

**HOPE'S HOME INCORPORATED**  
**Financial Statements**  
**Year Ended March 31, 2014**

HOPE'S HOME INCORPORATED

Index to Financial Statements

Year Ended March 31, 2014

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7 - 8
Notes to Financial Statements	9 - 11

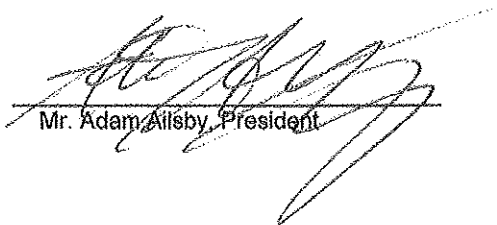
## Management's Responsibility for Financial Reporting

The financial statements of Hope's Home Incorporated have been prepared in accordance with Canadian 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.

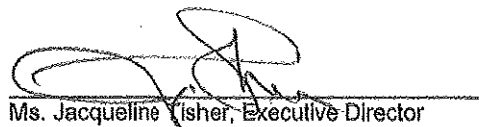
The integrity and reliability of Hope's Home Incorporated's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial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

Regina, SK  
June 20, 2014

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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, 2014 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 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 charitable entities, the organization derives revenue from fundraising activities, 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 and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Independent Auditor's Report to the Members of Hope's Home Incorporated (continued)

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Hope's Home Incorporated as at March 31, 2014 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.

Weyburn, SK  
July 10, 2014

Dillon Hills & MacLennan CMA Prof. Comp.

CERTIFIED GENERAL ACCOUNTANTS

**HOPE'S HOME INCORPORATED**

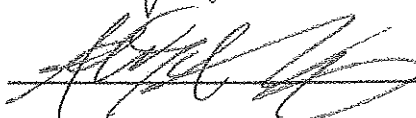
**Statement of Financial Position**

**March 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 58,604	\$ 207,621
Accounts receivable	147,862	83,790
Goods and services tax recoverable	26,068	4,587
Prepaid expenses	6,889	1,580
Security / tender deposits	109,400	-
	<u>347,813</u>	<u>297,578</u>
<b>CAPITAL ASSETS (Note 3)</b>	<u>1,979,117</u>	<u>1,511,559</u>
	<u>\$ 2,326,930</u>	<u>\$ 1,809,137</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 197,693	\$ 51,808
Wages payable	107,139	32,639
Employee deductions payable	70,750	27,599
Interest payable	3,068	2,111
Current portion of long term debt (Note 4)	36,475	34,640
	<u>415,025</u>	<u>148,797</u>
<b>LONG TERM DEBT (Note 4)</b>	<u>1,406,873</u>	<u>1,056,858</u>
<b>PREPAID REVENUE</b>	<u>2,793</u>	<u>-</u>
	<u>1,824,691</u>	<u>1,205,655</u>
<b>NET ASSETS</b>		
General fund	(33,530)	183,421
Invested in capital assets	635,769	420,061
	<u>602,239</u>	<u>603,482</u>
	<u>\$ 2,326,930</u>	<u>\$ 1,809,137</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See notes to financial statements

**HOPE'S HOME INCORPORATED**

**Statement of Operations**

**Year Ended March 31, 2014**

	2014	2013
<b>REVENUE</b>		
Donations and fund raising	\$ 668,113	\$ 687,779
Provincial grants	2,697,741	1,442,872
Daycare fees	871,725	388,338
	<u>4,237,579</u>	<u>2,518,989</u>
<b>EXPENSES</b>		
Salaries and wages	3,013,043	1,578,976
Employee benefits	316,327	177,887
Fundraising	182,510	21,042
Rental	153,636	-
Amortization	109,144	70,882
Groceries	100,992	47,025
Interest on long term debt	60,255	30,949
Board and staff development	52,832	9,705
Supplies	39,081	17,599
IT services	37,643	16,903
Programming	35,948	14,374
Property taxes	33,325	6,954
Travel	32,229	16,067
Utilities	29,446	8,008
Houshold supplies	27,389	19,074
Office	25,670	17,938
Professional fees	25,006	17,723
Insurance	20,840	5,023
Contracted services	19,965	-
Telephone	17,211	4,732
Repairs and maintenance	15,601	40,007
Interest and bank charges	11,315	17,542
Medical supplies	7,718	3,195
Vehicle	4,669	1,280
Bad debts	1,414	-
Equipment rentals	705	29,104
Memberships	-	3,712
Management fees	-	3,998
Business taxes and licences	-	700
	<u>4,373,914</u>	<u>2,180,399</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(136,335)</b>	<b>338,590</b>
<b>OTHER INCOME</b>	<b>35,092</b>	<b>4,135</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ (101,243)</b>	<b>\$ 342,725</b>

