

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY**

FINANCIAL STATEMENTS

MARCH 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Hope Centre:
Community Resources in Advocacy

Qualified Opinion

We have audited the financial statements of The Hope Centre: Community Resources in Advocacy, which comprise the statement of financial position as at March 31, 2021, and the statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Hope Centre: Community Resources in Advocacy derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT, continued

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT, continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Finucci Porter Hetu Professional
Corporation**
Authorized to practice public
accounting by the Chartered
Professional Accountants of Ontario

St. Catharines, Ontario
September 13, 2021

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

	Operating fund 2021	Capital fund 2021	Kacey-Lynn fund 2021 (restricted)	NEEF fund 2021 (restricted)	March 31 2021	March 31 2020
ASSETS						
CURRENT						
Cash	\$ 543,488	\$ 162,722	\$ 14,362	\$ 16,293	\$ 736,865	\$ 276,165
Accounts receivable	9,807	-	-	-	9,807	65,285
HST receivable	14,190	8,360	-	-	22,550	19,746
Payroll amounts payable	-	-	-	-	-	787
Prepaid expenses	-	-	-	-	-	354
	<u>567,485</u>	<u>171,082</u>	<u>14,362</u>	<u>16,293</u>	<u>769,222</u>	<u>362,338</u>
SHORT-TERM INVESTMENTS (Note 4)	150,806	-	-	-	150,806	86,589
PROPERTY AND EQUIPMENT (Note 3)	-	547,022	-	-	547,022	563,235
	<u>150,806</u>	<u>547,022</u>	<u>-</u>	<u>-</u>	<u>697,828</u>	<u>649,824</u>
TOTAL ASSETS	<u><u>\$ 718,291</u></u>	<u><u>\$ 718,104</u></u>	<u><u>\$ 14,362</u></u>	<u><u>\$ 16,293</u></u>	<u><u>\$ 1,467,050</u></u>	<u><u>\$ 1,012,162</u></u>

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

	Operating fund 2021	Capital fund 2021	Kacey-Lynn fund 2021 (restricted)	NEEF fund 2021 (restricted)	March 31 2021	March 31 2020
LIABILITIES AND FUND BALANCES						
CURRENT						
Accounts payable and accrued liabilities	\$ 53,740	\$ -	\$ -	\$ -	\$ 53,740	\$ 51,646
Payroll amounts payable	16,431	-	-	-	16,431	-
Due to/from other fund	(60,163)	60,163	-	-	-	-
Unearned revenue	252,213	-	-	-	252,213	80,800
Current portion of long-term debt	-	8,901	-	-	8,901	9,191
TOTAL CURRENT LIABILITIES	262,221	69,064	-	-	331,285	141,637
LONG-TERM DEBT (Note 5)	-	147,298	-	-	147,298	156,451
TOTAL LIABILITIES	262,221	216,362	-	-	478,583	298,088
FUND BALANCES						
Restricted surplus	-	-	14,362	16,293	30,655	20,330
Unrestricted surplus	515,045	442,772	-	-	957,817	693,744
Interfund transfers	(107,225)	107,225	-	-	-	-
	407,820	549,997	14,362	16,293	988,472	714,074
	\$ 670,041	\$ 766,359	\$ 14,362	\$ 16,293	\$ 1,467,055	\$ 1,012,162

Approved on behalf of the board

Director, Barbara Ryse.

Director, 

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
STATEMENT OF OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2021**

	Operating fund 2021	Capital fund 2021	Kacey-Lynn fund 2021 (restricted)	NEEF fund 2021 (restricted)	March 31 2021	March 31 2020
REVENUES						
Niagara Region homelessness prevention	\$ 607,250	\$ -	\$ -	\$ 118,000	\$ 725,250	\$ 823,909
City of Welland	65,000	-	-	-	65,000	65,000
Federal grant - CSJ	8,069	-	-	-	8,069	8,692
MCSS Pay Equity	5,859	-	-	-	5,859	5,859
Total government funding	686,178	-	-	118,000	804,178	903,460
Donations	466,932	-	-	-	466,932	158,075
Fee for service and other	93,375	19	-	-	93,394	58,063
Rental and parking income	160,407	-	-	-	160,407	170,291
United Way of South Niagara	71,246	-	-	-	71,246	68,001
Interest income	819	-	-	-	819	1,296
Fundraising revenue	22,510	-	-	-	22,510	67,814
Grants	75,498	-	-	-	75,498	81,307
Amortization of deferred grants	-	30,368	-	-	30,368	30,229
Income from operating	(68,822)	68,822	-	-	-	-
	1,508,143	99,209	-	118,000	1,725,352	1,538,536

