

SOFIA HOUSE INC.

Financial Statements

Year Ended March 31, 2014

Management's Responsibility for Financial Reporting

The financial statements of SOFIA House Inc. 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 SOFIA House Inc.'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 Mintz & Wallace Chartered Accountants LLP, in accordance with Canadian generally accepted auditing standards.

Executive Director

Treasurer

Regina, SK.
June 26, 2014

INDEPENDENT AUDITOR'S REPORT

To the Directors of SOFIA House Inc.

We have audited the accompanying financial statements of SOFIA House Inc., 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 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.

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An asset to our clients, not an expense.

Basis for Qualified Opinion

In common with many charitable organizations, the House derives revenue from self generated sources, including donations, fundraising and other, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the House and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, current assets and net assets.

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 revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of SOFIA House Inc. 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.

Other Matter

The financial statements of SOFIA House Inc. for the year ended March 31, 2013, were audited by another auditor who expressed a qualified opinion, on the completeness of membership fees, donations and other fundraising activities. The audit report was issued on the March 31, 2013 financial statements on June 18, 2013.

Regina, Saskatchewan
June 26, 2014



Mintz & Wallace
Chartered Accountants LLP

SOFIA HOUSE INC.

Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and investments (Note 4)	\$ 357,928	\$ 345,002
Accounts receivable	5,850	-
Goods and services tax recoverable	1,994	1,257
Prepaid expenses	1,606	12,176
	<u>367,378</u>	<u>358,435</u>
CAPITAL ASSETS (Note 5)	<u>2,475</u>	<u>2,767</u>
	<u>\$ 369,853</u>	<u>\$ 361,202</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,267	\$ 6,599
Wages and benefits payable	14,059	14,422
	<u>23,326</u>	<u>21,021</u>
NET ASSETS	<u>346,527</u>	<u>340,181</u>
	<u>\$ 369,853</u>	<u>\$ 361,202</u>

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes

SOFIA HOUSE INC.

Statement of Operations

Year Ended March 31, 2014

	2014	2013
REVENUES		
Grants and Sponsorships		
City of Regina - Community Investment Program	\$ 20,000	\$ 20,200
City of Regina - Sask Lotteries Community Program	3,186	-
Government of Canada	6,480	2,482
United Way Regina	61,581	62,460
Leader Post - Christmas Cheer Fund	74,500	75,000
	165,747	160,142
Self-generated		
Donations	79,346	56,315
Fundraising and other	59,411	4,704
	138,757	61,019
Investment		
Investment income	9,058	6,803
Fair market value adjustment	(8,154)	(797)
	904	6,006
TOTAL REVENUES	305,408	227,167
EXPENDITURES		
Amortization of capital assets	2,208	1,772
Automotive and travel	3,976	4,591
Board and volunteer	1,090	213
Dues and membership	500	560
Fundraising	40,278	770
Insurance	1,111	2,151
Office and general	8,597	7,341
Professional fees	9,380	6,209
Repairs and maintenance	7,838	6,681
Supplies	19,134	9,585
Telephone	3,779	3,350
Training	3,162	1,729
Wages and benefits	198,009	187,260
TOTAL EXPENDITURES	299,062	232,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 6,346	\$ (5,045)

See accompanying notes

SOFIA HOUSE INC.

Statement of Changes in Net Assets

Year Ended March 31, 2014

	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 340,181	\$ 345,226
Excess of revenues over expenditures	<u>6,346</u>	<u>(5,045)</u>
NET ASSETS - END OF YEAR	<u>\$ 346,527</u>	<u>\$ 340,181</u>

See accompanying notes

SOFIA HOUSE INC.

