
STREET HAVEN AT THE CROSSROADS

FINANCIAL STATEMENTS

MARCH 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Street Haven at the Crossroads:

Report on the Financial Statements

We have audited the accompanying financial statements of Street Haven at the Crossroads, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in fund balances, operations 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Street Haven at the Crossroads as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 16, 2014
Toronto, Ontario

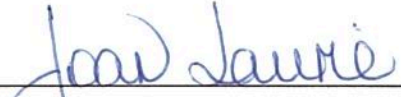

STREET HAVEN AT THE CROSSROADS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	2014			2013	
	<u>General</u>	<u>Capital</u>	<u>Founder's</u>	<u>Total</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and investments (note 3)	\$ 112,817	\$ 581,773	\$ 91,709	\$ 786,299	\$ 709,093
Accounts receivable	113,628			113,628	111,372
Government grants and rebates receivable	132,085			132,085	137,420
Prepaid expenses	11,720			11,720	40,592
	<u>370,250</u>	<u>581,773</u>	<u>91,709</u>	<u>1,043,732</u>	<u>998,477</u>
Capital assets (note 4)		<u>2,106,881</u>		<u>2,106,881</u>	<u>1,929,716</u>
	<u>\$ 370,250</u>	<u>\$ 2,688,654</u>	<u>\$ 91,709</u>	<u>\$ 3,150,613</u>	<u>\$ 2,928,193</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 98,217	\$ 37,975		\$ 136,192	\$ 153,392
Mortgages payable - current (note 7)		721,250		721,250	100,418
Deferred revenue (note 6)	<u>109,953</u>			<u>109,953</u>	<u>70,558</u>
	<u>208,170</u>	<u>759,225</u>		<u>967,395</u>	<u>324,368</u>
Mortgages payable - long-term (note 7)		<u>509,617</u>		<u>509,617</u>	<u>1,230,866</u>
	<u>208,170</u>	<u>1,268,842</u>		<u>1,477,012</u>	<u>1,555,234</u>
Fund balances					
Restricted			\$ 91,709	91,709	286,227
Capital reserve fund (note 8)		543,796		543,796	546,851
Invested in capital assets		876,016		876,016	598,432
Unrestricted	<u>162,080</u>			<u>162,080</u>	<u>(58,551)</u>
	<u>162,080</u>	<u>1,419,812</u>	<u>91,709</u>	<u>1,673,601</u>	<u>1,372,959</u>
	<u>\$ 370,250</u>	<u>\$ 2,688,654</u>	<u>\$ 91,709</u>	<u>\$ 3,150,613</u>	<u>\$ 2,928,193</u>

Approved by:

 , Chairperson
 , Treasurer

see accompanying notes

STREET HAVEN AT THE CROSSROADS
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2014

