
STREET HAVEN AT THE CROSSROADS

FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Street Haven at the Crossroads as at March 31, 2017, 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 26, 2017
Toronto, Ontario


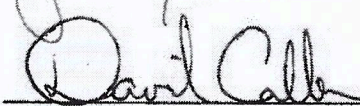
STREET HAVEN AT THE CROSSROADS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	2017			2016	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
ASSETS					
Current assets					
Cash (note 3)	\$ 325,125	\$ 213,280		\$ 538,405	\$ 173,363
Investments (note 4)		539,952	\$ 253,366	793,318	758,959
Accounts receivable	111,723	10,000		121,723	121,191
Government grants and rebates receivable	103,440	8,800		112,240	172,085
Prepaid expenses	10,781			10,781	11,875
	551,069	772,032	253,366	1,576,467	1,237,473
Capital assets (note 5)		2,005,962		2,005,962	2,059,002
	<u>\$ 551,069</u>	<u>\$ 2,777,994</u>	<u>\$ 253,366</u>	<u>\$ 3,582,429</u>	<u>\$ 3,296,475</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 141,312			\$ 141,312	\$ 155,003
Mortgages payable - current (note 8)		\$ 243,162		243,162	113,009
Deferred revenue (note 7)	81,747			81,747	7,019
	223,059	243,162		466,221	275,031
Mortgages payable - long-term (note 8)		661,528		661,528	904,689
	<u>223,059</u>	<u>904,690</u>		<u>1,127,749</u>	<u>1,179,720</u>
Fund balances					
Internally restricted (note 10)			\$ 249,751	249,751	170,800
Externally restricted (notes 9 and 10)		258,510	3,615	262,125	69,000
Capital reserve fund (note 9)		513,522		513,522	517,387
Invested in capital assets		1,101,272		1,101,272	1,041,304
Unrestricted	328,010			328,010	318,264
	<u>328,010</u>	<u>1,873,304</u>	<u>253,366</u>	<u>2,454,680</u>	<u>2,116,755</u>
	<u>\$ 551,069</u>	<u>\$ 2,777,994</u>	<u>\$ 253,366</u>	<u>\$ 3,582,429</u>	<u>\$ 3,296,475</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, 2017

	2017			2016	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 318,264	\$ 1,627,691	\$ 170,800	\$ 2,116,755	\$ 1,937,744
Excess of revenue over expenses for the year	114,315	222,587	1,023	337,925	179,011
Amortization	96,492	(96,492)			
Appropriations (note 10)	(88,053)	6,510	81,543		
Principal repayments	<u>(113,008)</u>	<u>113,008</u>			
Balance, end of year	<u>\$ 328,010</u>	<u>\$ 1,873,304</u>	<u>\$ 253,366</u>	<u>\$ 2,454,680</u>	<u>\$ 2,116,755</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