See notes to financial statements

**HOPE'S HOME INCORPORATED**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2014**

	General Fund	Invested in Capital Assets	2014	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 183,421	\$ 420,061	\$ 603,482	\$ 260,757
Deficiency of revenue over expenses	(216,951)	115,708	(101,243)	342,725
<b>NET ASSETS - END OF YEAR</b>	\$ (33,530)	\$ 535,769	\$ 502,239	\$ 603,482

See notes to financial statements



**HOPE'S HOME INCORPORATED**

**Statement of Cash Flows**

**Year Ended March 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (101,243)	\$ 342,725
Item not affecting cash:		
Amortization of property, plant and equipment	<u>109,144</u>	<u>70,882</u>
	<u>7,901</u>	<u>413,607</u>
Changes in non-cash working capital:		
Accounts receivable	(64,072)	(63,441)
Accounts payable	145,785	34,966
Prepaid expenses	(4,309)	(1,580)
GST payable (receivable)	(21,471)	(2,181)
Security / tender deposits	(109,400)	-
Interest payable	957	2,111
Wages payable	74,500	(14,555)
Employee deductions payable	43,151	27,599
Prepaid revenue	<u>2,793</u>	<u>-</u>
	<u>67,934</u>	<u>(17,081)</u>
Cash flow from operating activities	<u>75,835</u>	<u>396,526</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(576,701)</u>	<u>(835,890)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	387,055	612,000
Repayment of long term debt	<u>(35,205)</u>	<u>(17,099)</u>
Cash flow from financing activities	<u>351,850</u>	<u>594,901</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(149,016)</b>	<b>155,537</b>
Cash - beginning of year	<u>207,621</u>	<u>52,084</u>
<b>CASH - END OF YEAR</b>	<b>\$ 58,605</b>	<b>\$ 207,621</b>

*(continues)*

**HOPE'S HOME INCORPORATED**  
**Statement of Cash Flows (continued)**  
**Year Ended March 31, 2014**

	2014	2013
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 70,611	\$ 46,383
<b>CASH CONSISTS OF:</b>		
Cash to deposit	\$ 29	\$ -
Programming/Petty cash	567	-
Max 1 (Grocery account - Regina)	12	266
Max 2	(4,831)	(3,105)
Max 3 (Fundraising)	59,443	22,881
Max 4 (Prince Albert)	20,187	77,392
Max 5 (Grocery PA)	1,731	160
Max 6 (Incorporated)	135	-
Maximizer 99	(85,454)	(54,836)
Max & (SL Grocery Regina)	154	-
SuperRate 99 (Capital)	66,632	164,863
	<u>\$ 58,605</u>	<u>\$ 207,621</u>

# HOPE'S HOME INCORPORATED

## Notes to Financial Statements

Year Ended March 31, 2014

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### 1. 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 is also a federally registered charity under the Income tax Act.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and the related policies were applied on a basis consistent with that of the preceding year. 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.

#### Fund accounting

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

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

Invested in Capital Assets reports the assets, liabilities, revenues and expenses related to Hope's Home Incorporated's capital assets and building expansion campaign.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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, 2014**

2. 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 at 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.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 306,558	\$ -	\$ 306,558	\$ 306,558
Buildings	1,693,506	238,084	1,455,422	1,062,756
Equipment	59,316	18,990	40,326	22,652
Motor vehicles	67,372	53,898	13,474	26,948
Computer equipment	7,384	738	6,646	-
Furniture and fixtures	6,328	633	5,695	-
Leasehold improvements	180,355	29,359	150,996	92,645
	<u>\$ 2,320,819</u>	<u>\$ 341,702</u>	<u>\$ 1,979,117</u>	<u>\$ 1,511,559</u>

4. LONG TERM DEBT

	2014	2013
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.	\$ 465,010	\$ 481,230
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.	591,283	610,268

*(continues)*

HOPE'S HOME INCORPORATED

Notes to Financial Statements

Year Ended March 31, 2014

4. LONG TERM DEBT (continued)

	<u>2014</u>	<u>2013</u>
Affinity Credit Union loan bearing interest at 4.74% per annum, repayable in monthly interest only payments with the principle due on demand. The loan is secured by land and building located at 540 First Avenue East, Prince Albert, Saskatchewan.	<u>387,055</u>	-
	<b>1,443,348</b>	1,091,498
Amounts payable within one year	<u>(36,475)</u>	(34,640)
	<b><u>\$ 1,406,873</u></b>	<b><u>\$ 1,056,858</u></b>

Principal repayment terms are approximately:

2015	\$ 36,475
2016	38,376
2017	40,377
2018	42,482
2019	44,698
Thereafter	<u>1,240,940</u>
	<b><u>\$ 1,443,348</u></b>

5. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2014, are as follows:

	<u>Capital</u>	<u>Operating</u>	<u>Other</u>	<u>Total</u>
2015	\$ -	\$ 108,000	\$ -	\$ 108,000
2016	-	18,000	-	18,000
	<u>\$ -</u>	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ 126,000</u>

6. COMPARATIVE FIGURES

Certain of the comparative figures may have been reclassified to conform to the current year's presentation.