Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hearthstone Community Group Inc.

Opinion

We have audited the financial statements of Hearthstone Community Group Inc. (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Restated Comparative Information

The financial statements of the organization for the year ended March 31, 2018 excluding the adjustments that were applied to restate certain comparative information as explained in Note 11 were audited by another auditor who expressed a qualified opinion on those financial statements on September 20, 2018 because certain capital expenditures were expensed and not capitalized which constituted a departure from Canadian accounting standards for not-for-profits organizations. This qualification is not necessary in the current year as the statements are prepared in accordance with Canadian accounting standards for not-for-profits organizations.

As part of our audit of the financial statements for the year ended March 31, 2019, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended March 31, 2018. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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.

(continues)

Independent Auditor's Report to the Members of Hearthstone Community Group Inc. (continued)

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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.

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.

Selkirk, Manitoba September 17, 2019 Stunat & Associates
Chartered Professional Accountants Inc.

Statement of Financial Position

As at March 31, 2019

	2019	2018
		RESTATED
ASSETS		
CURRENT ASSETS		
Cash	\$ 449,142	\$ 345,128
Term deposit (Note 5) Accounts receivable	14,023 191,381	13,768
Due from government agencies	9,516	266,959 19,704
Prepaid expenses and deposits	3,929	4,643
Tropala expenses and deposits	0,020	4,040
	667,991	650,202
CAPITAL ASSETS (Note 6)	2,616,948	2,708,422
	\$ 3,284,939	\$ 3,358,624
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 100,445	\$ 66,888
Security deposit payable	1,063	1,063
Current portion of mortgages payable (Note 7)	75,753	94,010
Current portion of obligations under capital lease (Note 8)	26,379	24,358
	203,640	186,319
DEFERRED CONTRIBUTIONS (Note 9)	121,856	136,349
LONG TERM PORTION OF MORTGAGES PAYABLE (Note 7)	1,382,127	1,458,220
OBLIGATION UNDER CAPITAL LEASE (Note 8)	14,842	41,288
	1,722,465	1,822,176
NET ASSETS		
Investment in capital assets	1,137,474	1,110,173
Unrestricted net assets	425,000	426,275
	1,562,474	1,536,448
APPROVED ON THE BEHALF OF THE BOARD OF DIRECTORS	\$ 3,284,939	\$ 3,358,624
Director		

Statement of Net Assets

For the year ended March 31, 2019

	=	Invested in	5	Unrestricted	ı	Total
	S	Capital assets	Ž	Net assets		2019
NET ASSETS - BEGINNING OF YEAR	↔	1,110,173	69 6 9	399,607	\$	1,509,780 26.668
NET ASSETS - BEGINNING OF YEAR RESTATED	8	1,110,173	8	426,275	€	1,536,448
Excess of revenues over expenses for the year		1		26,026		26,026
		(124,901)		124,901		1
Appropriation of unrestricted net assets to purchase tangible capital assets		33,427		(33,427)		i
Appropriation of unrestricted net assets for capital lease obligation payments		24,425		(24,425)		
Appropriation of unrestricted net assets for mortgage payments		94,350		(94,350)		1
NET ASSETS - END OF YEAR	\$	1,137,474	s,	425,000	↔	1,562,474
	_	Invested in	5	Unrestricted		Total
	ပိ	Capital assets	z	Net assets		2018
		RESTATED	2	RESTATED		RESTATED
NET ASSETS - BEGINNING OF YEAR	€	1,076,460	4	363,994	↔	1,440,454
Prior period adjustments (Note 11)				26,668		26,668
NET ASSETS - BEGINNING OF YEAR RESTATED	↔	1,076,460	↔	390,662	↔	1,467,122
Excess of revenues over expenses for the year		1		69,326		69,326
Allocation of amortization to tangible capital assets		(128,300)		128,300		1
Appropriation of unrestricted net assets to purchase tangible capital assets		344,486		(344,486)		à
Appropriation of mortgage proceeds to purchase capital assets		(426,967)		426,967		1
Appropriation of unrestricted net assets for capital lease obligation payments		22,695		(22,695)		
Appropriation of unrestricted net assets for mortgage payments		221,799		(221,799)		ı
NET ASSETS - END OF YEAR	4	1,110,173	49	426,275	↔	1,536,448
			l		l	

