incorporated without share capital)****Statement of cash flows****For the year ended December 31, 2023**

	2023	2022
Cash flows from (used in) operating activities		
Excess of revenue over expenditure (expenditure over revenue) for year		
General Fund	\$ (195,393)	54,781
Capital Fund	227,502	(15,021)
Adjustments for		
Amortization of property, plant and equipment	6,922	11,491
Amortization of deferred contributions – property, plant and equipment	(1,228)	-
Unrealized (gain) loss on investments	(30,463)	22,312
	7,340	73,563
Changes in non-cash working capital		
Increase in short-term investments	(192,286)	(77,081)
Increase in accounts receivable	(24,470)	(17,536)
Increase in prepaid expenses	(609)	(9,524)
(Decrease) increase in accounts payable and accrued liabilities	(12,608)	13,451
Decrease in deferred revenue	(39,819)	(10,972)
Cash flows used in operating activities	(262,452)	(28,099)
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(56,222)	-
Oakville Community Funds	(16,361)	36,566
Long-term investments	157,543	125,608
Cash flows from investing activities	84,960	162,174
Cash flows from (used in) financing activities		
Deferred contributions – property, plant and equipment	49,122	-
Cash flows from financing activities	49,122	-
Net (decrease) increase in cash and cash equivalents during the year	(128,370)	134,075
Cash and cash equivalents, beginning of year	354,277	220,202
Cash and cash equivalents, end of year	\$ 225,907	354,277

HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

1. Purpose of the organization

The purpose of Home Suite Hope Shared Living Corp. (the “organization”) is to assist single-parent families to end the cycle of poverty and homelessness.

The organization was incorporated without share capital on January 15, 2004 under the laws of Ontario.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The organization follows the deferral method of accounting for contributions whereby revenue and expenditure are reflected in the accounts in the period in which they have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

d) Short-term and long-term investments

The short-term and long-term investments are recorded at fair market value.

HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

2. Significant accounting policies - continued

e) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful lives. In the year of acquisition, property, plant and equipment are amortized at one-half of the normal rate. Methods and rates used are:

Office equipment
20% diminishing balance basis

Computer equipment
55% diminishing balance basis

Computer software
Straight-line basis over 3 years

Motor Vehicle
30% diminishing balance basis

Leasehold improvements
Straight-line basis over 5 years

f) Deferred revenue

Deferred revenue consists of funding received during the year which is designated for subsequent years' programs.

g) Revenue recognition

The organization recognizes donations, fundraising, other and sponsorship as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization recognizes grant revenue in the fiscal period to which they relate.

h) Fund balances

The General Fund accounts for the organization's program delivery and administrative activities. The fund reports unrestricted and internally restricted resources.

The Capital Fund reports the accounts for assets, liabilities, revenues and expenditures relating to property, plant and equipment and investments.

i) Contributed materials and services

The value of contributed materials and services and volunteer time is not reflected in these financial statements.

HOME SUITE HOPE SHARED LIVING CORP.

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

3. Financial instruments

a) Fair value

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The organization is exposed to interest rate risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The organization's short-term and long-term investments bear interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the asset.

c) Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the organization is not subject to significant liquidity risk. The organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Short-term investments

Term deposits mature between March 15, 2024 and November 17, 2024. The interest rates vary from 1.6% to 5.5%.

HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Notes to financial statements
As at December 31, 2023

5. Property, plant and equipment

		2023		2022	
	Cost	Accumulated amortization	Net	Net	
Office equipment	\$ 7,263	3,418	3,845	2,218	
Computer equipment	53,748	47,242	6,506	6,728	
Computer software	27,932	27,932	-	-	
Motor Vehicle	49,123	1,228	47,895	-	
Leasehold improvements	24,123	24,123	-	-	
	<u>\$ 162,189</u>	<u>103,943</u>	<u>58,246</u>	<u>8,946</u>	

Amortization recorded during the year amounted to \$6,922.

During the year, property, plant and equipment were acquired for cash in the amount of \$56,222.

6. Oakville Community Funds

During the year, the pooled Investment Fund earned \$30,463, net of fees and expenses and received a spendable amount of \$14,102.

The organization established the Home Suite Hope Endowed Fund at the Oakville Community Foundation under the terms of an agency endowment agreement. Under the terms of the agreement, the Endowed Fund will be held in perpetuity for the organization. The market value of the Home Suite Hope Endowed Fund as at December 31, 2023 was \$49,397.

The organization receives investment income from the Home Suite Hope Endowed Fund to be used for operations. During the year, the organization received investment income of \$1,696 which has been included in other revenue on the statement of operations.

7. Bank indebtedness

The organization has an authorized line of credit of \$75,000 at a rate of bank prime plus 2% per annum, of which \$75,000 remained unused as at December 31, 2023. The operating line of credit is secured by a general security agreement covering all assets of the organization.

8. Deferred revenue

Deferred revenue represents grants received during the year that relate to a future period.

		2023	2022
Balance, beginning of year	\$	108,592	119,564
Contributions received for future expenses		244,657	339,066
Recognized as grant revenue		(284,476)	(350,038)
Balance, end of year	\$	<u>68,773</u>	<u>108,592</u>

HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Notes to financial statements
As at December 31, 2023

9. Deferred contributions – property, plant and equipment

Deferred contributions – property, plant and equipment represents the unamortized amount of grants received for the purchase of property, plant and equipment.

	2023
Balance, beginning of year	\$ -
Contributions received for purchase of property, plant and equipment	49,122
Recognized as grant revenue	<u>(1,228)</u>
Balance, end of year	<u>\$ 47,894</u>

10. Interfund transfer

During the year, \$117,455 was transferred from the Capital Fund to the General Fund. The transfer represents the net investment earnings from the Oakville Community Foundation investments in excess of additions to the fund investment and investment in property, plant and equipment.

11. Allocation of expenses

Wages and benefits total \$475,717 reported in the statement of operations under various expense categories including an allocation of \$327,029 to participant support.

12. Grants

The organization received grants during the year from the following organizations:

	2023	2022
Flight for Hope	\$ -	10,000
Canada Mortgage and Housing Corporation	-	75,000
The Fleck Family Foundation	12,500	-
Greater Toronto Apartment Association	30,000	10,000
JP Bickell Foundation	12,746	35,698
Meaningful Work Foundation	-	20,000
Oakville Community Foundation	92,185	147,085
Ontario Trillium Foundation	74,706	105,000
Other Foundation Grants	57,840	54,989
The Regional Municipality of Halton	<u>257,330</u>	<u>252,441</u>
	<u>\$ 537,307</u>	<u>710,213</u>

HOME SUITE HOPE SHARED LIVING CORP.
(Incorporated without share capital)
Notes to financial statements
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13. Operating lease commitments

Future minimum rental payments required under operating leases that have remaining terms in excess of one year are:

2024	\$	20,232
2025		11,484
2026		1,434
2027		<u>1,434</u>
	\$	<u>34,584</u>

14. Income taxes

The organization is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.