	2014			2013	
	<u>General</u>	<u>Capital</u>	<u>Founder's</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ (58,551)	\$ 1,145,283	\$ 286,227	\$ 1,372,959	\$ 1,401,414
Excess (deficiency) of revenue over expenses for the year	18,627	281,124	891	300,642	(28,455)
Amortization	107,012	(107,012)			
Appropriation (note 9)	195,409		(195,409)		
Principal repayments	<u>(100,417)</u>	<u>100,417</u>			
Balance, end of year	<u>\$ 162,080</u>	<u>\$ 1,419,812</u>	<u>\$ 91,709</u>	<u>\$ 1,673,601</u>	<u>\$ 1,372,959</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	2014			2013	
	<u>General</u>	<u>Capital</u>	<u>Founder's</u>	<u>Total</u>	<u>Total</u>
REVENUE					
Government funding (note 10)	\$ 2,617,362	\$ 298,696		\$ 2,916,058	\$ 2,483,717
Donations and fundraising	319,585	7,000	\$ 100	326,685	190,081
Sharelife	110,000			110,000	110,000
Room and board	100,181			100,181	101,952
Bequests	5,000			5,000	30,000
Interest and other		3,043	791	3,834	28,450
	<u>3,152,128</u>	<u>308,739</u>	<u>891</u>	<u>3,461,758</u>	<u>2,944,200</u>
Total revenue					
EXPENSES					
Operating					
Salaries and benefits	2,080,197			2,080,197	2,015,814
Food and medication	137,958			137,958	111,848
Promotion and publicity	90,162			90,162	75,717
Professional services	53,786			53,786	40,829
Office and general	47,932			47,932	45,968
Transportation and travel	38,122			38,122	27,647
Staff education and training	34,796			34,796	32,350
Interest, bank charges and sundry	9,256			9,256	11,408
Resident activity and recreation	8,406			8,406	31,458
Peggy Ann Walpole memorial scholarship					5,000
	<u>2,500,615</u>	<u></u>	<u></u>	<u>2,500,615</u>	<u>2,398,039</u>
Total operating expenses					
Occupancy					
Maintenance	130,199	22,276		152,475	102,952
Lease	114,832			114,832	112,984
Utilities	88,333			88,333	66,169
Salaries and benefits	49,428	5,339		54,767	35,344
Household operating and supplies	51,399			51,399	45,446
Mortgage interest	34,082			34,082	38,600
Communications	24,459			24,459	20,414
Realty taxes	21,784			21,784	19,860
Insurance	11,358			11,358	9,874
Amortization	107,012			107,012	122,973
	<u>632,886</u>	<u>27,615</u>	<u></u>	<u>660,501</u>	<u>574,616</u>
Total occupancy expenses					
Total expenses	<u>3,133,501</u>	<u>27,615</u>	<u></u>	<u>3,161,116</u>	<u>2,972,655</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 18,627</u>	<u>\$ 281,124</u>	<u>\$ 891</u>	<u>\$ 300,642</u>	<u>\$ (28,455)</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 300,642	\$ (28,455)
Non-cash items		
Amortization	107,012	122,973
Net change in non-cash working capital items (below)	<u>54,146</u>	<u>(21,653)</u>
Net cash provided from operations	461,800	72,865
INVESTING ACTIVITIES		
Purchase of capital assets	(284,177)	(62,568)
FINANCING ACTIVITIES		
Mortgage principal repayments	<u>(100,417)</u>	<u>(96,715)</u>
NET CASH ACTIVITY FOR THE YEAR	77,206	(86,418)
Cash and investments, beginning of year	<u>709,093</u>	<u>795,511</u>
CASH AND INVESTMENTS, END OF YEAR (note 3)	<u>\$ 786,299</u>	<u>\$ 709,093</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (2,256)	\$ 3,803
Government grants and rebates receivable	5,335	(21,299)
Prepaid expenses	28,872	(28,732)
Accounts payable and accrued liabilities	(17,200)	3,928
Deferred revenue	<u>39,395</u>	<u>20,647</u>
	<u>\$ 54,146</u>	<u>\$ (21,653)</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

Street Haven at the Crossroads ("Street Haven") is incorporated as a not-for-profit charitable organization without share capital. It was founded in 1965 to serve women in need in Toronto. The organization's mandate is to provide assistance to women coping with the effects of poverty, homelessness, unemployment, mental illness, substance abuse or physical or mental abuse, by such means as: accommodation, meals and clothing; health care, counselling and other social support services; and literacy and skills-related training.

Street Haven is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing its financial statements, the Street Haven follows Canadian accounting standards for not-for-profit organizations, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles. The significant accounting policies used are as follows:

Fund accounting

The financial statements are prepared on a restricted fund accounting basis whereby resources are classified for reporting purposes into Funds according to the activity or objective specified.

The General Fund accounts for Street Haven's operating activities, which are financed generally by donations, government funding and grants.

The Capital Fund accounts for Street Haven's properties which are financed generally by donations and government funding.

The Founder's Fund accounts for a restricted donation to Street Haven (note 9).

Prepaid expenses

Prepaid expenses are recorded for goods and services that have been paid for but which will be received in a future year. The balance at year end is composed primarily of prepaid insurance and property taxes.

Investments

Investments are recorded at fair value on the statement of financial position and any change in fair value is recognized as income in the period in which the change occurs.

Capital assets

Buildings are recorded at cost less accumulated amortization. Interest on debt incurred to finance construction of buildings is capitalized. The cost of renovations which enhance the service potential of a building are added to the cost of the building. Amortization on buildings is recorded in the General Fund on the straight-line basis at a rate, currently 40 years, designed to charge the cost of the buildings over their estimated useful lives.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

Where Street Haven leases the land on which a building is located, the cost of the land lease is capitalized and amortized in the General Fund on a straight-line basis over the term of the land lease.

Air conditioners, security systems and similar items are capitalized and amortized on a straight-line basis over ten years.

Vehicles and computer equipment, as well as appliances and furnishings, are recorded at cost less accumulated amortization. Amortization on these capital assets is recorded in the General Fund on the straight-line basis at a rate, currently five years, designed to charge the cost of these assets over their estimated useful lives.

Mortgages payable

Mortgages payable are carried at amortized cost.

Revenue recognition

Donations are included in revenue in the year in which they are received or receivable if the amount to be received is reasonably determinable and collection is reasonably assured. Government funding and grants for operations are recorded in the year in which expenditures related to a particular program being funded are incurred. Room and board revenue is recognized in the period to which it relates.