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
STATEMENT OF OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2021**

	Operating fund 2021	Capital fund 2021	Kacey-Lynn fund 2021 (restricted)	NEEF fund 2021 (restricted)	March 31 2021	March 31 2020
EXPENSES						
Amortization	-	34,491	-	-	34,491	39,478
Automotive and travel	3,785	-	-	-	3,785	10,764
Interest on long-term debt	-	5,719	-	-	5,719	-
Office and telephone	36,058	-	-	23	36,081	25,867
Professional fees	6,884	-	-	-	6,884	6,997
Occupancy cost -King Street	148,000	-	-	-	148,000	136,605
Salaries and related benefits	789,464	-	-	-	789,464	662,845
Program food and kitchen supplies	20,929	-	-	-	20,929	7,344
Occupancy costs - transitional housing	174,905	-	-	-	174,905	193,733
Assistance to individuals	122,090	-	1,000	90,679	213,769	350,843
Fundraising cost	956	-	-	-	956	7,390
Admin services	-	-	-	15,080	15,080	-
	<u>1,303,071</u>	<u>40,210</u>	<u>1,000</u>	<u>105,782</u>	<u>1,450,063</u>	<u>1,441,866</u>
Income (loss)	205,072	58,999	(1,000)	12,218	275,289	96,668
Balance, beginning of year	309,973	383,773	15,362	4,075	713,183	617,406
Interfund transfers	(107,225)	107,225	-	-	-	-
Balance, end of year	<u>\$ 407,820</u>	<u>\$ 549,997</u>	<u>\$ 14,362</u>	<u>\$ 16,293</u>	<u>\$ 988,472</u>	<u>\$ 714,074</u>

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/(Loss)	\$ 275,288	\$ 96,669
Adjustments for		
Amortization	34,491	39,478
Amortization of deferred grant	(30,368)	(30,229)
	279,411	105,918
Change in non-cash working capital items		
Accounts receivable	52,672	(47,045)
Prepaid expenses	354	-
Accounts payable and accrued liabilities	1,494	22,748
Payroll amounts payable	17,218	(18,974)
Unearned revenue	171,413	69,096
Current portions	(290)	1,701
	522,272	133,444
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(64,217)	(32,358)
Purchase of property and equipment	(77,611)	(8,284)
	(141,828)	(40,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of demand loan	(9,444)	(8,926)
Deferred grant received	89,700	-
	80,256	(8,926)
Increase (decrease) in cash	460,700	83,876
Cash, beginning of year	276,165	192,289
Cash, end of year	\$ 736,865	\$ 276,165

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

1. Nature of operations

The Hope Centre: Community Resources in Advocacy is a non-profit organization incorporated under the Ontario Business Corporations Act and is exempt from income taxes. The organization's primary purpose is to provide short term assistance in the form of food, health care emergency shelter and other personal needs to clients.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition

The organization follows the restricted method of accounting for contributions and reports its activities by fund. Under the restricted fund method, funding provided for general operating purposes is recorded as revenue in the fiscal year in which it is awarded. Restricted contributions are recognized as revenue of the appropriate restricted fund. Contributions received for the purchase of capital assets are recorded as a reduction of the cost of the related capital assets and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Operating fund

This fund presents the day to day operations of the organization, funded by government grants and private donations. This fund reports unrestricted contributions.

Capital Fund

This fund is internally restricted for the purpose of building improvements and major capital expenditures.

Kacey-Lynn Fund

This fund is restricted for the purposes of providing medical or dental assistance to families. Funding is provided by private donations.

NEEF (Niagara Emergency Energy Fund)

This restricted fund is provided by the Regional Municipality of Niagara to assist with energy customers who are having difficulty paying their bills. It is administered by the Hope Centre to determine those eligible for assistance under the program.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Amounts held as short-term investments are internally restricted to maintain enough funds for ongoing operations.

