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**STREET HAVEN AT THE CROSSROADS**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

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**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, 2015, 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, 2015, 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

August 24, 2015  
Toronto, Ontario

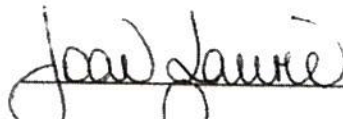
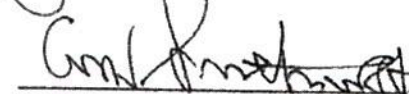
**STREET HAVEN AT THE CROSSROADS**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2015**

	2015			2014	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets					
Cash and investments (note 3)	\$ 226,052	\$ 565,983	\$ 167,908	\$ 959,943	\$ 786,299
Accounts receivable	110,937			110,937	113,628
Government grants and rebates receivable	102,762	23,300		126,062	132,085
Prepaid expenses	7,482			7,482	11,720
	447,233	589,283	167,908	1,204,424	1,043,732
Capital assets (note 4)		2,101,520		2,101,520	2,106,881
	<u>\$ 447,233</u>	<u>\$ 2,690,803</u>	<u>\$ 167,908</u>	<u>\$ 3,305,944</u>	<u>\$ 3,150,613</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 185,811	\$ 47,852		\$ 233,663	\$ 136,192
Mortgages payable - current (note 7)		109,771		109,771	721,250
Deferred revenue (note 6)	7,061			7,061	109,953
	192,872	157,623		350,495	967,395
Mortgages payable - long-term (note 7)		1,017,705		1,017,705	509,617
	<u>192,872</u>	<u>1,175,328</u>		<u>1,368,200</u>	<u>1,477,012</u>
Fund balances					
Restricted		1,621	\$ 167,908	169,529	91,709
Capital reserve fund (note 8)		539,810		539,810	543,796
Invested in capital assets		974,044		974,044	876,016
Unrestricted	254,361			254,361	162,080
	<u>254,361</u>	<u>1,515,475</u>	<u>167,908</u>	<u>1,937,744</u>	<u>1,673,601</u>
	<u>\$ 447,233</u>	<u>\$ 2,690,803</u>	<u>\$ 167,908</u>	<u>\$ 3,305,944</u>	<u>\$ 3,150,613</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, 2015

	2015			2014	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 162,080	\$ 1,419,812	\$ 91,709	\$ 1,673,601	\$ 1,372,959
Excess of revenue over expenses for the year	186,765	73,992	3,386	264,143	300,642
Amortization	107,868	(107,868)			
Appropriation (note 9)	(98,961)	26,148	72,813		
Principal repayments	<u>(103,391)</u>	<u>103,391</u>			
Balance, end of year	<u>\$ 254,361</u>	<u>\$ 1,515,475</u>	<u>\$ 167,908</u>	<u>\$ 1,937,744</u>	<u>\$ 1,673,601</u>

