
STREET HAVEN AT THE CROSSROADS

FINANCIAL STATEMENTS

MARCH 31, 2016

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, 2016, 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, 2016, 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 13, 2016
Toronto, Ontario

STREET HAVEN AT THE CROSSROADS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	2016			2015	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and investments (note 3)	\$ 224,806	\$ 536,716	\$ 170,800	\$ 932,322	\$ 959,943
Accounts receivable	111,191	10,000		121,191	110,937
Government grants and rebates receivable	132,414	39,671		172,085	126,062
Prepaid expenses	<u>11,875</u>			<u>11,875</u>	<u>7,482</u>
	480,286	586,387	170,800	1,237,473	1,204,424
Capital assets (note 4)		<u>2,059,002</u>		<u>2,059,002</u>	<u>2,101,520</u>
	<u>\$ 480,286</u>	<u>\$ 2,645,389</u>	<u>\$ 170,800</u>	<u>\$ 3,296,475</u>	<u>\$ 3,305,944</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 155,003			\$ 155,003	\$ 233,663
Mortgages payable - current (note 6)		\$ 113,009		113,009	109,771
Rent deposits	<u>7,019</u>			<u>7,019</u>	<u>7,061</u>
	162,022	113,009		275,031	350,495
Mortgages payable - long-term (note 6)		<u>904,689</u>		<u>904,689</u>	<u>1,017,705</u>
	<u>162,022</u>	<u>1,017,698</u>		<u>1,179,720</u>	<u>1,368,200</u>
Fund balances					
Restricted		69,000	\$ 170,800	239,800	169,529
Capital reserve fund (note 7)		517,387		517,387	539,810
Invested in capital assets		1,041,304		1,041,304	974,044
Unrestricted	<u>318,264</u>			<u>318,264</u>	<u>254,361</u>
	<u>318,264</u>	<u>1,627,691</u>	<u>170,800</u>	<u>2,116,755</u>	<u>1,937,744</u>
	<u>\$ 480,286</u>	<u>\$ 2,645,389</u>	<u>\$ 170,800</u>	<u>\$ 3,296,475</u>	<u>\$ 3,305,944</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, 2016

	2016			2015	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 254,361	\$ 1,515,475	\$ 167,908	\$ 1,937,744	\$ 1,673,601
Excess of revenue over expenses for the year	60,564	115,555	2,892	179,011	264,143
Amortization	119,146	(119,146)			
Appropriation	(6,029)	6,029			
Principal repayments	<u>(109,778)</u>	<u>109,778</u>			
Balance, end of year	<u>\$ 318,264</u>	<u>\$ 1,627,691</u>	<u>\$ 170,800</u>	<u>\$ 2,116,755</u>	<u>\$ 1,937,744</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

	2016			2015	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
REVENUE					
Government funding (note 10)	\$ 2,869,557	\$ 68,643		\$ 2,938,200	\$ 2,923,564
Donations and fundraising	235,127	44,000		279,127	352,658
Sharelife	110,000	10,000		120,000	110,000
Room and board	104,077			104,077	100,055
Interest and other	12,534	12,142	\$ 3,892	28,568	23,498
Bequests	<u>21,000</u>			<u>21,000</u>	<u>46,813</u>
Total revenue	<u>3,352,295</u>	<u>134,785</u>	<u>3,892</u>	<u>3,490,972</u>	<u>3,556,588</u>
EXPENSES					
Operating					
Salaries and benefits	2,211,367			2,211,367	2,175,471
Food and medication	170,722			170,722	157,544
Professional services	54,644			54,644	39,904
Office and general	51,820			51,820	50,330
Transportation and travel	43,430			43,430	39,387
Promotion and publicity	32,386			32,386	46,815
Staff education and training	31,969			31,969	33,710
Interest, bank charges and sundry	17,952			17,952	20,365
Resident activity and recreation	6,244			6,244	7,145
Peggy Ann Walpole memorial scholarship			1,000	1,000	
Total operating expenses	<u>2,620,534</u>		<u>1,000</u>	<u>2,621,534</u>	<u>2,570,671</u>
Occupancy					
Maintenance	113,007	14,818		127,825	198,135
Lease	117,200			117,200	115,429
Utilities	97,898			97,898	90,081
Salaries and benefits	83,533	4,412		87,945	65,185
Household operating and supplies	60,799			60,799	56,825
Communications	27,028			27,028	25,620
Realty taxes	24,157			24,157	22,773
Mortgage interest	19,729			19,729	29,891
Insurance	8,700			8,700	9,967
Amortization	<u>119,146</u>			<u>119,146</u>	<u>107,868</u>
Total occupancy expenses	<u>671,197</u>	<u>19,230</u>		<u>690,427</u>	<u>721,774</u>
Total expenses	<u>3,291,731</u>	<u>19,230</u>	<u>1,000</u>	<u>3,311,961</u>	<u>3,292,445</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 60,564</u>	<u>\$ 115,555</u>	<u>\$ 2,892</u>	<u>\$ 179,011</u>	<u>\$ 264,143</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 179,011	\$ 264,143
Non-cash items		
Amortization	119,146	107,868
Net change in non-cash working capital items (below)	<u>(139,372)</u>	<u>7,531</u>
Net cash provided from operations	158,785	379,542
INVESTING ACTIVITIES		
Purchase of capital assets	(76,628)	(102,507)
FINANCING ACTIVITIES		
Mortgage principal repayments	<u>(109,778)</u>	<u>(103,391)</u>
NET CASH ACTIVITY FOR THE YEAR	(27,621)	173,644
Cash and investments, beginning of year	<u>959,943</u>	<u>786,299</u>
CASH AND INVESTMENTS, END OF YEAR (note 3)	<u>\$ 932,322</u>	<u>\$ 959,943</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (10,254)	\$ 2,691
Government grants and rebates receivable	(46,023)	6,023
Prepaid expenses	(4,393)	4,238
Accounts payable and accrued liabilities	(78,660)	97,471
Rent deposits	<u>(42)</u>	<u>(102,892)</u>
	<u>\$ (139,372)</u>	<u>\$ 7,531</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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 8).

