
STREET HAVEN AT THE CROSSROADS

FINANCIAL STATEMENTS

MARCH 31, 2013 AND MARCH 31, 2012

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, 2013 and March 31, 2012 and the statements of changes in fund balances, operations and cash flows for the years 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits 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 (deficiency) of revenue over expenses for the year, assets and fund balances.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of Street Haven at the Crossroads as at March 31, 2013 and March 31, 2012, 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 25, 2013
Toronto, Ontario

STREET HAVEN AT THE CROSSROADS


STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013 AND MARCH 31, 2012

	2013			2012	
	<u>General</u>	<u>Capital</u>	<u>Founder's</u>	<u>Total</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and investments		\$ 584,826	\$ 124,267	\$ 709,093	\$ 795,511
Accounts receivable	\$ 111,372			111,372	115,175
Government grants and rebates receivable	137,420			137,420	116,121
Prepaid expenses	40,592			40,592	11,860
Interfund (payable)/receivable (note 9)	<u>(161,960)</u>		<u>161,960</u>		
	127,424	584,826	286,227	998,477	1,038,667
Capital assets (note 4)		<u>1,929,716</u>		<u>1,929,716</u>	<u>1,990,121</u>
	<u>\$ 127,424</u>	<u>\$ 2,514,542</u>	<u>\$ 286,227</u>	<u>\$ 2,928,193</u>	<u>\$ 3,028,788</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 115,417	\$ 37,975		\$ 153,392	\$ 149,464
Mortgages payable - current (note 7)		100,418		100,418	358,157
Deferred revenue (note 6)	<u>70,558</u>			<u>70,558</u>	<u>49,911</u>
	185,975	138,393		324,368	557,532
Mortgages payable - long-term (note 7)		<u>1,230,866</u>		<u>1,230,866</u>	<u>1,069,842</u>
	<u>185,975</u>	<u>1,369,259</u>		<u>1,555,234</u>	<u>1,627,374</u>
Fund balances					
Restricted			\$ 286,227	286,227	310,561
Capital reserve fund (note 8)		546,851		546,851	520,497
Invested in capital assets		598,432		598,432	562,122
Unrestricted	<u>(58,551)</u>			<u>(58,551)</u>	<u>8,234</u>
	<u>(58,551)</u>	<u>1,145,283</u>	<u>286,227</u>	<u>1,372,959</u>	<u>1,401,414</u>
	<u>\$ 127,424</u>	<u>\$ 2,514,542</u>	<u>\$ 286,227</u>	<u>\$ 2,928,193</u>	<u>\$ 3,028,788</u>

Approved by:

 Chairperson

 Treasurer

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	2013			2012	
	<u>General</u>	<u>Capital</u>	<u>Founder's</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 8,234	\$ 1,109,203	\$ 283,977	\$ 1,401,414	\$ 1,375,335
Excess (deficiency) of revenue over expenses for the year	(61,906)	31,201	2,250	(28,455)	26,079
Amortization	122,973	(122,973)			
Inter-fund allocation	(31,137)	31,137			
Principal repayments	<u>(96,715)</u>	<u>96,715</u>			
Balance, end of year	<u>\$ (58,551)</u>	<u>\$ 1,145,283</u>	<u>\$ 286,227</u>	<u>\$ 1,372,959</u>	<u>\$ 1,401,414</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED MARCH 31, 2013 AND MARCH 31 2012

