

**HOPE'S HOME INCORPORATED**  
**Financial Statements**  
**Year Ended March 31, 2013**

HOPE'S HOME INCORPORATED

Index to Financial Statements

Year Ended March 31, 2013

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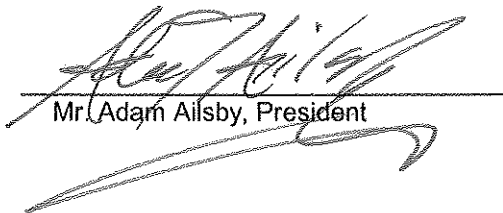
## Management's Responsibility for Financial Reporting

The financial statements of Hope's Home Incorporated have been prepared in accordance with accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

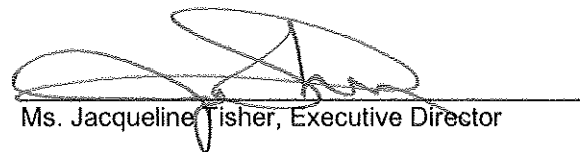
The integrity and reliability of Hope's Home Incorporated's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Dillon Hillstead Melanson CGA Prof. Corp., an independent firm of Certified General Accountants, in accordance with generally accepted auditing standards.



Mr. Adam Ailsby, President



Ms. Jacqueline Tisher, Executive Director

Regina, Sk.  
June 27, 2013

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Hope's Home Incorporated:

We have audited the accompanying financial statements of Hope's Home Incorporated, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, Hope's Home Incorporated derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Hope's Home Incorporated. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2013, current assets and net assets as at April 1, 2012 and March 31, 2013

## Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hope's Home Incorporated as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Emphasis of Matter

We draw attention to Schedule of Financial Statement Adjustments, Note 6 of the financial statements, which describes a restatement of the 2012 comparative figures. We provide no opinion on these comparative figures.

## Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Hope's Home Incorporated adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Weyburn, SK  
June 27, 2013

Dillon Hillstead Melanson CMA Prof. Corp.

CERTIFIED GENERAL ACCOUNTANTS

HOPE'S HOME INCORPORATED

Statement of Financial Position

March 31, 2013

	2013	2012
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 207,621	\$ 52,083
Accounts receivable	83,791	20,348
Goods and services tax recoverable	4,587	2,406
Prepaid expenses	1,580	-
	<u>297,579</u>	<u>74,837</u>
<b>CAPITAL ASSETS (Note 4)</b>	<u>1,511,559</u>	<u>746,552</u>
	<u>\$ 1,809,138</u>	<u>\$ 821,389</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 51,809	\$ 16,842
Interest payable	2,111	-
Employee deductions payable	27,599	-
Wages payable	32,639	47,194
Current portion of long term debt (Note 5)	34,640	-
	<u>148,798</u>	<u>64,036</u>
<b>LONG TERM DEBT (Note 5)</b>	<u>1,056,858</u>	<u>496,596</u>
	<u>1,205,656</u>	<u>560,632</u>
<b>NET ASSETS</b>		
Unrestricted fund	<u>603,482</u>	<u>260,757</u>
	<u>\$ 1,809,138</u>	<u>\$ 821,389</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

*Salandra*  
 \_\_\_\_\_ Director

See notes to financial statements

**HOPE'S HOME INCORPORATED**

**Statement of Operations**

**Year Ended March 31, 2013**

	2013	2012
<b>REVENUE</b>		
Provincial grants	\$ 1,222,272	\$ 1,120,390
Donations and fund raising	488,253	342,238
RCMP and radiothon	419,781	30,444
Daycare fees - Caregivers	372,899	257,250
School age program fees	10,125	-
Daycare fees - Ministry of Social Services	4,725	-
Membership fees	590	-
	<u>2,518,645</u>	<u>1,750,322</u>
<b>EXPENSES</b>		
Salaries and wages	1,578,976	1,076,054
Employee benefits	177,887	505,727
Amortization	70,882	51,907
Supplies	50,940	34,875
Groceries	49,709	50,709
Repairs and maintenance	40,007	46,999
Interest on long term debt	30,949	35,434
Equipment rentals	29,104	19,318
Fundraising	21,042	11,099
Office	17,938	4,158
Interest and bank charges	17,544	1,573
Sub-contracts	16,903	-
Travel	16,684	5,279
Accounting fees	10,820	4,315
Utilities	9,769	7,343
Board and staff development	9,705	19,597
Property taxes	6,954	6,860
Insurance	5,023	4,291
Music therapy	4,643	-
Management fees	3,998	-
Memberships	3,712	-
Telephone	2,971	1,943
Legal fees	2,260	2,136
Vehicle	1,280	-
Business taxes and licences	700	-
Delivery, freight and express	-	1,178
	<u>2,180,400</u>	<u>1,890,795</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>338,245</b>	<b>(140,473)</b>
<b>OTHER INCOME</b>	<b>4,480</b>	<b>4,987</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 342,725</b>	<b>\$ (135,486)</b>