see accompanying notes

# STREET HAVEN AT THE CROSSROADS

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	2015			2014	
	General	Capital	Reserve	Total	Total
<b>REVENUE</b>					
Government funding (note 11)	\$ 2,869,670	\$ 53,894		\$ 2,923,564	\$ 2,916,058
Donations and fundraising	345,658	7,000		352,658	326,685
Sharelife	110,000			110,000	110,000
Room and board	100,055			100,055	100,181
Bequests	46,813			46,813	5,000
Interest and other					
	<u>          </u>	<u>20,112</u>	<u>\$ 3,386</u>	<u>23,498</u>	<u>3,834</u>
Total revenue	<u>3,472,196</u>	<u>81,006</u>	<u>3,386</u>	<u>3,556,588</u>	<u>3,461,758</u>
<b>EXPENSES</b>					
<b>Operating</b>					
Salaries and benefits	2,175,471			2,175,471	2,119,245
Food and medication	157,544			157,544	137,958
Office and general	50,330			50,330	47,932
Promotion and publicity	46,815			46,815	51,114
Professional services	39,904			39,904	53,786
Transportation and travel	39,387			39,387	38,122
Staff education and training	33,710			33,710	34,796
Interest, bank charges and sundry	20,365			20,365	9,256
Resident activity and recreation	7,145			7,145	8,406
	<u>          </u>	<u>          </u>	<u>          </u>	<u>7,145</u>	<u>8,406</u>
Total operating expenses	<u>2,570,671</u>	<u>          </u>	<u>          </u>	<u>2,570,671</u>	<u>2,500,615</u>
<b>Occupancy</b>					
Maintenance	195,655	2,480		198,135	152,475
Lease	115,429			115,429	114,832
Utilities	90,081			90,081	88,333
Salaries and benefits	60,651	4,534		65,185	54,767
Household operating and supplies	56,825			56,825	51,399
Mortgage interest	29,891			29,891	34,082
Communications	25,620			25,620	24,459
Realty taxes	22,773			22,773	21,784
Insurance	9,967			9,967	11,358
Amortization	107,868			107,868	107,012
	<u>          </u>	<u>          </u>	<u>          </u>	<u>107,868</u>	<u>107,012</u>
Total occupancy expenses	<u>714,760</u>	<u>7,014</u>	<u>          </u>	<u>721,774</u>	<u>660,501</u>
Total expenses	<u>3,285,431</u>	<u>7,014</u>	<u>          </u>	<u>3,292,445</u>	<u>3,161,116</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 186,765</u>	<u>\$ 73,992</u>	<u>\$ 3,386</u>	<u>\$ 264,143</u>	<u>\$ 300,642</u>

see accompanying notes

# STREET HAVEN AT THE CROSSROADS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 264,143	\$ 300,642
Non-cash items		
Amortization	107,868	107,012
Net change in non-cash working capital items (below)	<u>7,531</u>	<u>54,146</u>
Net cash provided from operations	379,542	461,800
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(102,507)	(284,177)
<b>FINANCING ACTIVITIES</b>		
Mortgage principal repayments	<u>(103,391)</u>	<u>(100,417)</u>
<b>NET CASH ACTIVITY FOR THE YEAR</b>	173,644	77,206
Cash and investments, beginning of year	<u>786,299</u>	<u>709,093</u>
<b>CASH AND INVESTMENTS, END OF YEAR (note 3)</b>	<u>\$ 959,943</u>	<u>\$ 786,299</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 2,691	\$ (2,256)
Government grants and rebates receivable	6,023	5,335
Prepaid expenses	4,238	28,872
Accounts payable and accrued liabilities	97,471	(17,200)
Deferred revenue	<u>(102,892)</u>	<u>39,395</u>
	<u>\$ 7,531</u>	<u>\$ 54,146</u>

see accompanying notes

# STREET HAVEN AT THE CROSSROADS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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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 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, 2015

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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 period could be significant.



# STREET HAVEN AT THE CROSSROADS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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### 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, 2015, the allowance for doubtful accounts was nil (nil in 2014).

#### 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>2015</u>	<u>2014</u>
Cash on deposit and petty cash	\$ 213,196	\$ 2,892
Cash and short-term investments held at BMO Nesbitt Burns	433,947	286,875
Fixed income and related securities	<u>312,800</u>	<u>496,532</u>
	<u>\$ 959,943</u>	<u>\$ 786,299</u>

# STREET HAVEN AT THE CROSSROADS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

### 4. CAPITAL ASSETS

Capital assets are composed of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net</u>	<u>2014 Net</u>
Land	\$ 540,000		\$ 540,000	\$ 540,000
87 Pembroke St. Toronto - House	807,292	\$ 285,775	521,517	492,946
144 Roxborough St. W. Toronto - House	684,780	385,876	298,904	286,444
91 Pembroke St. Toronto - House	411,300	269,968	141,332	151,615
607 St. Clair Ave. W. Toronto - Apartment Building	1,414,160	933,170	480,990	516,344
Prepaid lease costs for land at 607 St. Clair Ave.	250,000	160,000	90,000	96,250
Vehicles and computer equipment	53,725	53,725	NIL	989
Appliances and furnishings	200,018	197,562	2,456	8,618
Air conditioners and security systems	<u>193,497</u>	<u>167,176</u>	<u>26,321</u>	<u>13,675</u>
	<u>\$ 4,554,772</u>	<u>\$ 2,453,252</u>	<u>\$ 2,101,520</u>	<u>\$ 2,106,881</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 \$200,000, repayable on demand and interest is payable monthly at the bank prime rate plus 1.20%. The line of credit is secured by a first collateral charge against 87 Pembroke Street, Toronto, Ontario. As at March 31, 2015, the organization had no outstanding balance on this line of credit (nil as at March 31, 2014).