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

2. Significant accounting policies, continued

(c) Capital assets

Capital assets are recorded at cost. An impairment loss is recognized when the carrying amount of these assets is not recoverable and exceeds their fair value. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One-half of the normal rate of amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Land and building -King Street	Declining balance	2.5%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%
Computer equipment	Declining balance	30%
Deferred grants	Declining balance	2.5 & 30%

(d) Deferred revenue

This represents amounts received that are related to services to be provided in subsequent periods.

(e) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at cost, except for investments which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at cost include cash, restricted cash and accounts receivable.

Financial liabilities measured at cost include accounts payable and accrued liabilities and long-term debt.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

**THE HOPE CENTRE:
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

2. Significant accounting policies, continued

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

(f) Accounting estimates

The preparation of financial statements in accordance 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 amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates and assumptions are used when accounting for items such as impairment of long-lived assets, determination of useful lives of property and equipment, revenue recognition, contingent liabilities and allowances for accounts receivable.

(g) Contributed services

Directors, committee members and owners volunteer their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(h) Fund accounting - restricted

The revenues and expenses related to the collection of unrestricted donations and fund raising activities are reported in the General Fund. The Board has passed a motion in the year to reflect all amounts as unrestricted. The funds held as GIC investments are internally considered restricted funds by the Board but can be used for any purpose at the Board's discretion.

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

3. Property and equipment

	2021	2021	2020	2020
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land and buildings - King St.	\$ 785,167	\$ 92,600	\$ 707,555	\$ 75,837
Equipment	101,953	60,909	101,953	50,647
Vehicles	54,496	38,780	54,496	32,045
Computer equipment	16,354	14,651	16,354	13,920
Deferred capital grants	<u>(322,068)</u>	<u>(118,060)</u>	<u>(232,368)</u>	<u>(87,692)</u>
	<u>635,902</u>	<u>88,880</u>	<u>647,990</u>	<u>84,757</u>
Net book value	\$ 547,022		\$ 650,588	

It is management's opinion that none of the property and equipment values are impaired.

4. Investments

	2021 Fair value	2021 Cost	2020 Fair value	2020 Cost
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Invested with TD Bank				
GIC - 0.3% maturing 6/11/21	\$ 28,535	\$ 28,535	\$ 28,182	\$ 28,182
GIC - 0.6% maturing 6/17/21	31,855	31,855	31,775	31,775
GIC - 0.2% maturing 3/19/22	63,411	63,411	-	-
GIC - 0.25% maturing 11/12/21	<u>27,005</u>	<u>27,005</u>	<u>26,631</u>	<u>26,631</u>
	<u>\$ 150,806</u>	<u>\$ 150,806</u>	<u>\$ 86,588</u>	<u>\$ 86,588</u>

**THE HOPE CENTRE:
COMMUNITY RESOURCES IN ADVOCACY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

5. Long-term Debt

	2021	2020
TD commercial mortgage - 4.2% interest, repayable in equal monthly instalments of \$1,268, due September 2024 and secured by land and building located at 570 King Street, Welland, Ontario.	\$ 156,199	\$ 165,643
Less amounts due within one year	8,901	9,191
	\$ 147,298	\$ 156,452

During the year the organization paid \$5,719 (2019 - \$7,962) of interest on long-term debt.

The principal amounts due over the remaining three year term are as follows:

2022 - \$8,901
2023 - \$9,274
2024 - \$9,649

6. Economic dependence

The organization receives a significant amount of its revenues from government and other charitable organizations such as the United Way. The organization's operations are contingent on the continuing support of the government and these other charitable organizations.

7. Financial risk management

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, and liquidity risk. Price risk arises from changes in interest rates and market prices.

It is management's opinion that the organization is not exposed to significant interest rate, credit, market or liquidity risks arising from its financial instruments. There has been no change in the types or concentrations of these risks from prior years.

8. Interfund transfers

The Board of Directors, based on availability of funds within each of the programs, may transfer funds between various programs to ensure the organization's overall objectives are met. The interfund transfers are reflected in the Statement of Financial Position when applicable.