Capital funding and donations are recorded as revenue in the Capital Fund when received or receivable if the amount to be received is readily determinable and collection is reasonably assured. Donations to the Founder's Fund are recognized on the same basis.

Donated materials and services

The value of donated materials received is not recorded in the accounts unless their value is readily determinable and unless the items would have been purchased had they not been donated. Volunteers contribute many hours per year to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of estimates are the useful life of capital assets and accrued liabilities.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future period could be significant.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. FINANCIAL INSTRUMENTS

Fair value

Canadian generally accepted accounting principles require that the organization disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instruments.

Investments are carried at market value plus accrued interest, which approximates their fair value.

The carrying amounts for accounts receivable, accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited term of these instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its long-term debt and accounts payable. The organization expects to meet obligations as they come due primarily from cash flow from operations. If that is insufficient, the organization has access to a line of credit (note 5).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to its accounts receivable. The organization's losses due to credit historically have been minimal.

Periodically, the organization assesses the collectibility of its accounts receivable and provides an allowance for doubtful accounts as appropriate. At March 31, 2014, the allowance for doubtful accounts was nil (nil in 2013).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not exposed to interest rate risk on its mortgages payable because they have fixed interest rates.

3. CASH AND INVESTMENTS

Cash and investments are composed of the following:

	<u>2014</u>	<u>2013</u>
Cash on deposit and petty cash	\$ 2,892	\$ 6,378
Cash and short-term investments held at BMO Nesbitt Burns	286,875	219,501
Fixed income and related securities	<u>496,532</u>	<u>483,214</u>
	<u>\$ 786,299</u>	<u>\$ 709,093</u>

The cash reported in the General Fund is composed of the cash on deposit and petty cash, plus the deferred revenue held at year end.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

4. CAPITAL ASSETS

Capital assets are composed of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net</u>	<u>2013 Net</u>
Land	\$ 540,000		\$ 540,000	\$ 540,000
87 Pembroke St. Toronto - House	759,141	\$ 266,195	492,946	265,392
144 Roxborough St. W. Toronto - House	655,566	369,122	286,444	302,833
91 Pembroke St. Toronto - House	411,300	259,686	151,614	130,394
607 St. Clair Ave. W. Toronto - Apartment Building	1,414,160	897,816	516,344	551,698
Prepaid lease costs for land at 607 St. Clair Ave.	250,000	153,750	96,250	102,500
Vehicles and computer equipment	53,725	52,735	990	2,968
Appliances and furnishings	197,289	188,672	8,617	12,184
Air conditioners and security systems	<u>171,085</u>	<u>157,409</u>	<u>13,676</u>	<u>21,747</u>
	<u>\$ 4,452,266</u>	<u>\$ 2,345,385</u>	<u>\$ 2,106,881</u>	<u>\$ 1,929,716</u>

Street Haven leases the land at 607 St. Clair Avenue West upon which it constructed an apartment building. Under the terms of the lease, the land and apartment building will revert to the lessor at the conclusion of the 40 year lease term in 2029.

5. LINE OF CREDIT

The organization has a line of credit available up to a maximum of \$100,000, repayable on demand and interest is payable monthly at the bank prime rate plus 1%. The line of credit is covered by a General Security Agreement, covering all assets, except real property, registered under the Ontario Personal Property Security Act. As at March 31, 2014, the organization had no outstanding balance on this line of credit (nil as at March 31, 2013).

6. DEFERRED REVENUE

Street Haven receives funding for future periods or specific projects. In addition, it holds rent deposits from its tenants. These unspent amounts, which are recorded as deferred revenue on the statement of financial position, are as follows:

	<u>2014</u>	<u>2013</u>
Trillium Foundation	\$ 104,009	
Rent deposits and other	5,944	\$ 6,023
City of Toronto - Housing within Shelters		43,535
Donations		<u>21,000</u>
	<u>\$ 109,953</u>	<u>\$ 70,558</u>

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

7. MORTGAGES PAYABLE

	<u>2014</u>	<u>2013</u>
2.65% CMHC mortgage due February 1, 2015, repayable at the rate of \$6,044 per month including principal and interest. The land and building at 607 St. Clair Avenue West, Toronto, are pledged as collateral.	\$ 673,599	\$ 727,593
3.067% TD Canada Trust mortgage due April 1, 2016, repayable at the rate of \$2,593 per month including principal and interest. The land and building at 91 Pembroke Street, Toronto, are pledged as collateral.	321,279	342,251
2.27% Scotiabank mortgage due July 1, 2017, repayable at the rate of \$2,591 per month including principal and interest. The land and building at 144 Roxborough Street West, Toronto, are pledged as collateral.	<u>235,989</u>	<u>261,440</u>
	1,230,867	1,331,284
less current portion	<u>(721,250)</u>	<u>(100,418)</u>
	<u>\$ 509,617</u>	<u>\$ 1,230,866</u>

