
HOPE'S HOME INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

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.

6. Change in Accounting Policy and Comparative Figures

Capital Assets

During the year Hope's Home amended its accounting policy with respect to capital assets. In the past the majority of operating assets were considered an expense in the year of acquisition. Hope's Home changed its policy and now capitalizes capital assets with a cost in excess of \$1,000 and amortizes that cost to operating income over the related period as described in Note 4 to these financial statements. Hope's Home has applied this change in accounting policy retroactively resulting in the following restatement adjustments to the comparative financial statements.

| Item Description | Adjusted Balance | Previously Reported | Net Change |
|--|------------------|---------------------|------------|
| Capital Assets | \$ 774,882 | \$ 713,017 | \$ 61,865 |
| Unrestricted Net Assets | 396,244 | 334,379 | 61,865 |
| Amortization Expense | 48,454 | 43,434 | 5,020 |
| Building Repairs and Maintenance Expense | 16,719 | 57,125 | (40,406) |
| Total Expenses | 1,541,231 | 1,576,614 | (35,383) |
| Increase (Decrease) in Net Assets | (75,609) | (110,993) | 35,384 |

As a result of the above change in accounting policy and changes in reporting requirements certain of the prior period figures have been reclassified to conform to the current period presentation.

Day Care Fees Receivable

During the year Hope's Home changed its accounting policy with respect to Day Care Fees Receivable. Accounts receivable no reflects an accrual of unpaid day care fees which, in the past, were recorded as received rather than when invoiced. This change in accounting policy has resulted in an increase in accounts receivable of \$20,537 with a corresponding increase in day care fee revenue, excess of revenue over expenses and net assets. The change has been applied prospectively with no adjustment of the prior period information.