See notes to financial statements

**HOPE'S HOME INCORPORATED**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2013**

	Unrestricted Fund	2013	2012
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 260,757	\$ 260,757	\$ 396,244
Excess of revenue over expenses	342,725	342,725	(135,486)
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 603,482</u>	<u>\$ 603,482</u>	<u>\$ 260,758</u>

See notes to financial statements



**HOPE'S HOME INCORPORATED**

**Statement of Cash Flows**

**Year Ended March 31, 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 342,725	\$ (135,486)
Item not affecting cash:		
Amortization of property, plant and equipment	70,882	51,907
	<u>413,607</u>	<u>(83,579)</u>
Changes in non-cash working capital:		
Accounts receivable	(63,441)	(20,183)
Accounts payable	34,967	13,205
Prepaid expenses	(1,580)	-
GST payable (receivable)	(2,181)	2,109
Interest payable	2,111	-
Wages payable	(14,555)	13,392
Employee deductions payable	27,599	-
	<u>(17,080)</u>	<u>8,523</u>
Cash flow from (used by) operating activities	<u>396,527</u>	<u>(75,056)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(835,890)</u>	<u>(23,577)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	612,000	-
Repayment of long term debt	<u>(17,099)</u>	<u>(9,570)</u>
Cash flow from (used by) financing activities	<u>594,901</u>	<u>(9,570)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>155,538</b>	<b>(108,203)</b>
Cash - beginning of year	<u>52,083</u>	<u>160,286</u>
<b>CASH - END OF YEAR</b>	<b>\$ 207,621</b>	<b>\$ 52,083</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 46,383</u>	<u>\$ 37,010</u>

# HOPE'S HOME INCORPORATED

## Notes to Financial Statements

Year Ended March 31, 2013

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### 1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the organization adopted accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at April 1, 2011 or operations or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

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### 2. NATURE OF OPERATIONS

Hope's Home Incorporated (the "organization") is incorporated under The Non-Profit Corporations Act, 1995, of Saskatchewan. The organization's principal activity is to operate facilities to provide exceptional care for children with complex medical needs through partnerships with provincial agencies, organizations and communities. Hope's Home Incorporated is also a federally registered charitable organization.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceeding year except as outlined in Note 1 above. Outlined below are those policies considered to be of particular significance.

#### Revenue recognition

Hope's Home Incorporated follows the deferred method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Financial instruments policy

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accruals, and debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

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# HOPE'S HOME INCORPORATED

## Notes to Financial Statements

Year Ended March 31, 2013

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives using the following rates and methods:

Land		non-amortizable
Buildings	20 years	straight-line method
Equipment	5 years	straight-line method
Motor vehicles	5 years	straight-line method
Leasehold improvements	5 years and 20 years	straight-line method

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### Income taxes

The organization is a not-for profit, and as such is exempt from taxation. For this reason, no provision has been made for income taxes in these financial statements.

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 306,558	\$ -	\$ 306,558	\$ 149,800
Buildings	1,228,283	165,527	1,062,756	479,360
Equipment	32,464	9,812	22,652	14,548
Motor vehicles	67,372	40,424	26,948	40,423
Leasehold improvements	109,441	16,796	92,645	62,421
	<u>\$ 1,744,118</u>	<u>\$ 232,559</u>	<u>\$ 1,511,559</u>	<u>\$ 746,552</u>

HOPE'S HOME INCORPORATED

Notes to Financial Statements

Year Ended March 31, 2013

5. LONG TERM DEBT

	<u>2013</u>	<u>2012</u>
Affinity Credit Union loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$3,500. The loan is secured by land and building located at 350 College Avenue, Regina, Saskatchewan.	\$ 481,230	\$ 496,596
Affinity Credit Union loan bearing interest at 4.74% per annum, repayable in monthly blended payments of \$3,936. The loan matures on February 19, 2033 and is secured by land and building located at 540 First Avenue East, Prince Albert, Saskatchewan.	<u>610,268</u>	-
	1,091,498	496,596
Amounts payable within one year	<u>(34,640)</u>	-
	<u>\$ 1,056,858</u>	<u>\$ 496,596</u>

Principal repayment terms are approximately:

2014	\$ 34,640
2015	36,445
2016	38,345
2017	40,344
2018	42,448
Thereafter	<u>899,276</u>
	<u>\$ 1,091,498</u>

6. SCHEDULE OF FINANCIAL STATEMENT ADJUSTMENTS

For the year ended March 31, 2012

	<u>2012</u>
<b>Effect of Change on 2012 Statement of Financial Position</b>	
2012 Net Assets as previously reported	\$ 334,877
Less: Decrease in cash	(38,374)
Add: Increase in Accounts Payable	20,349
Less: Increase in Payables	<u>(56,095)</u>
	<u>\$ 260,757</u>

The 2012 restatement of the net assets is the result of changes not previously reported. It is our opinion that with this restatement the 2012 financial statements are fairly presented and free of material misstatement.

7. COMPARATIVE FIGURES

The prior year comparative figures were audited by another accounting firm.