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**HOPE'S HOME INCORPORATED**

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31,

2011

2010

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*Net Cash Provided (Used) By:***Operating Activities**

Excess of Revenue Over Expenses	\$ (110,993)	273,853
Add: Amortization Not Affecting Cash	43,434	29,960
Changes in Non-cash Working Capital Items		
Accounts Receivable	(1,077)	(1,672)
Loan Fund Receivable	-	-
Accounts Payable	(261)	472
Salaries Payable	(21,772)	(37,229)
	<u>20,323</u>	<u>(8,469)</u>
<i>Net Cash (Used) Provided by Operations</i>	<u>(90,670)</u>	<u>265,384</u>

**Financing Activities**

Decrease in Mortgage Payable	(7,751)	(7,191)
<i>Net Cash (Used) Provided by Financing Activities</i>	<u>(7,751)</u>	<u>(7,191)</u>

**Investing Activities**

Additions to Capital Assets	(67,371)	-
<i>Net Cash (Used) Provided by Investing Activities</i>	<u>(67,371)</u>	<u>-</u>
<i>Increase (Decrease) in Cash Position</i>	(165,792)	258,193
<i>Cash Balance, Beginning of Period</i>	326,077	67,884
<b>CASH BALANCE, END OF PERIOD</b>	<u>\$ 160,285</u>	<u>326,077</u>

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**HOPE'S HOME INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011

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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 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.

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. Charitable donation receipts are issued for contributions to this fund.

Friends of Hope's Home - The organization has voluntarily de-registered this fund since it is no longer required.

*Capital Assets*

Capital assets are stated at cost less accumulated amortization. Amortization is calculated using the straight line method designed to charge the cost of the assets to income over the expected life of the related asset.

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**FOR THE YEAR ENDED MARCH 31, 2011**

*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. Capital Assets**

During the year Hope's Home completed the acquisition of 350 College Avenue, Regina. The building is the sole location of daycare and daytime respite services provided. Renovations to the facility have been completed to accommodate a larger number of children. Capital assets consists of the following balances:

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 599,200	\$ 89,880	\$ 509,320	\$ 539,280
Vehicle	67,372	13,475	53,897	
Land	149,800	-	149,800	149,800
	\$ <u>816,372</u>	\$ <u>103,354</u>	\$ <u>713,017</u>	<u>689,080</u>

Amortization is calculated using the straight line method as follows:

Building	20 Years
Vehicle	5 Years

Hope's Home has also rented classroom space in a Regina school.



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**4. Mortgage Payable**

Loans payable consist of the following balances:

	<u>2011</u>	<u>2010</u>
Affinity Credit Union 7.54% Mortgage payable in monthly principal and interest payments of \$3,853.87 commencing August 15, 2008 with full payment required July 1, 2013 secured by a first registered mortgage against 350 College Avenue, Regina, Saskatchewan	\$ 506,730	513,919
Less Amounts Due in the Current Year	<u>8,480</u>	<u>7,189</u>
	<u>\$ 498,250</u>	<u>506,730</u>

In accordance with the terms of the mortgage, Hope's Home is required to make the following principal payment over the next five years:

2011	\$	7,866
2012		8,480
2013		9,142
2014		9,856
2015		10,650

**5. 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.