The accompanying notes are an integral part of these financial statements

Statement of Operations

	2019	2018
REVENUE		
Province of Manitoba - residential services	\$ 1,675,510	\$ 1,771,412
Province of Manitoba - day services	410,826	377,161
Province of Manitoba - transportation	47,864	50,715
Province of Manitoba - administration	9,757	16,314
Province of Manitoba - pension and benefits	55,673	36,524
Province of Manitoba - wage enhancement	79,922	110,290
Resident Contributions	190	2,607
Lord Selkirk School Division	-	2,041
Grant Revenue	31,588	
Fundraising	4,824	3,056
Amortization of deferred contributions	-	15,635
Other income	11,021	3,647
	2,327,175	2,389,402
EXPENSES	-	
Advertising	731	242
Amortization	124,901	128,300
Cable	6,212	5,647
	21,703	18,717
Day program	8,070	2,155
Director expenses Food	88,728	92,969
	00,720	710
Fundraising	10,350	46,963
Furnishings	9,514	8,072
GST expense	18,185	17,396
Insurance	65,306	61,562
Interest on mortgage	65,306	13,244
Loss on disposal of capital assets	1,318	944
Membership fees	23,969	20,686
Office supplies		
Property taxes	42,570	21,730
Professional fees	45,926	53,232
Rent	15,384	17,363
Repairs and maintenance	117,473	139,035
Salaries and benefits	1,583,051	1,561,134
Summer vacation		3,099
Transportation	25,418	26,376
Training	8,497	11,227
Utilities	66,971	57,058 12,215
Van expenses	16,872	12,215
	2,301,149	2,320,076
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 26,026	\$ 69,326

Statement of Cash Flows

		2019	2018
OPERATING ACTIVITIES			
Excess of revenues over expenses	\$	26,026 \$	69,326
Items not affecting cash:			
Amortization		124,900	128,300
Amortization of deferred contributions		(14,493)	(15,635)
Loss on disposal of capital assets	_		13,244
	_	136,433	195,235
Changes in non-cash working capital:			
Accounts receivable		87,792	(36,226)
Prepaid expenses		713	35,226
Accounts payable and accrued liabilities	_	33,557	9,815
		258,495	204,050
INVESTING ACTIVITIES			
Term deposit, net		(255)	(155)
Purchase of capital assets		(33,430)	(344,486)
Fulchase of capital assets		(33,685)	(344,641)
FINANCING ACTIVITIES			
Repayment of mortgages payable		(94,350)	(221,799)
Proceeds from mortgages payable			426,967
Repayment of capital lease obligations		(26,446)	(22,695)
Proceeds from deferred contributions			22,995
Repayment of working capital advances payable	_		(38,023)
		(120,796)	167,445
CASH DECREASE FOR THE YEAR		104,014	26,854
CASH - beginning of the year	: <u>-</u>	345,128	318,274
CASH - end of the year	\$_	449,142 \$	345,128
Cash consists of:			
Sunova Credit Union Chequing	\$	185,250 \$	92,228
Sunova Credit Union Savings	*	263,887	252,895
Sunova Credit Union Share		5	5
22214 321. 22.	\$	449,142 \$	345,128
	Ψ_	773,172 \$	040, 120

The accompanying notes are an integral part of these financial statements

HEARTHSTONE COMMUNITY GROUP INC.