	2017			2016	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
REVENUE					
Government funding (note 11)	\$ 2,839,983	\$ 22,772		\$ 2,862,755	\$ 2,938,200
Bequests	123,610	206,000		329,610	21,000
Donations and fundraising	228,935		\$ 100	229,035	279,127
Sharelife	110,000			110,000	120,000
Room and board	92,506			92,506	104,077
Interest and other		3,437	923	4,360	28,568
	<u>3,395,034</u>	<u>232,209</u>	<u>1,023</u>	<u>3,628,266</u>	<u>3,490,972</u>
Total revenue					
EXPENSES					
Operating					
Salaries and benefits	2,287,057			2,287,057	2,211,367
Food and medication	147,321			147,321	170,722
Staff education and training	62,868			62,868	31,969
Office and general	53,538			53,538	51,820
Transportation and travel	33,162			33,162	43,430
Professional services	19,171			19,171	54,644
Promotion and publicity	14,959			14,959	32,386
Interest, bank charges and sundry	12,433			12,433	17,952
Resident activity and recreation	6,361			6,361	6,244
Peggy Ann Walpole memorial scholarship					1,000
	<u>2,636,870</u>	<u></u>	<u></u>	<u>2,636,870</u>	<u>2,621,534</u>
Total operating expenses					
Occupancy					
Maintenance	101,831	6,888		108,719	127,825
Utilities	116,060			116,060	97,898
Salaries and benefits	92,010	2,734		94,744	87,945
Lease	90,187			90,187	117,200
Household operating and supplies	70,291			70,291	60,799
Communications	28,056			28,056	27,028
Realty taxes	25,023			25,023	24,157
Mortgage interest	14,623			14,623	19,729
Insurance	9,276			9,276	8,700
Amortization	96,492			96,492	119,146
	<u>643,849</u>	<u>9,622</u>	<u></u>	<u>653,471</u>	<u>690,427</u>
Total occupancy expenses					
Total expenses	<u>3,280,719</u>	<u>9,622</u>	<u></u>	<u>3,290,341</u>	<u>3,311,961</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 114,315</u>	<u>\$ 222,587</u>	<u>\$ 1,023</u>	<u>\$ 337,925</u>	<u>\$ 179,011</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 337,925	\$ 179,011
Non-cash items		
Amortization	96,492	119,146
Net change in non-cash working capital items (below)	<u>121,444</u>	<u>(139,372)</u>
Net cash provided from operations	<u>555,861</u>	<u>158,785</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(43,452)	(76,628)
Increase in investments	<u>(34,359)</u>	<u>(12,212)</u>
Net cash used for investing activities	<u>(77,811)</u>	<u>(88,840)</u>
FINANCING ACTIVITIES		
Mortgage principal repayments	<u>(113,008)</u>	<u>(109,778)</u>
NET CASH ACTIVITY FOR THE YEAR	365,042	(39,833)
Cash, beginning of year	<u>173,363</u>	<u>213,196</u>
CASH , END OF YEAR	<u>\$ 538,405</u>	<u>\$ 173,363</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (532)	\$ (10,254)
Government grants and rebates receivable	59,845	(46,023)
Prepaid expenses	1,094	(4,393)
Accounts payable and accrued liabilities	(13,691)	(78,660)
Deferred revenue	<u>74,728</u>	<u>(42)</u>
	<u>\$ 121,444</u>	<u>\$ (139,372)</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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 Reserve Fund accounts for a contingency reserve for Street Haven (note 10).

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, 2017

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 Reserve 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 periods could be significant.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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 6).

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, 2017, the allowance for doubtful accounts was nil (nil in 2016).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on certain of its investments which bear interest at variable rates.

The organization is not exposed to interest rate risk on its mortgages payable because interest rates are fixed until the dates that the mortgages come due. The organization will be exposed to interest rate risk upon renewal of these mortgages to the extent that rates fluctuate from those currently in place.

3. CASH

Cash is composed of amounts on deposits with a financial institution in Canada.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

4. INVESTMENTS

Investments are held at BMO Nesbitt Burns and are composed of the following:

	<u>2017</u>	<u>2016</u>
Cash and short-term investments	\$ 608,560	\$ 664,056
Fixed income	<u>184,758</u>	<u>94,903</u>
	<u>\$ 793,318</u>	<u>\$ 758,959</u>

5. CAPITAL ASSETS

Capital assets are composed of the following:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2017 Net</u>	<u>2016 Net</u>
Land	\$ 540,000		\$ 540,000	\$ 540,000
87 Pembroke St. Toronto - House	835,871	\$ 327,212	508,659	529,556
144 Roxborough St. W. Toronto - House	684,780	420,115	264,665	281,785
91 Pembroke St. Toronto - House	432,557	291,330	141,227	152,040
607 St. Clair Ave. W. Toronto - Apartment Building	1,414,160	1,003,878	410,282	445,636
Prepaid lease costs for land at 607 St. Clair Ave.	250,000	172,500	77,500	83,750
Vehicles and computer equipment	53,725	53,725	-	-
Appliances and furnishings	228,429	213,792	14,637	8,597
Air conditioners and security systems	<u>235,331</u>	<u>186,339</u>	<u>48,992</u>	<u>17,638</u>
	<u>\$ 4,674,853</u>	<u>\$ 2,668,891</u>	<u>\$ 2,005,962</u>	<u>\$ 2,059,002</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.

