

**HIPPY HALTON HOME-BASED PROGRAM INC**

**FINANCIAL STATEMENTS**

**Year ended July 31, 2024**

**INDEPENDENT AUDITOR'S REPORT**

To the Board and Members of Hippy Halton Home-Based Program Inc.

**Qualified Opinion**

I have audited the accompanying financial statements of Hippy Halton Home-Based Program Inc. ("Hippy") which comprise the statement of financial position as at July 31, 2024 and the statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of HIPPY as at July 31, 2024 and its operations and cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Qualified Opinion**

In common with many charitable organizations HIPPY derives part of its income from donations and grants, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification was limited to the amounts recorded in the records of HIPPY and I was not able to determine whether any adjustments might be necessary to revenues and excess (deficiency) of revenues over expenses for the years ended July 31, 2024 and July 31, 2023 and surplus as at July 31, 2024 and July 31, 2023. My audit opinion was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of HIPPY in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**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 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.

In preparing the financial statements, management is responsible for assessing HIPPY'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 HIPPY or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objective is 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 HIPPY'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 HIPPY's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause HIPPY 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.

- 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 I identify during my audit.

*D. Christopher Chan*

CPA, CA, Licensed Public Accountant

November 7, 2024  
Mississauga, Ontario

HIPPY HALTON HOME BASED PROGRAM INC.

STATEMENT OF FINANCIAL POSITION

	31-Jul 2024	31-Jul 2023
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 126,254	\$ 97,250
Investments	150,149	93,169
Prepays	16,280	-
	<u>292,683</u>	<u>190,419</u>
Long Term Investments	101,078	205,277
	<u>101,078</u>	<u>205,277</u>
	<u>\$ 393,761</u>	<u>\$ 395,696</u>
<b>LIABILITIES</b>		
Current		
Deferred revenue related to programs (note 5)	\$ -	\$ -
Accounts payable	5,508	5,059
	<u>5,508</u>	<u>5,059</u>
<b>SURPLUS</b>		
Balance, beginning of year	\$ 390,637	\$ 337,723
Excess (deficiency) of revenues over expenses	<u>(2,384)</u>	<u>52,914</u>
Balance, end of year	<u>388,253</u>	<u>390,637</u>
	<u>\$ 393,761</u>	<u>\$ 395,696</u>

APPROVED ON BEHALF OF THE MEMBERS

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

HIPPY HALTON HOME BASED PROGRAM INC.

STATEMENT OF OPERATION

Year ended July 31, 2024

	<u>31-Jul 2024</u>	<u>31-Jul 2023</u>
<b>Revenue</b>		
<b>Grant Funding</b>		
Immigration, Refugees and Citizenship Canada \$	200,215	\$ 196,060
United Way of Halton and Hamilton	39,014	41,094
Halton Region Community Investment Fund	38,222	37,109
Oakville Community Foundation	15,901	13,100
Maycourt Club	-	5,000
Other	3,500	4,000
<b>Donations</b>		
Charitable donations (receipted)	38,670	28,006
Charitable donations (via other charities)	20,721	26,068
<b>Interest</b>		
HST rebate	15,026	8,161
	3,132	2,159
	<u>374,401</u>	<u>360,757</u>
<b>Expenses</b>		
Salaries and benefits	295,264	239,623
Program resources and supplies (note 2)	31,369	31,363
Affiliation fees	10,030	5,975
Rent and premises costs	9,179	2,202
Marketing and promotion	8,501	8,147
Professional fees	5,998	4,986
Travel	4,132	5,588
Celebration costs	3,109	1,101
Insurance	2,319	1,840
Office expenses	2,265	1,432
Training	2,218	3,138
Audit	2,034	1,978
Bank charges	367	470
	<u>376,785</u>	<u>307,843</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (2,384)</u>	<u>\$ 52,914</u>

See accompanying notes

HIPPY HALTON HOME BASED PROGRAM INC.

STATEMENT OF CASH FLOWS

Year ended July 31, 2024

	<u>31-Jul 2024</u>	<u>31-Jul 2023</u>
Cash provided by (used in):		
Operating Activities		
Excess (deficiency) of revenues over expenses	\$ (2,384)	\$ 52,914
Change in non cash operating working capital	<u>(15,830)</u>	<u>(44,362)</u>
	<u>(18,214)</u>	<u>8,552</u>
Financing Activities	-	-
Investing Activities		
Purchase of investments	(45,107)	(161,492)
Sale of investments	<u>92,325</u>	<u>164,184</u>
	<u>47,218</u>	<u>2,692</u>
Increase (decrease) in cash	29,004	11,244
Cash, beginning of year	<u>97,250</u>	<u>86,006</u>
Cash, end of year	<u>\$ 126,254</u>	<u>\$ 97,250</u>
Represented by:		
Cash	14,000	47,240
Cash equivalent	<u>112,254</u>	<u>50,010</u>
	<u>\$ 126,254</u>	<u>\$ 97,250</u>

