

SHARON HOUSE CORPORATION

Financial Statements
December 31, 2017

SHARON HOUSE CORPORATION

Financial Statements
For the year ended December 31, 2017

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Independent Auditors' Report

To the Directors of Sharon House Corporation

We have audited the accompanying financial statements of Sharon House Corporation, which comprise the statement of financial position as at December 31, 2017, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the corporation'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 corporation'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

The corporation, in common with many not-for-profit organizations, derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of Sharon House Corporation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, assets and net assets.

Independent Auditors' Report, continued

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of The corporation as at December 31, 2017, 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.

Toronto, Canada
March 13, 2018

Fruitman Kates LLP
Chartered Professional Accountants
Licensed Public Accountants

SHARON HOUSE CORPORATION

Statement of Financial Position As at December 31, 2017

	2017	2016
Assets		
Current		
Cash and cash equivalents	\$ 335,064	\$ 277,942
Government remittances receivable	5,235	8,769
	340,299	286,711
Investments - endowment fund (Note 2)	1,194,734	1,122,916
Capital assets (Note 3)	974,831	1,063,732
	\$ 2,509,864	\$ 2,473,359
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 7,357	\$ 8,452
Net assets		
General Fund	1,307,773	1,341,991
Endowment Fund	1,194,734	1,122,916
	2,502,507	2,464,907
	\$ 2,509,864	\$ 2,473,359

Approved on behalf of the board

_____ Director

_____ Director

SHARON HOUSE CORPORATION

Statement of Operations For the year ended December 31, 2017

	General Fund 2017	Endowment Fund 2017	Total 2017	Total 2016
Revenue				
Donations	\$ 150,607	\$ -	\$ 150,607	\$ 145,315
Bequests	70,660	-	70,660	3,000
Room rental	2,250	-	2,250	3,150
Investment income - general	4,000	-	4,000	2,223
Investment income - endowment	-	136,341	136,341	136,799
	227,517	136,341	363,858	290,487
Expenditures				
Amortization	88,901	-	88,901	89,384
Outside services	81,306	-	81,306	90,611
Property tax	17,797	-	17,797	17,770
Repairs and maintenance	17,786	-	17,786	41,280
Insurance	14,755	-	14,755	14,693
Telephone and utilities	13,192	-	13,192	12,056
Salaries and benefits	10,198	-	10,198	10,211
Office and general	8,057	-	8,057	9,159
Professional fees	6,090	9,561	15,651	18,965
Fundraising	2,195	-	2,195	1,077
Interest and bank charges	1,458	-	1,458	2,300
	261,735	9,561	271,296	307,506
Excess (deficiency) of revenues over expenditures before the following item	(34,218)	126,780	92,562	(17,019)
Other income (expenses)				
Fair market adjustment of marketable securities	-	(54,962)	(54,962)	11,995
Excess (deficiency) of revenue over expenditures	\$ (34,218)	\$ 71,818	\$ 37,600	\$ (5,024)

SHARON HOUSE CORPORATION

Statement of Changes in Net Assets For the year ended December 31, 2017

	General Fund	Endowment Fund	Total 2017	Total 2016
Balance, beginning of year	\$ 1,341,991	\$ 1,122,916	\$ 2,464,907	\$ 2,469,931
Excess (deficiency) of revenue over expenditures	(34,218)	71,818	37,600	(5,024)
Balance, end of year	\$ 1,307,773	\$ 1,194,734	\$ 2,502,507	\$ 2,464,907

SHARON HOUSE CORPORATION

Statement of Cash Flows For the year ended December 31, 2017

	2017	2016
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 37,600	\$ (5,024)
Adjustments for		
Amortization	88,901	89,384
Fair market adjustment of marketable securities	54,962	(11,995)
	181,463	72,365
Change in non-cash working capital items		
Government remittances receivable	3,534	5,859
Accounts payable and accrued liabilities	(1,094)	1,033
	183,903	79,257
Investing activity		
Investments - endowment fund - net	(126,781)	(328,985)
	57,122	(249,728)
Increase (decrease) in cash and cash equivalents	57,122	(249,728)
Cash and cash equivalents, beginning of year	277,942	527,670
Cash and cash equivalents, end of year	\$ 335,064	\$ 277,942

SHARON HOUSE CORPORATION

Notes to Financial Statements
For the year ended December 31, 2017

General

Sharon House Corporation (the "Corporation") was incorporated on December 7, 1965 without share capital. The Corporation is located in Toronto, Ontario and supports Christian Science nursing and provides a temporary retreat.

Pursuant to the Income Tax Act (Canada) the Corporation is classified as a registered charity and therefore, is not subject to income tax.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting

The Corporation follows the deferral method of accounting for contributions.

The General Fund accounts for the Corporation's general operating activities. The net assets represent the accumulation of bequests, donations, room rental and investment income earned thereon after interfund transfers.

The Endowment Fund is an internally restricted fund, designed to generate investment income to supplement revenues derived from charges relating to Christian Science nursing and donations from the field. The fund capital is to be maintained permanently as endowments. Any interest or dividend income earned on the endowment fund is available for general use and transferred to the general fund at the discretion of the Board of Directors.

(b) Revenue recognition

Unrestricted donations and bequests are recognized as revenue when received. Room rental revenue is recognized in the month the room was rented, and collection is assured.

Restricted donations and bequests are recognized as revenue in the year in which the related expenses are recognized.

Endowment fund contributions are recognized as revenue in the year in which they are received.

Investment income is recognized when earned.

SHARON HOUSE CORPORATION

Notes to Financial Statements
For the year ended December 31, 2017

1. Significant accounting policies, continued

(c) Contributed services

The Board of Directors and others contribute volunteer services to the Corporation in carrying out its operating activities. Due to the difficulty in determining fair value of these contributed services, they are not recognized in the financial statements.

(d) Cash equivalents

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.

(e) Capital assets

Capital assets are stated at cost less accumulated amortization. The Corporation provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	20 years
Furniture and fixtures	10 years
Computer	3 years

(f) Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the assets exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

SHARON HOUSE CORPORATION

Notes to Financial Statements
For the year ended December 31, 2017

1. Significant accounting policies, continued

(g) Financial instruments

Measurement of financial instruments

The Corporation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Corporation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets recorded at amortized cost include cash and cash equivalents.

Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include endowment fund investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(h) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

SHARON HOUSE CORPORATION

Notes to Financial Statements
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2. Investments - endowment fund

Investments comprise of equities traded on a public Stock Exchange. Details are as follows:

	2017	2016
Cash	\$ 1,423	\$ 836
Marketable securities	1,193,311	1,122,080
	\$ 1,194,734	\$ 1,122,916

3. Capital assets

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 828,469	\$ -	\$ 828,469	\$ 828,469
Buildings	1,680,123	1,534,910	145,213	229,219
Furniture and fixtures	48,519	47,370	1,148	6,000
Computer	2,424	2,424	-	44
	\$ 2,559,535	\$ 1,584,704	\$ 974,831	\$ 1,063,732

4. Interfund transfers

During the year \$NIL (2016 - \$200,000) was transferred from the general fund to the endowment fund.

5. Financial instruments

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The component of market risk that the Corporation is specifically exposed to is price risk, which is an inherent risk when investing in marketable securities.