	2013			2012	
	General	Capital	Founder's	Total	Total
REVENUE					
Government funding (note 10)	\$ 2,444,351	\$ 39,366		\$ 2,483,717	\$ 2,402,622
Donations and fundraising	182,981	7,000	\$ 100	190,081	265,168
Sharelife	110,000			110,000	100,000
Room and board	101,952			101,952	79,154
Bequests	30,000			30,000	16,968
Interest and other	4,500	16,800	7,150	28,450	14,884
Total revenue	<u>2,873,784</u>	<u>63,166</u>	<u>7,250</u>	<u>2,944,200</u>	<u>2,878,796</u>
EXPENSES					
Operating					
Salaries and benefits	2,015,814			2,015,814	1,865,065
Food and medication	111,848			111,848	102,975
Promotion and publicity	75,717			75,717	59,982
Office and general	45,968			45,968	48,178
Professional services	40,829			40,829	63,279
Staff education and training	32,350			32,350	14,745
Resident activity and recreation	31,458			31,458	41,923
Transportation and travel	27,647			27,647	23,555
Interest, bank charges and sundry	11,408			11,408	29,587
Peggy Ann Walpole memorial scholarship			5,000	5,000	4,500
Total operating expenses	<u>2,393,039</u>		<u>5,000</u>	<u>2,398,039</u>	<u>2,253,789</u>
Occupancy					
Maintenance	72,289	30,663		102,952	132,034
Lease	112,984			112,984	109,798
Utilities	66,169			66,169	63,561
Household operating and supplies	45,446			45,446	25,051
Mortgage interest	38,600			38,600	47,349
Salaries and benefits	34,042	1,302		35,344	52,453
Communications	20,414			20,414	11,930
Realty taxes	19,860			19,860	21,470
Insurance	9,874			9,874	10,798
Amortization	122,973			122,973	124,484
Total occupancy expenses	<u>542,651</u>	<u>31,965</u>		<u>574,616</u>	<u>598,928</u>
Total expenses	<u>2,935,690</u>	<u>31,965</u>	<u>5,000</u>	<u>2,972,655</u>	<u>2,852,717</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (61,906)</u>	<u>\$ 31,201</u>	<u>\$ 2,250</u>	<u>\$ (28,455)</u>	<u>\$ 26,079</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	2013	2012
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (28,455)	\$ 26,079
Non-cash items		
Amortization	122,973	124,484
Net change in non-cash working capital items (below)	<u>(21,653)</u>	<u>(10,273)</u>
Net cash provided from operations	72,865	140,290
INVESTING ACTIVITIES		
Purchase of capital assets	(62,568)	(63,744)
FINANCING ACTIVITIES		
Mortgage principal repayments	<u>(96,715)</u>	<u>(91,325)</u>
NET CASH USED DURING THE YEAR	(86,418)	(14,779)
Cash and investments, beginning of year	<u>795,511</u>	<u>810,290</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 709,093</u>	<u>\$ 795,511</u>
Represented by:		
Cash	\$ 6,378	\$ 116,746
Investments	<u>702,715</u>	<u>678,765</u>
	<u>\$ 709,093</u>	<u>\$ 795,511</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 3,803	\$ (13,191)
Government grants and rebates receivable	(21,299)	65,884
Prepaid expenses	(28,732)	3,951
Accounts payable and accrued liabilities	3,928	(110,644)
Deferred revenue	<u>20,647</u>	<u>43,727</u>
	<u>\$ (21,653)</u>	<u>\$ (10,273)</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

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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 Founder's Fund (formerly known as the Levesque 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, as well as deposits for a future fundraising event.

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

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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 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, 2013 AND MARCH 31, 2012

2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2012, Street Haven elected to adopt the Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with this new framework which have been applied retrospectively.

Management reviewed the exemptions provided on transition to the Canadian accounting standards for not-for-profit organizations and has elected to designate all investments to be subsequently measured at fair value, which is consistent with the accounting policy in place at the time of the transition. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of Street Haven, and accordingly, there has been no restatement of previously reported amounts as at the date of the transition, being April 1, 2011. The presentation and disclosures in the financial statements reflect the requirements under the new accounting framework.

3. 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, 2013, the allowance for doubtful accounts was nil (nil in 2012).

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.

STREET HAVEN AT THE CROSSROADS

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4. CAPITAL ASSETS

Capital assets are composed of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2013 Net</u>	<u>2012 Net</u>
Land	\$ 540,000		\$ 540,000	\$ 540,000
87 Pembroke St. Toronto - House	515,652	\$ 250,260	265,392	235,276
144 Roxborough St. W. Toronto - House	655,566	352,733	302,833	319,223
91 Pembroke St. Toronto - House	380,186	249,792	130,394	139,899
607 St. Clair Ave. W. Toronto - Apartment Building	1,414,160	862,462	551,698	587,052
Prepaid lease costs for land at 607 St. Clair Ave.	250,000	147,500	102,500	108,750
Vehicles and computer equipment	53,725	50,757	2,968	4,945
Appliances and furnishings	187,714	175,530	12,184	25,158
Air conditioners and security systems	<u>171,085</u>	<u>149,338</u>	<u>21,747</u>	<u>29,818</u>
	<u>\$ 4,168,088</u>	<u>\$ 2,238,372</u>	<u>\$ 1,929,716</u>	<u>\$ 1,990,121</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, 2013, the organization had no outstanding balance on this line of credit (nil as at March 31, 2012).