Statement of Departmental Operations For the year ended March 31, 2019

Les Sutherland Vaughn Heap Hnatiuk Program - \$ 249,737 \$ 195,990 \$ 252,043 \$ 520,012 \$ 410,826 - - - - - 410,826 - - - - 47,684 - - - - 47,684 - - - - - - - <t< th=""><th></th><th></th><th></th><th></th><th></th><th>South</th><th></th><th></th><th></th><th>Glen</th><th>Day</th><th>Pet</th><th>Non Provincial</th><th>Total</th><th>Total</th></t<>						South				Glen	Day	Pet	Non Provincial	Total	Total
6 Manicha- residential services 6 C S 206,174 S 25,1554 S - S 5 46,777 S 195,999 S 252,043 S 520,012 S 4,025 C 6 Manicha- residential services 6 C S 24 C 6 C S 24 C 7,197 S 15,144 C 7,198 S 27,104		Administration	McLean	Outhwaite	Reid	Dominique	Sutherland	Vaughn	Heap	Hnatiuk	Program	Services	Funding	2019	2018
Maintible Particular Sample Sam	REVENUE													074 470 7 4	417.450
Maintible Main	Province of Manitoba - residential services	4	\$ 206.174		· •	9	\$ 249,737				ı	- -	9	\$ 1,675,510	214/1//1 \$
A A B B B B B B B B	Province of Manitoba - day services			1	,		•	,		1	410,826	1	•	410,826	377,161
Mainteina teament 12.0-6 4.468 6.234 1.5194 1	Drawing of Manipha transportation	,	•	•	1	•			1		47,864	C	1	47,864	50,715
1,0 bit 0,0	Description of Manitoba - named and another to the contraction		9		Ð	9		1	1	•	9.757	,	1	9,757	16,314
Controlled by Participation and contents 7, 197 6, 194 7, 197 7,	Flovince of Marilloba - administration	970 04	4 469	A 23.4	20	(254)	5 979	5 752	5 232	9 282	6 934	•	-	55,673	36,524
Contributions Contribution	Province or Manitoba - pension and benefits	12,040	1,100	10,00		(103)	2,0,7	15,002	10 306	25.589		9	•	79.922	110,290
orne deferred contributions (3.451)	Province of Manitoba - wage enhancement	•	/61'/	10,194	C		0000	0,990	060,01	50,00				100	2 607
ink School Division 13.451) 13.451	Resident Contributions	1	2	21	C	E:	99	1	38	61		1	•	061	2,007
Comparison Com	Lord Selkirk School Division	•	•	1	•	•	1	Î	t	E.	1	1	1		2,041
Comparison of the properties		,	•	•	9	•	1	i	,	í	E	t	31,588	31,588	
Composition of the contributions Composition of the contribution of the contribution Composition Composition of the contribution Composition of the contributi	GIAIII Revellue				31	- 22	9			-		,	4.824	4.824	3,056
146 156	Fundraising		1	•	•	•		200	Ď	È	2		100000000000000000000000000000000000000		15 635
3 1,121	Amortization of deferred contributions											1	4	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	0,0
1,000 1,00	Other income	(3.451)	•	1	1	1	ā	1	1	1	1	5,117	9,355	17,071	3,047
ngn 34 1,445 1,386 6 3,300 5,680 34,068 1,379 non 77,347 1,445 1,386 6 2 3,300 5,680 34,068 1,373 non 7,560 1,143 1,121 1,692 3,468 1,374 non 7,560 1,1438 1,127 1,231 861 1,092 816 7,471 non 3,621 1,278 1,257 - 1,231 861 1,092 816 7,471 non 3,621 1,278 81 1,278 1,280 1,31 817 1,11 1,144 1,444 non 4,924 646 1,536 1,586 1,324 1,887 2,348 2,348 1,444 1,444 non 1,134 8,131 887 1,883 1,286 1,324 1,475 3,148 2,348 2,348 3,148 3,348 3,348 3,348 3,348 3,348 3,348 <td></td> <td>8.595</td> <td>217.844</td> <td>273,003</td> <td>•</td> <td>(254)</td> <td></td> <td>217,735</td> <td>267,709</td> <td>554,944</td> <td>475,381</td> <td>5,117</td> <td>45,767</td> <td>2,327,175</td> <td>2,389,402</td>		8.595	217.844	273,003	•	(254)		217,735	267,709	554,944	475,381	5,117	45,767	2,327,175	2,389,402
1,000 1,00														ž.	
77,34 1,445 1,386 - 62 3,330 5,890 34,088 1,373 7,560 71,121 - 158 902 991 1,110 1,031 - 8,070 7,560 71 567 - 1,124 1,278 - 1,249 1,109 1,101 1,031 - 7,471 - 1,148 1,278 4,660 3,324 1,1875 2,332 4,660 1,277 - 1,243 1,243 1,243 1,243 1,243 1,243 1,243 1,243 1,243 1,244 1,244 1,243 1,243 1,243 1,243 1,244 1,243 1,243 1,244 1,144 1,144 1,14	EAPENSES								9	9	149	548	•	731	242