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

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MARCH 31, 2016

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, 2016

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, 2016, the allowance for doubtful accounts was nil (nil in 2015).

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>2016</u>	<u>2015</u>
Cash on deposit and petty cash	\$ 173,363	\$ 213,196
Cash and short-term investments held at BMO Nesbitt Burns	664,056	433,947
Fixed income and related securities	<u>94,903</u>	<u>312,800</u>
	<u>\$ 932,322</u>	<u>\$ 959,943</u>

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

4. CAPITAL ASSETS

Capital assets are composed of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net</u>	<u>2015 Net</u>
Land	\$ 540,000		\$ 540,000	\$ 540,000
87 Pembroke St. Toronto - House	835,871	\$ 306,315	529,556	521,517
144 Roxborough St. W. Toronto - House	684,780	402,996	281,784	298,904
91 Pembroke St. Toronto - House	432,557	280,516	152,041	141,332
607 St. Clair Ave. W. Toronto - Apartment Building	1,414,160	968,524	445,636	480,990
Prepaid lease costs for land at 607 St. Clair Ave.	250,000	166,250	83,750	90,000
Vehicles and computer equipment	53,725	53,725	-	-
Appliances and furnishings	219,449	210,851	8,598	2,456
Air conditioners and security systems	<u>200,859</u>	<u>183,222</u>	<u>17,637</u>	<u>26,321</u>
	<u>\$ 4,631,401</u>	<u>\$ 2,572,399</u>	<u>\$ 2,059,002</u>	<u>\$ 2,101,520</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 1.00%. The line of credit is secured by a first collateral charge against 87 Pembroke Street, Toronto, Ontario. As at March 31, 2016, the organization had no outstanding balance on this line of credit (nil as at March 31, 2015).

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

6. MORTGAGES PAYABLE

	<u>2016</u>	<u>2015</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.	\$ 557,004	\$ 617,861
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.	277,362	299,658
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>183,332</u>	<u>209,957</u>
	1,017,698	1,127,476
less current portion	<u>(113,009)</u>	<u>(109,771)</u>
Long-term portion	<u>\$ 904,689</u>	<u>\$ 1,017,705</u>

The mortgage for the land and building at 91 Pembroke Street, Toronto, matured on April 1, 2016 and was renewed at Scotiabank for five years at 1.878%, repayable at a rate of \$2,445 per month including principal and interest. The principal payments, below, reflect the renewed mortgage.

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

2017	\$ 113,009
2018	243,162
2019	88,231
2020	396,011
2021 and thereafter	<u>177,285</u>
	<u>\$ 1,017,698</u>

7. 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, 2016

The continuity of the fund is as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 539,810	\$ 543,796
Add: Capital reserve funding	13,972	13,972
Ontario Ministry of Health capital grants		11,800
Investment income earned	12,142	20,112
Less: Capitalized expenditures	(29,307)	(42,856)
Maintenance	(14,818)	(2,480)
Administration fee	<u>(4,412)</u>	<u>(4,534)</u>
Balance, end of year	<u>\$ 517,387</u>	<u>\$ 539,810</u>

These restricted funds are included in the Capital Fund balance.

8. 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.

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, 2016, the balance of the Peggy Ann Walpole Memorial Education Fund is \$3,379 and resides within the Reserve Fund.

9. 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.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

10. GOVERNMENT FUNDING

Street Haven recognized government funding from the following sources:

	<u>2016</u>	<u>2015</u>
Operating		
Ontario Ministry of Health and Long-term Care:		
Current year funding	\$ 1,113,195	\$ 1,107,301
Prior year adjustment	1,873	(4,634)
City of Toronto:		
Hostel per diem	1,180,708	1,138,303
Homelessness Partnership Initiative	113,022	87,153
Housing help with shelters	127,035	92,541
Investing in Neighbourhoods	17,017	27,635
Ontario Ministry of Community Safety & Correctional Services	122,692	126,700
Ontario Ministry of Training, Colleges and Universities	102,000	100,000
Toronto Community Housing Corporation	87,015	90,663
Trillium Foundation	<u>5,000</u>	<u>104,008</u>
	<u>2,869,557</u>	<u>2,869,670</u>
Capital		
City of Toronto	54,671	26,500
Ontario Ministry of Health and Long-term Care	13,972	25,773
Social Housing Renovation and Retrofit Program	<u> </u>	<u>1,621</u>
	<u>68,643</u>	<u>53,894</u>
	<u>\$ 2,938,200</u>	<u>\$ 2,923,564</u>