### 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>2015</u>	<u>2014</u>
Rent deposits and other	\$ 7,061	\$ 5,944
Trillium Foundation		<u>104,009</u>
	<u>\$ 7,061</u>	<u>\$ 109,953</u>

# STREET HAVEN AT THE CROSSROADS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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### 7. MORTGAGES PAYABLE

	<u>2015</u>	<u>2014</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.	\$ 617,861	\$ 673,599
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.	299,658	321,279
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>209,957</u>	<u>235,989</u>
	1,127,476	1,230,867
less current portion	<u>(109,771)</u>	<u>(721,250)</u>
	<u>\$ 1,017,705</u>	<u>\$ 509,617</u>

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

2016	\$ 109,771
2017	366,170
2018	218,344
2019	62,945
2020	<u>370,246</u>
	<u>\$ 1,127,476</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, 2015

The continuity of the fund is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 543,796	\$ 546,851
Add: Capital reserve funding	13,972	13,972
Ontario Ministry of Health capital grants	11,800	38,659
Investment income earned	20,112	3,043
Less: Capitalized expenditures	(42,856)	(31,114)
Maintenance	(2,480)	(22,276)
Administration fee	<u>(4,534)</u>	<u>(5,339)</u>
Balance, end of year	<u>\$ 539,810</u>	<u>\$ 543,796</u>

These restricted funds are included in the Capital Fund balance.

### 9. 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 2015, the Board of Directors approved an appropriation of \$72,813 to the Reserve Fund. In 2014, the Board of Directors approved an appropriation of \$195,409 from the Reserve Fund to the General Fund to finance operations.

The Board of Directors established the Peggy Ann Walpole Memorial Education Fund within the Reserve Fund to provide scholarships to current and past clients of Street Haven at the Crossroads. At March 31, 2015, the balance of the Peggy Ann Walpole Memorial Education Fund is \$3,948 and resides within the Reserve Fund.

### 10. 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 expired on June 30, 2015.

# STREET HAVEN AT THE CROSSROADS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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### 11. GOVERNMENT FUNDING

Street Haven recognized government funding from the following sources:

	<u>2015</u>	<u>2014</u>
Operating		
Ontario Ministry of Health and Long-term Care:		
Current year funding	\$ 1,107,301	\$ 1,112,503
Prior year adjustment	(4,634)	(22,238)
City of Toronto:		
Hostel per diem	1,138,303	1,053,308
Homelessness Partnership Initiative	87,153	61,280
Housing help with shelters	92,541	58,046
Investing in Neighbourhoods	27,635	17,817
Ontario Ministry of Training, Colleges and Universities	100,000	100,650
Ontario Ministry of Community Safety & Correctional Services	126,700	98,226
Toronto Community Housing Corporation	90,663	91,780
Trillium Foundation	<u>104,008</u>	<u>45,990</u>
	<u>2,869,670</u>	<u>2,617,362</u>
Capital		
City of Toronto	26,500	246,065
Ontario Ministry of Health and Long-term Care	25,773	52,631
Social Housing Renovation and Retrofit Program	<u>1,621</u>	<u>          </u>
	<u>53,894</u>	<u>298,696</u>
	<u>\$ 2,923,564</u>	<u>\$ 2,916,058</u>

### 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, 2016	\$ 5,261
2017	5,261
2018	5,261
2019	<u>4,234</u>
	<u>\$ 20,017</u>

### 13. COMPARATIVE FIGURES

Certain of the organization's comparative figures have been restated to conform to the method of presentation adopted in 2015.