77,347 1,445 1,386 - 62 3,300 5,890 34,088 1,37 7,560 71 1,445 1,386 - 66 9,324 1,190 34,088 1,37 8,070 71 1,567 - 1,2578 - 12,506 9,324 1,1875 23,332 4,680 3,061 1,277 981 - 2,064 619 2,887 1,814 4,4180 2,452 2,48 428 876 10 672 1,477 1,476 3,188 2,387 1,2,442 1,28 1,58 1,598 131 672 1,477 1,476 3,188 2,387 1,318 697 1,893 - 1,243 1,893 - 5,255 3,428 5,255 3,428 5,256 3,488 7,794 1,318 697 1,039 32,845 2,4 1,374 1,476 3,488 1,138 2,100 1,193 1,296 3,481 1,008 1,039 32,845 <th< td=""><td>Advertising</td><td>45</td><td>•</td><td>•</td><td>'</td><td></td><td>' :</td><td></td><td></td><td>000</td><td>7 7</td><td></td><td></td><td>124 901</td><td>128 300</td></th<>	Advertising	45	•	•	'		' :			000	7 7			124 901	128 300
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7,560 71 567 - 1,313 881 1,092 816 7,471 8,070 - - 1,296 9,324 11,875 23,332 4,680 932 11,438 12,578 - - 2,054 619 2,887 1,814 4,148 2,452 2,48 4,28 676 1,67 1,677 1,817 2,041 4,148 4,924 646 1,586 13 672 1,647 1,476 3,168 2,387 1,318 6,924 1,647 1,476 3,168 2,387 3,281 2,387 1,318 6,13 6,267 1,647 1,476 3,168 2,387 3,387 3,387 3,286 2,387 3,286 2,387 3,286 2,387 3,498 3,286 2,447 4,918 3,286 2,447 4,918 3,286 2,44 1,398 1,494 4,918 3,286 2,428 3,286 2,447 3,486 <	Cable		899	1,121	1	158	902	991	1,110	1,031	1	1	1	212,9	2,047
8,070 - 12,578 - - 12,905 9,324 11,875 23,332 4,680 3,061 1,277 981 - - 2,054 619 2,887 1,814 (4,148) 2,452 2,48 428 876 10 631 1,278 427 561 2,041 4,924 646 1,536 1,588 131 672 1,647 1,476 3,168 2,387 1,2442 - 1,298 - 3,226 3,498 5,265 33,251 7,794 1,2442 - 2,710 3,386 - - 5,225 3,490 19,913 4,918 4,918 - 2,710 3,386 - - 1,544 1,676 1,936 2,041 30,961 1,108 1,608 1,608 1,526 3,226 3,286 1,608 1,138 1,138 1,518 1,518 1,608 1,608 1,608 1,40	Day prodram	7 560	71	267		ı	1,313	881	1,092	816	7,471	360	1,572	21,703	18,717
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3,061 1,277 981 - 2,054 619 2,887 1,814 (4,148) 4,924 646 1,536 1,598 131 671 1,778 2,887 1,814 (4,148) 1,2442 646 1,536 1,598 131 677 1,647 1,478 3,188 2,887 1,181 2,041 1,3442 646 1,536 1,598 131 677 1,478 3,188 2,381 7,794 4,918 1,138 697 981 1,695 2 4,918 2,187 1,699 1,796 2,849 3,481 1,108 1,039 32,845 2 4 1,324 1,873 1,295 3,490 1,993 1,296 3,481 1,108 1,039 32,845 2 4 1,324 1,324 1,324 1,476 4,796 2,8680 3,0361 1,524 1,1324 1,474 1,873 1,996 1,996 1,996	Fundraising	1	•	•	,	,			'					40.250	46 963
2,452 248 428 876 10 631 1,278 427 561 2,041 4,924 646 1,536 1,598 131 672 1,647 1,476 3,168 2,387 1,2442 - 1,243 1,893 - - 5,255 33,251 7,794 1,318 - 2,710 3,396 - - 5,255 3,490 19,913 4,918 2,396 1,039 32,845 24 1,324 1,879 1,040 1,193 1,295 30,961 2,034 5,585 1,605 24 1,324 1,879 1,040 1,193 1,295 1,508 1,608 1,605 15,448 1,644 1,918 1,295 2,478 2,680 2,680 1,508 1,524 1,132 1,244 1,644 147,424 187,363 284,408 1,295 1,508 1,512 777 1,831 2,325 6,390 6,2	Furnishings	3,061	1,277	981	1	1	2,054	619	2,887	1,814	(4,148)	C08,1	' !	10,550	40,900
4,924 646 1,536 1,598 131 672 1,647 1,476 3,168 2,387 12,442 - 1,243 1,893 - - 5,255 3,168 2,387 1,318 - 1,243 1,893 - - 5,255 3,168 2,387 4,918 - 2,710 3,396 - - 3,225 3,490 19,913 4,918 3,481 1,108 1,039 32,845 2 1,324 1,879 1,040 1,193 1,295 3,481 1,108 1,039 32,845 2 1,324 1,879 1,040 1,193 1,295 3,481 1,108 1,605 1,605 - 15,464 6,996 5,202 4,796 26,680 159,859 1,524 1,138 147,424 187,363 284,408 305,346 1,512 777 1,831 2 2,384 2,118 2,248 1,975	GST expense	2,452	248	428	876	10	631	1,278	427	291	2,041	525	37	9,514	8,072
1,342 1,243 1,243 - 5,51 5,255 33,251 7,794 1,348 - 1,244 - - 5,155 2,102 6,493 4,918 - 2,710 3,396 - - 1,555 2,102 6,491 3,481 1,108 1,039 32,845 - 1,324 1,879 1,040 1,193 1,295 30,961 2,034 5,585 1,605 1,544 6,996 5,202 4,796 26,880 159,859 1,604 1,134 1,134 1,134 1,193 1,295 1,508 1,154 1,605 159,448 147,424 187,363 26,408 26,680 1,512 1,113 2,986 2,23 6,396 5,104 1,193 1,295 1,512 1,113 2,988 2,23 6,396 5,202 4,796 26,680 1,512 1,044 1,1145 2,384 2,118 2,144 1,975 <td>Institution</td> <td>4.924</td> <td>646</td> <td>1.536</td> <td>1,598</td> <td>131</td> <td>672</td> <td>1,647</td> <td>1,476</td> <td>3,168</td> <td>2,387</td> <td>1</td> <td>•</td> <td>18,185</td> <td>17,396</td>	Institution	4.924	646	1.536	1,598	131	672	1,647	1,476	3,168	2,387	1	•	18,185	17,396