6. LINE OF CREDIT

The organization has a line of credit available up to a maximum of \$200,000, repayable on demand and interest is payable monthly at the bank prime rate plus 1.00%. The line of credit is secured by a first collateral charge against 87 Pembroke Street, Toronto, Ontario. As at March 31, 2017, the organization had no outstanding balance on this line of credit (nil as at March 31, 2016).

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

7. 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>2017</u>	<u>2016</u>
Contributions for staff training	\$ 75,656	
Rent deposits	<u>6,091</u>	<u>\$ 7,019</u>
	<u>\$ 81,747</u>	<u>\$ 7,019</u>

8. MORTGAGES PAYABLE

Mortgages payable are composed of the following:

	<u>2017</u>	<u>2016</u>
1.12% CMHC mortgage due February 1, 2020, repayable at the rate of \$5,622 per month including principal and interest. The land and building at 607 St. Clair Avenue West, Toronto, are pledged as collateral.	\$ 495,437	\$ 557,004
1.878% Scotiabank mortgage due April 1, 2021, repayable at the rate of \$2,445 per month including principal and interest. The land and building at 91 Pembroke Street, Toronto, are pledged as collateral.	253,155	277,362
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>156,098</u>	<u>183,332</u>
	904,690	1,017,698
less current portion	<u>(243,162)</u>	<u>(113,009)</u>
Long-term portion	<u>\$ 661,528</u>	<u>\$ 904,689</u>

The mortgage for the land and building at 144 Roxborough Street West, Toronto, will mature on July 1, 2017, and therefore the balance of the mortgage has been classified as current. The renewal of this mortgage has been negotiated by the Ministry of Health and Long-term Care.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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

2018	\$ 243,162
2019	88,231
2020	396,011
2021	26,250
2022	<u>151,036</u>
	<u>\$ 904,690</u>

9. 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.

The continuity of the fund is as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 517,387	\$ 539,810
Add: Capital reserve funding	22,772	13,972
Investment income earned	3,437	12,142
Less: Capitalized expenditures	(20,452)	(29,307)
Maintenance	(6,888)	(14,818)
Administration fee	<u>(2,734)</u>	<u>(4,412)</u>
Balance, end of year	<u>\$ 513,522</u>	<u>\$ 517,387</u>

These restricted funds are included in the Capital Fund balance.

The remaining externally restricted funds in the Capital Fund balance represent contributions towards specific capital projects at 87 Pembroke Street.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

10. RESERVE 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 Reserve Fund. This fund operates as a reserve for the organization and requires Board of Director approval to withdraw funds for any purpose. In 2017, the Board of Directors approved an appropriation of \$81,543 to this fund.

The Peggy Ann Walpole Memorial Education Fund was created within the Reserve Fund to provide scholarships to current and past clients of Street Haven at the Crossroads, and has been funded primarily through donations. At March 31, 2017, the balance of the Peggy Ann Walpole Memorial Education Fund is \$3,615 and resides within the Reserve Fund.

11. GOVERNMENT FUNDING

Street Haven recognized government funding from the following sources:

	<u>2017</u>	<u>2016</u>
Operating:		
Ontario Ministry of Health and Long-term Care:		
Current year funding	\$ 1,115,812	\$ 1,113,195
Prior year adjustment		1,873
City of Toronto:		
Hostel per diem	1,173,829	1,180,708
Homelessness Partnership Initiative	113,022	113,022
Housing help with shelters	127,032	127,035
Investing in Neighbourhoods	24,756	17,017
Shelter provider training reimbursement	18,653	
Ontario Ministry of Community Safety & Correctional Services	100,773	122,692
Ontario Ministry of Training, Colleges and Universities	99,800	102,000
Toronto Community Housing Corporation	66,306	87,015
Trillium Foundation		<u>5,000</u>
	<u>2,839,983</u>	<u>2,869,557</u>
Capital:		
Ontario Ministry of Health and Long-term Care	22,772	13,972
City of Toronto		<u>54,671</u>
	<u>22,772</u>	<u>68,643</u>
	<u>\$ 2,862,755</u>	<u>\$ 2,938,200</u>

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

12. 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 expires on December 31, 2018.

13. COMPARATIVE FIGURES

Certain of the organization's comparative figures have been restated to conform to the method of presentation adopted in 2017.