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 6,346	\$ (5,045)
Item not affecting cash:		
Amortization of capital assets	2,208	1,772
	<u>8,554</u>	<u>(3,273)</u>
Changes in non-cash working capital:		
Accounts receivable	(5,850)	1,910
Accounts payable	2,667	2,204
Prepaid expenses	10,570	(7,960)
GST payable (receivable)	(737)	(256)
Wages and benefits payable	(363)	4,202
	<u>6,287</u>	<u>100</u>
Cash flow from (used by) operating activities	<u>14,841</u>	<u>(3,173)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(1,915)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FLOW	12,926	(3,173)
CASH - BEGINNING OF YEAR	<u>345,002</u>	<u>348,175</u>
CASH - END OF YEAR (Note 4)	<u>\$ 357,928</u>	<u>\$ 345,002</u>

See accompanying notes

SOFIA HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2014

1. NATURE OF OPERATIONS

SOFIA House Inc. (The House) is a registered charity and is incorporated under the Non-Profit Corporation Act of Saskatchewan and is exempt from income taxes under Section 149.1(f) of the Income Tax Act. The House is a second stage housing facility which provides safe housing and support for families trying to escape violent homes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are presented in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Revenue recognition

SOFIA House Inc. follows the deferral method of accounting for contributions, including fundraising and grants. 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 reasonably assured.

Fundraising and other revenues are recognized in the period services are rendered. Investment income is recognized in the period earned.

Contributed services and goods

The House operates out of ten furnished suites and one office provided by Saskatchewan Housing Corporation at no charge. No provision has been made in the financial statements for this as the amount cannot be reasonably ascertained. In addition donated goods consumed by The House are recorded at their fair market value if the amount can reasonably be determined. No amount is recorded for items distributed directly to the families residing at The House.

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value of this volunteer time, such contributions are not recognized in the financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets include cash, investments, and accounts receivable. Cash and investments are measured at fair market value while the remainder of financial assets are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

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SOFIA HOUSE INC.

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 on a straight-line basis at the following rates and methods. One half of the stated rate is used in the year of acquisition.

Computer equipment	3 years	straight-line method
Furniture and play structures	10 years	straight-line method
Office Equipment	5 years	straight-line method
Vehicle	5 years	straight-line method

3. ECONOMIC DEPENDENCE

The House receives significant financial support from grant funding and should the funding cease The House would have to significantly change its operations or consider winding up if substantial replacement funding could not be obtained.

4. CASH AND INVESTMENTS

	<u>2014</u>	<u>2013</u>
Cash	\$ 128,624	\$ 190,817
Mutual funds	229,304	154,185
	<u>\$ 357,928</u>	<u>\$ 345,002</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 3,482	\$ 2,367	\$ 1,115	\$ -
Furniture and play structures	2,486	2,345	141	389
Office Equipment	8,969	7,750	1,219	2,378
Vehicle	36,479	36,479	-	-
	<u>\$ 51,416</u>	<u>\$ 48,941</u>	<u>\$ 2,475</u>	<u>\$ 2,767</u>

SOFIA HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2014

6. FINANCIAL INSTRUMENTS

The House is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the House's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The House is exposed to credit risk from contributors. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The House does not have sales on account, and receivables generally occur only from sponsors and funding agencies, of which the organization has many, which reduces concentration of risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The House is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, and accounts payable. The organization uses budgetary and program controls to monitor their exposure to this risk.

7. CORRESPONDING FIGURES

Some of the corresponding figures have been reclassified to conform to the current year's presentation.

SOFIA HOUSE INC.

Schedule of Expenditures

(Schedule 1)

Year Ended March 31, 2014

	2014	2013
Family Programming		
Supplies	\$ 13,201	\$ 4,984
Training	-	355
Transportation	1,931	2,011
Wages and benefits	127,128	124,525
	<u>142,260</u>	<u>131,875</u>
General and Administration		
Amortization	2,208	1,772
Board expenses	437	990
Memberships	500	560
Office expenses	2,772	5,488
Professional fees	9,380	6,209
Sundry	409	348
Telephone	3,779	3,350
Training	3,162	1,374
Travel	393	333
Wages and benefits	36,372	34,567
	<u>59,412</u>	<u>54,991</u>
Housing Program		
	-	-
Program expenses	1,488	1,686
Insurance	674	1,161
Maintenance	7,838	6,681
Wages and benefits	26,603	27,667
	<u>36,603</u>	<u>37,195</u>
Development		
Fundraising	40,278	770
Communications	5,417	1,507
Volunteer programs	1,090	213
	<u>46,785</u>	<u>2,490</u>
Other Programs		
Children's Program	7,903	499
Women's Program	1,653	2,247
Summer Program	4,446	2,915
	<u>14,002</u>	<u>5,661</u>
	<u>\$ 299,062</u>	<u>\$ 232,212</u>

See accompanying notes