1,318 697 981 - 551 929 1,555 2,102 6,493 4,918 - 2,710 3,396 - - 3,225 3,490 1,595 2,102 6,491 3,491 1,008 1,039 32,845 24 1,324 1,879 1,040 1,193 1,295 30,961 2,034 5,585 1,605 - 15,464 6,996 5,202 4,796 26,680 159,859 140,792 181,324 - 15,464 6,996 5,202 4,796 26,680 159,859 140,792 181,324 - 15,448 147,424 187,363 284,408 305,346 1,512 1,512 2,384 2,118 2,278 12,972 1,512 1,613 - 15,448 147,424 187,363 284,408 305,346 1,512 1,119 8,011 2,588 223 6,390 6,213 6,218 1,772 10,109 1,544 4,119 8,011 2,558 46,557 38,071 3		12 442		1 243	1 893	•	- I	3 428	5 255	33 251	7.794	9	1	65,306	61,562
1,318 697 981 - - 551 929 1,555 2,102 6,493 4,918 - 2,710 3,396 - - 3,225 3,490 19,913 4,918 3,481 1,108 1,039 32,845 24 1,324 1,879 1,040 1,193 1,295 30,961 2,394 1,605 1,5464 6,996 5,202 4,796 26,680 159,859 140,792 181,324 - 15,464 6,996 5,202 4,796 26,680 159,859 140,792 1,1831 - 1,115 2,344 147,424 187,363 284,408 305,346 1,542 1,544 147,424 187,363 284,408 305,346 12,972 12,972 4,796 26,886 1,542 4,118 8,011 2,958 223 6,396 6,213 82,4408 305,346 1,544 4,118 8,011 2,278 2,18 2,18	Interest on mortgage	12,442		243	560'-			2	0		:			•	13,244
1,318	Loss on disposal of capital assets	0.00000												1 218	944
8,131 697 981 - 551 929 1,535 2,102 0,102	Membership fees	1,318					-	000		0.400	0 400	4 722	808	23 969	20 686
4,918 - 2,710 3,396 - - 3,225 3,490 19,913 4,918 3,481 1,08 1,039 32,845 24 1,324 1,879 1,040 1,193 1,995 30,961 2,034 5,585 1,605 - 15,464 6,996 5,202 4,796 26,680 159,859 140,792 181,324 - 15,464 6,996 5,202 4,796 26,680 1,59,859 140,792 181,324 - 1,644 147,424 187,363 284,408 305,346 1,512 2,77 1,831 - 15,448 147,424 187,363 284,408 305,346 1,512 4,712 8,011 2,958 223 6,390 6,213 6,780 1,975 10,446 4,119 8,011 2,558 22,384 2,18 425,522 408,408 10,446 4,119 8,011 2,558 2,39 6,213 11,722	Office supplies	8,131	269	981	1	1	551	828	1,555	2,102	0,493	771'1	900	73,900	25,000
3,481 1,108 1,039 32,845 24 1,324 1,879 1,040 1,193 1,295 - 3,996 - - 1,588 - - 1,586 5,202 4,796 26,680 159,859 140,792 181,324 - 1,646 6,996 5,202 4,796 26,680 1,512 777 1,831 - 1,115 2,384 2,118 2,278 1,975 1,646 4,119 8,011 2,958 223 6,390 6,213 6,780 1,049 1,975 1,646 4,119 8,011 2,958 223 6,390 6,213 6,780 11,722 10,109 10,446 4,119 8,011 2,958 223 6,390 6,213 6,780 11,722 10,109 10,446 4,119 8,011 2,958 223 6,390 6,213 6,780 11,722 10,109 10,446 4,113 8,045 46,557 </td <td>Property taxes</td> <td>4,918</td> <td>1</td> <td>2,710</td> <td>3,396</td> <td>1</td> <td>1</td> <td>3,225</td> <td>3,490</td> <td>19,913</td> <td>4,918</td> <td></td> <td>•</td> <td>42,570</td> <td>20,130</td>	Property taxes	4,918	1	2,710	3,396	1	1	3,225	3,490	19,913	4,918		•	42,570	20,130
3.996 1,388 2,034 5,585 1,605 1,544 6,996 5,202 4,796 26,880 1,508 1,524 1,169 1,615 15,448 147,424 187,363 284,408 305,346 1,508 1,512 777 1,831 - 1,115 2,384 2,118 2,278 1,975 1,612 777 1,831 - 2,23 6,390 6,213 6,780 1,975 1,975 1,612 2,24 6,780 6,213 6,780 1,1722 10,109 1,975 10,446 4,119 8,011 2,958 223 6,390 6,213 6,780 11,722 10,109 338,956 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 130,30,361 48,218 50,454 (46,557) (635) 46,591 26,672 29,856 129,422 66,974 330,361 (31,736) (38,071)	Professional fees	3,481	1,108	1,039	32,845	24	1,324	1,879	1,040	1,193	1,295	869	1	45,926	53,232
