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**HOPE'S HOME INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

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**1. Status of the Organization**

Hope's Home Incorporated was incorporated pursuant to the provisions of *The Non-profit Corporation's Act, 1995* of Saskatchewan on March 31, 2004. Hope's Home was established to operate a home to provide exceptional care for children with complex medical needs through partnerships with provincial agencies, organizations and the community. Hope's Home Incorporated is also the supervising body for Friends of Hope's Home which is a federally registered charitable organization.

Currently, the net income of organizations of this nature are not subject to taxation under the provisions of the Canadian *Income Tax Act*. As a result these financial statements do not include a provision for current or future income taxes.

**2. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles that are considered appropriate for Non-Profit Organizations. The following items are considered significant:

*Revenue Recognition*

Hope's Home accounts for revenue transactions using the accrual method of accounting. All revenue is recognized as income in the period within which Hope's Home is entitled to receive the revenue.

*Fund Accounting*

Hope's Home accounts for its operations using the principals of fund accounting. Currently Hope's Home uses two funds as described below:

**Friends of Hope's Home** - The organization uses this fund to account for the charitable donations that the organization receives from time to time. Charitable donations receipts are issued for contributions to this fund.

**Hope's Home** - The organization uses this fund to account for the revenue, expenses, assets and net assets associated with the day to day operations of Hope's Home.

*Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions respecting assets, liabilities, revenues and expenses. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the revenue 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.

*GST Recoverable*

As a qualifying non-profit organization and a charitable organization, Hope's Home is entitled to receive a rebate equivalent to 50% of the GST it pays for supplies and services. The organization accounts for this rebate as revenue in the period in which the qualifying expenses are made.

**3. Loans Receivable**

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Loans receivable consist of a non-interest bearing advance to the current owners of the facility from which the operations of Hope's Home are conducted. The advance was made to assist the owners with the cost of renovations to their property that were required to improve the accessibility and functionality of the property. Hope's Home is currently looking for a permanent facility at which time the loan will be repayable at its principal balance.

**4. Financial Instruments**

Hope's Home's financial instruments consist of accounts receivable, loan receivable, accounts payable and accrued liabilities and loans payable. The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying value given the short term nature of the amounts.

The fair value of the loan receivable is not determinable due to the nature of the advance and the fact that the advance has no fixed terms of repayment.

**5. Statement of Cash Flows and Changes in Net Assets**

A statement of cash flows nor a statement of changes in net assets are not included in these financial statements as they would provide no additional, meaningful information.

*Credit Risk*

Credit risk arises from the possibility that individuals who received the loan advance may be unable to fulfill their commitments. However, due to the nature of the relationship between Hope's Home and the individuals and Hope's Home's ability to take the individual's property as security, management of Hope's Home considers this risk as minimal in nature.

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**HOPE'S HOME INCORPORATED**

## BALANCE SHEET

MARCH 31,

2007

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	<u>Friends of Hope's Home</u>	<u>Hope's Home</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash	16,479	43,159	\$ 59,638
Accounts Receivable		696	696
Inventory			
	<u>16,479</u>	<u>43,855</u>	<u>60,334</u>
<i>Loan Receivable (Note 3)</i>	-	25,000	25,000
<b>TOTAL ASSETS</b>	<u>\$ 16,479</u>	<u>\$ 68,855</u>	<u>\$ 85,334</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	-	-	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Assets</i>			
Unrestricted Net Assets	16,479	68,855	85,334
Restricted Net Assets			
	<u>16,479</u>	<u>68,855</u>	<u>85,334</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 16,479</u>	<u>\$ 68,855</u>	<u>\$ 85,334</u>

**HOPE'S HOME INCORPORATED**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31,**

2007

	<u>Friends of Hope's Home</u>	<u>Hope's Home</u>	<u>Total</u>
<b>REVENUE</b>			
Individual and Business Contributions	\$ 16,517	\$ 77,673	\$ 94,190
Provincial Grants	-	5,040	5,040
Net Raffle Income	-	2,423	2,423
Interest and Other Income	18	377	395
	<u>16,535</u>	<u>85,513</u>	<u>102,048</u>
<b>EXPENSES</b>			
Bank Charges	56	147	203
Licenses and taxes	-	-	-
Contracts - Program Related	-	5,040	5,040
Fund Raising Fees	-	60	60
Professional Fees	-	10,000	10,000
Supplies	-	831	831
Postage, Shipping, Delivery	-	134	134
Printing & Copying	-	283	283
Rent, Parking & Other Occupancy	-	19	19
Staff Development	-	145	145
Miscellaneous	-	-	-
	<u>56</u>	<u>16,658</u>	<u>16,714</u>
<i>Increase in Net Assets</i>	16,479	68,855	85,334
<i>Net Assets, Beginning of the Year</i>	-	-	-
<b>NET ASSETS, END OF THE YEAR</b>	<u>\$ 16,479</u>	<u>\$ 68,855</u>	<u>\$ 85,334</u>