6. DEFERRED REVENUE

The organization holds rent deposits from its tenants. In addition, it may receive funding for a future period or project. These amounts, which are recorded as deferred revenue on the statement of financial position, are as follows:

	<u>2013</u>	<u>2012</u>
City of Toronto - Housing within Shelters	\$ 43,535	\$ 43,535
Donations	21,000	
Rent deposits and other	<u>6,023</u>	<u>6,376</u>
	<u>\$ 70,558</u>	<u>\$ 49,911</u>

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7. MORTGAGES PAYABLE

	<u>2013</u>	<u>2012</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.	\$ 727,593	\$ 780,230
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.	342,251	362,593
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>261,440</u>	<u>285,176</u>
	1,331,284	1,427,999
less current portion	<u>(100,418)</u>	<u>(358,157)</u>
	<u>\$ 1,230,866</u>	<u>\$ 1,069,842</u>

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

2014	\$ 100,418
2015	721,250
2016	48,915
2017	304,603
2018	<u>156,098</u>
	<u>\$ 1,331,284</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.

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The continuity of the fund is as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 520,497	\$ 499,923
Add: Capital reserve funding	13,972	13,972
Ontario Ministry of Health capital grants	9,900	10,500
Investment income earned	16,800	5,023
Less: Capitalized expenditures		(8,921)
Administration fee	(1,302)	
Maintenance	<u>(13,016)</u>	<u> </u>
Balance, end of year	<u>\$ 546,851</u>	<u>\$ 520,497</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 (formerly the Levesque Fund)

During 1989, the Founder of Street Haven, Ms. Peggy Ann Walpole, received a \$100,000 award of merit from the Levesque Foundation. These funds were donated to Street Haven on the condition that they be used for future program and facilities maintenance and development projects to be designated by the Executive Director with Board approval. Pursuant to a resolution of the Board of Directors, these funds, as well as accumulated interest earned thereon, have been segregated in the Founder's Fund as a reserve whose expenditure is to be designated by the Executive Director, either to sustain operations should Street Haven not achieve required funding levels in future years, or for a future special project. To date, Street Haven has been unable to secure funding to cover all of the annual operating expenses of its programs on an ongoing basis and the Executive Director has therefore decided to maintain this reserve until such time as complete funding is attained.

Within the fund, the Board of Directors established the Peggy Ann Walpole Memorial Education Fund to provide scholarships to current and past clients of Street Haven. The Board approved an initial allocation of funds within the Founder's Fund to finance the first scholarship. The Board has also undertaken specific fundraising to support the scholarship program. In 2013, the Board approved a transfer of \$5,000 from the Founder's Fund to the Education Fund to support future scholarships. As at March 31, 2013, the balance in the Peggy Ann Walpole Memorial Education Fund was \$2,886 (\$2,126 in 2012) and is included in the Founder's Fund.

The Board of Directors has approved loans from the Founder's Fund to the General Fund to finance operations. The current balance is shown as a receivable in the Founder's Fund and as a payable in the General Fund.

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10. GOVERNMENT FUNDING

Street Haven recognized government funding from the following sources:

	<u>2013</u>	<u>2012</u>
Operating		
Ontario Ministry of Health and Long-term Care:		
Current year funding	\$ 1,126,915	\$ 1,119,872
Prior year adjustment	6,064	
City of Toronto:		
Hostel per diem and personal needs allowances	844,378	810,182
Homelessness Partnership Initiative	61,284	61,283
Housing help with shelters	58,046	58,046
Investing in Neighbourhoods	49,297	4,343
Ontario Ministry of Training, Colleges and Universities	100,000	112,456
Toronto Community Housing Corporation	84,771	85,282
Ontario Ministry of Community Safety & Correctional Services	<u>113,596</u>	<u>76,853</u>
	<u>2,444,351</u>	<u>2,328,317</u>
Capital		
Ontario Ministry of Health and Long-term Care	23,872	24,472
City of Toronto	15,494	
Social Housing Renovation and Retrofit Program	<u> </u>	<u>49,833</u>
	<u>39,366</u>	<u>74,305</u>
	<u>\$ 2,483,717</u>	<u>\$ 2,402,622</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, 2013.