30,961 2,034 5,585 1,605 - 15,464 6,996 5,202 4,796 26,680 159,859 140,792 181,324 - 1,659 159,448 147,424 187,363 284,408 305,346 1,508 1,524 1,169 - 1,115 2,384 2,118 2,278 12,972 1,512 1,183 - 1,298 223 6,390 6,213 6,780 1,772 10,109 10,446 4,119 8,011 2,958 223 6,390 6,213 6,780 11,722 10,109 338,956 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 330,361 (31,736) (39,771) - 37 (38,071) (31,720) (39,000) (91,433) (69,254) \$ - 16,482 10,683 46,567 6,598 8,620 6,5048 9,145 37,989 6,2380	Rent	•	3,996				11,388	1	1	1	,	1	1	15,384	17,363
159,859 140,792 181,324 -	Denoire and maintenance	30 961	2 034	5.585	1,605		15,464	966'9	5,202	4,796	26,680	18,150		117,473	139,035
1,508 1,524 1,169 - 1,115 2,384 2,118 2,278 12,972 1,512 777 1,831 - 524 515 294 1,069 1,975 10,446 4,119 8,011 2,958 223 6,390 6,213 6,780 11,722 10,109 338,956 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 (330,381) 48,218 50,454 (46,557) (635) 46,501 26,672 29,855 129,422 66,974 330,361 (31,736) (39,771) 37 (38,071) (31,720) (39,000) (91,433) (69,254) \$ - \$ 16,482 \$ 10,683 \$ (699) \$ 8,520 \$ (5,048) \$ 37,989 \$ (2,280)	Solorine and henofite	159 859	140 792	181 324		(165)		147,424	187,363	284,408	305,346	11,545	5,707	1,583,051	1,561,134
1,508 1,524 1,169 - 1,115 2,384 2,118 2,278 12,975 1,512 777 1,831 - 524 515 294 1,069 1,975 1,0446 4,119 8,011 2,968 223 6,390 6,213 6,780 11,722 10,109 338,956 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 10,330,361 48,218 50,454 (46,557) (635) 46,591 26,672 29,856 129,422 66,974 330,361 (31,736) (39,771) - 37 (38,071) (31,720) (39,145) 8,1,450 8,146,857 6,280 8,604 9,146) 8,146,867 8,146,867 8,600 91,433 8,1,280 8,1,466 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867 8,146,867	Calaires and Dellenes														3,099
1,512 1,514 1,615	Summer Vacation	4 500	1 504	1 150			1 115	2 384	2 118	2 278	12 972	350	,	25,418	26,376
1,512	Iransportation	000'1	1,324	1,109			2 4	2,00	, ,	090	1 075		1	8.497	11.227
10,446 4,119 8,011 2,958 223 6,390 6,213 0,780 11,722 10,109 338,956 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 330,361 (31,736) (39,771) - 37 (38,071) (31,720) (39,000) (91,433) (69,254) \$ - \$ 16,482 \$ 10,683 \$ (46,567) \$ (598) \$ 8,520 \$ (5,048) \$ (9,146) \$ 37,989 \$ (2,280)	Training	1,512		1,831		' !	976	010	797	600,1	200,00			86 974	57.05B
338,956 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 (330,361) 48,218 50,454 (46,557) (635) 46,591 26,672 29,855 129,422 66,974 (330,361 (31,736) (39,771) - 37 (38,071) (31,720) (39,000) (91,433) (69,254) (49,280] \$ 8,520 \$ (5,048) \$ (34,45) \$ 37,989 \$ (2,280)	Utilities	10,446	4,119	8,011	2,958	223	6,390	6,213	6,780	77,11	10,109			46.073	10,000
338,966 169,626 222,549 46,557 381 214,743 191,063 237,854 425,522 408,407 4030,381 48,218 50,454 (46,557) (635) 46,591 26,672 29,855 129,422 66,974 330,381 (31,736) (39,771) - 37 (38,071) (31,720) (39,000) (91,433) (69,254) \$ - \$ 16,482 \$ 10,683 \$ (46,557) \$ (598) \$ 8,520 \$ (5,048) \$ (9,145) \$ 37,989 \$ (2,280)	Van expenses		T	10	T.	•		1	1	1	16,872		'	10,012	617,213
(330,361) 48,218 50,454 (46,557) (635) 46,591 26,672 29,855 129,422 66,974 330,361 (31,736) (39,771) - 37 (38,071) (31,720) (39,000) (91,433) (69,254) \$ - \$ 16,482 \$ 10,683 \$ (46,557) \$ (598) \$ 8,520 \$ (5,048) \$ (9,145) \$ 37,989 \$ (2,280)		338,956	169,626	222,549	46,557	381	214,743	191,063	237,854	425,522	408,407	35,982	609'6	2,301,149	2,320,076
330,361 (31,736) (39,771) - 37 (38,071) (31,720) (39,000) (91,433) (69,254) (69,254) (5,048) \$ (5,048) \$ (9,145) \$ 37,989 \$ (2,280)	EXCESS OF DEPARTMENTAL REVENUE OVER DEPARTMENTAL EXPENSES FOR THE YEAR	(330,361)	48,218	50,454	(46,557)	(635)		26,672	29,855	129,422	66,974	(30,865)	36,258	26,026	69,326
EXPENSES \$ - \$ 16,482 \$ 10,683 \$ (46,557) \$ (598) \$ 8,520 \$ (5,048) \$ (9,145) \$ 37,989 \$ (2,280)	Allocation to (from) administration	330,361	(31,736)	(39,771)	4	37	(38,071)	(31,720)	(39,000)	(91,433)	(69,254)				
	EXCESS OF REVENUES OVER EXPENSES				_		•			*			\$ 36,258	\$ 26,026	\$ 69,326
					1	l		ı	ı						