The mortgage for the land and building at 607 St. Clair Avenue West, Toronto, will mature on February 1, 2015, and therefore the balance of the mortgage has been classified as current. The expected renewal of this mortgage will be negotiated by the Ministry of Health and Long-term Care.

Principal payments due in the next five fiscal years are as follows:

2015	\$ 721,250
2016	48,915
2017	304,603
2018	<u>156,099</u>
	<u>\$ 1,230,867</u>

8. CAPITAL RESERVE FUND

Under the funding agreement with the Ministry of Health and Long-term Care, Street Haven is required to maintain a capital reserve fund for its portfolio of houses, which consists of the Grant House property at 144 Roxborough Street West, the 607 St. Clair Avenue West apartment building property and the Joubert House property at 91 Pembroke Street. All capital expenditures must be funded from the Capital Fund and not the operating budget. All income earned by the cash and investments of the Capital Fund accrues to the fund.

The Ministry approved partial funding of the capital reserve fund through the capital reserve allowance.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

The continuity of the fund is as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 546,851	\$ 520,497
Add: Capital reserve funding	13,972	13,972
Ontario Ministry of Health capital grants	38,659	9,900
Investment income earned	3,043	16,800
Less: Capitalized expenditures	(31,114)	
Maintenance	(22,276)	(13,016)
Administration fee	<u>(5,339)</u>	<u>(1,302)</u>
Balance, end of year	<u>\$ 543,796</u>	<u>\$ 546,851</u>

These restricted funds are included in the Capital Fund balance.

During 2008, Street Haven received a one-time grant from the Ministry of Health to fund a range of capital projects over the next several years.

9. FOUNDER'S FUND

In 1989, the founder of Street Haven at the Crossroads, Peggy Ann Walpole, received an award of \$100,000 which she donated to Street Haven at the Crossroads as a separate fund, now known as the Founder's Fund. The Founder's Fund operates as a reserve for the organization and requires Board of Director approval to withdraw funds for any purpose.

In 2014, the Board of Directors approved an appropriation of \$195,409 from the Founder's Fund to the General Fund to finance operations.

The Board of Directors established the Peggy Ann Walpole Memorial Education Fund within the Founder's Funds to provide scholarships to current and past clients of Street Haven at the Crossroads. At March 31, 2014, balance of the Peggy Ann Walpole Memorial Education Fund is \$3,025 and resides within the Founder's Fund.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

10. GOVERNMENT FUNDING

Street Haven recognized government funding from the following sources:

	<u>2014</u>	<u>2013</u>
Operating		
Ontario Ministry of Health and Long-term Care:		
Current year funding	\$ 1,112,503	\$ 1,126,915
Prior year adjustment	(22,238)	6,064
City of Toronto:		
Hostel per diem	1,053,308	844,378
Homelessness Partnership Initiative	61,280	61,284
Housing help with shelters	58,046	58,046
Investing in Neighbourhoods	17,817	49,297
Ontario Ministry of Training, Colleges and Universities	100,650	100,000
Ontario Ministry of Community Safety & Correctional Services	98,226	113,596
Toronto Community Housing Corporation	91,780	84,771
Trillium Foundation	45,990	
	<u>2,617,362</u>	<u>2,444,351</u>
Capital		
City of Toronto	246,065	15,494
Ontario Ministry of Health and Long-term Care	52,631	23,872
	<u>298,696</u>	<u>39,366</u>
	<u>\$ 2,916,058</u>	<u>\$ 2,483,717</u>

11. COLLECTIVE BARGAINING AGREEMENT

On July 4, 2005 the Service Employees International Union Local 2 Brewery, General and Professional Workers Union was certified as the bargaining agent of all employees of Street Haven, save and except supervisors, persons above the rank of supervisor, and office and clerical employees.

The current collective agreement will expire on June 30, 2015.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

12. COMMITMENTS

Street Haven has obligations under operating leases for office equipment. The following are the annual lease commitments, including taxes:

	<u>Office equipment</u>
Year ended March 31, 2015	\$ 5,261
2016	5,261
2017	5,261
2018	5,261
2019	<u>4,234</u>
	<u>\$ 25,278</u>