# **HIPPY HALTON HOME-BASED PROGRAM INC**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended July 31, 2024

### **1. Purpose of the Organization**

Hippy Halton Home-Based Program Inc (“Hippy”) exists for the purpose of providing support to under-resourced parents to provide educational enrichment for their preschool children, thereby increasing parenting abilities to benefit their children.

Hippy was originally established in 2007 as a fund at the Community Foundation of Oakville with a combination of grants and donations received by the Community Foundation of Oakville.

Hippy was incorporated as a corporation without share capital on October 10, 2007 and was granted charitable organization status as of February 29, 2008 (Registered Charity No. 83784 -7813) and, as such, is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act (Canada). Hippy changed its name from Hippy Oakville Home Based Program to Hippy Halton Home Based Program on August 21, 2019 to reflect that it provides services across Halton Region.

Hippy pays an annual license fee to Mothers Matter Centre for use of Hippy materials and attendance at training sessions and the annual conference.

### **2. Significant Accounting Policies**

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Revenue recognition**

Hippy follows the deferral method of accounting for donations and grants. Restricted donations and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned on an accrual basis.

HST rebates are recognized as income when received.



**Donated services and materials**

Donated services and materials were not material and as such have not been recorded in the financial statements. All Directors and Officers of Hippy acted on a volunteer basis during the year.

**Fundraising**

Hippy solicits donations from both individuals and corporations and grants from foundations. This fundraising is conducted entirely by volunteers which results in no fundraising costs being incurred by Hippy.

**Capital assets**

Hippy follows the provisions for capital assets held by not for profit organizations set out in Section 4433.03 of the CPA Canada Handbook. These provisions allow not for profit organizations with revenues less than \$500,000 to expense capital assets in the year of acquisition. In the current period Hippy expensed \$NIL (2023- \$NIL) in capital assets.

**Program resources and supplies**

Hippy purchases books and school supplies for use by the children in its program. Given the nominal value and short life span of individual items they are all expensed in the year in which they are used.

**Financial instruments**

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently carried at amortized cost.

**Cash and cash equivalents**

Cash and cash equivalents represent deposits in banks and short-term investments with original maturities of 3 months or less at the date of acquisition.

**Use of estimates**

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results of the years presented. Actual results could differ from these estimates

### **3. Investments**

Investments are recorded at fair value based on principal plus accrued interest and consist of guaranteed income certificates at various dates not exceeding 36 months and at interest rates between 2.95% and 5.32% (2023 – 1.80% and 5.32%). Any investment with a term over 12 months is classified as long term.

Safety of principal and preservation of capital are the paramount factors in the Investment Policy. Investments are only permitted in Government of Canada Treasury Bills or other Government guaranteed instruments, Bankers Acceptances with an A- rating or higher and Guaranteed Investment Certificates of no more than \$100,000 per Financial Institution.

Hippy manages its investments to ensure that sufficient financial resources are available to deliver its programs and invests according to an Investment Policy approved by the Board of Directors.

Hippy is committed to providing a minimum of two years instruction for children who are enrolled in the program in order to ensure continuity. Hippy therefore deems it necessary to maintain sufficient liquidity to fund operating expenses in the event of a revenue decline. Operating expenses in 2024 were \$376,785 (2023 - \$307,843).

Hippy is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

### **4. Financial Risk**

Hippy is exposed to interest rate risk and liquidity risk on its fixed interest rate financial instruments. This risk is managed by limiting the terms of the securities held.

Hippy is exposed to credit risk on its fixed interest rate financial instruments. This risk is managed by investing in guaranteed income certificates issued by Chartered Banks.

Hippy is not exposed to foreign currency risk or market price risk.

### **5. Deferred Revenue - Programs**

Hippy deferred restricted grants of \$NIL (2023 - \$NIL) received since the related expenses were not incurred in the year.

**6. Commitments**

Hippy has entered into an operating lease for premises that commenced on June 1, 2024 and ends on May 31, 2027. The minimum lease payments (including rent and proportionate share of operating costs) in aggregate is \$62,722 and annual lease payments for fiscal year 2025 is \$21,501, for fiscal 2026 is \$22,214 and for fiscal 2027 is \$19,007.

**7. Comparative information**

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.