Notes to Financial Statements

Year Ended March 31, 2019

DESCRIPTION OF BUSINESS

Hearthstone Community Group Inc. (the "Organization) was incorporated under the Corporations Act of Manitoba. The Organization is dedicated to providing housing and independent living opportunities to persons with disabilities. The Organization is a non-profit organization for the purposes of the Income Tax Act and accordingly is exempt from income taxes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets

Capital assets are stated at cost. Contributed capital assets are stated at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Buildings	4%
Computer equipment	45%
Furniture and fixtures	20%
Equipment	20%
Motor vehicles	15%

Financial instruments

The Organizations financial assets and liabilities consist of cash, term deposit accounts and receivables and accounts payable. The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all financial assets and liabilities at amortized cost.

Net assets

The unrestricted net assets of the Organization account for all revenue and expenses relating to the operations of the Organization. The Organization has internally restricted net assets to provide for the future costs of discipline hearings and legislative amendments, significant capital expenditures, supplemental employee costs, special projects and development programs.

Revenue recognition

Hearthstone Community Group Inc. follows the deferral 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 reasonably assured

(continues)

Notes to Financial Statements

Year Ended March 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4. COMMERCIAL LINE OF CREDIT

The Organization has a line of credit from Sunova Credit Union to a maximum of \$25,000. As at March 31, 2019 the Organization has not drawn on its line of credit.

5.	TERM DEPOSIT				
			2019		2018
	Guaranteed investment certificates, maturing June 18, 2019, including accrued interest at 2.7%.	\$	14,023	\$	13,768
	including accrued interest at 2.7%.	-	14,02	23	<u> </u>

6. CAPITAL ASSETS

	<u> </u>	Cost	cumulated nortization	1	2019 Net book value	2018 Net book value
Land	\$	311,462	\$ -	\$	311,462	\$ 311,462
Buildings Computer equipment		2,615,757 4,294	452,040 4,289		2,163,717 5	2,219,745
Computer equipment Furniture and fixtures		16,973	13,493		3,480	4,351
Leasehold improvements		99,701	29,362		70,339	84,046
Vehicles under capital lease		129,421	61,476		67,945	88,812
	\$	3,177,608	\$ 560,660	\$	2,616,948	\$ 2,708,422

7.	MORTGAGE PAYABLE	 2019	2018
	Sunova Credit Union Mortgage #5 loan bearing interest at 3.99% per annum, repayable in bi-weekly blended payments of \$2,371. The loan matures on December 28, 2022 and is secured by the related house.	\$ 796,030	\$ 826,786
			(continues)

Notes to Financial Statements

Year Ended March 31, 2019

7.	MORTGAGE PAYABLE (continued)			
		_	2019	2018
	Sunova Credit Union Mortgage #7 loan bearing interest at 3.99% per annum, repayable in bi-weekly blended payments of \$2,000. The loan matures on December 28, 2022 and is secured by the related house. Sunova Credit Union Mortgage #6 loan bearing interest at 3.99% per annum, repayable in bi-weekly blended payments		376,300	412,713
	of \$1,500. The loan matures on December 28, 2022 and is secured by the related houses.	50	285,550	312,731
	Amounts payable within one year		1,457,880 (75,753)	1,552,230 (94,010)
	Long term portion payable	\$	1,382,127	\$ 1,458,220
	Principal repayment terms are approximately:			
	2020 2021 2022 Thereafter	\$	75,753 79,762 83,933 1,218,432	
8.	OBLIGATIONS UNDER CAPITAL LEASE		2019	2018
	Capital Lease - HandiBus bearing interest at 8% per annum, repayable in monthly blended payments of \$1,594. The lease matures on September 20, 2020.	\$	22,008	\$ 38,534
	Capital Lease - Caravan bearing interest at 6.5% per annum, repayable in monthly blended payments of \$783. The lease matures on June 30, 2021.	7	19,213	27,112
	Amonts payable within one year		41,221 (26,379)	65,646 (24,358)
	Long term portion payable	\$	14,842	\$ She vesering
-	Principal repayment terms are approximately:			(continues)

Notes to Financial Statements

Year Ended March 31, 2019

8.	OBLIGATIONS UNDER CAPITAL LEASE (continued)		
	2020	\$ 26,379	
	2021	12,980	
	2022	1,862	
		\$ 41,221	

9. DEFERRED CONTRIBUTIONS

The Organization received grants to help cover costs for building improvements, equipment and furnishing purchases. Where capital assets were purchased, these grants will be deferred and amortized at the same rates as the related capital assets. Where expended amounts relate to the purchase of furnishings, grants are recognized to revenue in the period in which the expenditure was incurred.

	2019			2018	
Balance is comprised of:					
Community Places Program	\$	9,900	\$	12,374	
Farm Credit Canada		13,318		13,873	
Heart and Stroke Foundation of Canada		922		1,152	
Manitoba Community Services Council Inc.		15,085		18,857	
Manitoba Marathon		<u>-</u>		1,615	
Province of Manitoba		41,450		43,177	
Selkirk and Community District Foundation		18,028		21,182	
South Beach Casino and Resort		6,506		6,778	
The Thomas Sill Foundation Inc.		16,647		17,341	
Total Deferred Contributions	\$	121,856	\$	136,349	

10. ECONOMIC DEPENDENCE

The Organization is economically dependent on the Province of Manitoba's government funding under the Purchase Service Agreement.

Notes to Financial Statements

Year Ended March 31, 2019

11. PRIOR PERIOD ADJUSTMENT

During the current year audit, it was discovered that certain balances should have been written off in prior years. A restatement of comparative balances and opening retained earnings was required as a result.

The effects of the restatement on the financial statements are summarized as follows.

	2018 as previously stated		Adjustment		2018 as restated	
Due to (from) government agencies Accounts payable and accrued liabilities Unrestricted net assets	\$	(14,808) (59,043) 399,607	\$	34,512 (7,845) 26,667	\$ 19,704 (66,888) 426,274	
	\$	325,756	\$	53,334	\$ 379,090	

As the adjustments related to years prior to the year end March 31, 2018, there was no impact on the comparative income statement.