
STREET HAVEN AT THE CROSSROADS

FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018, 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, 2018, 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 Professional Accountants
Licensed Public Accountants

June 29, 2018
Toronto, Ontario

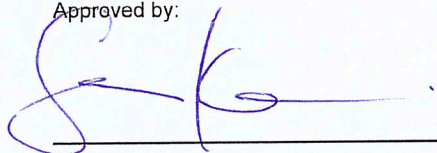
STREET HAVEN AT THE CROSSROADS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018			2017	
	General	Capital	Reserve	Total	Total
ASSETS					
Current assets					
Cash (note 3)	\$ 436,592	\$ 4,006		\$ 440,598	\$ 538,405
Investments (note 4)		546,006	\$ 256,162	802,168	793,318
Accounts receivable	115,300			115,300	121,723
Government grants and rebates receivable	70,292			70,292	112,240
Prepaid expenses	17,906			17,906	10,781
Interfund (payable)/receivable	<u>(48,100)</u>		<u>48,100</u>		
	591,990	550,012	304,262	1,446,264	1,576,467
Capital assets (note 5)		<u>2,115,662</u>		<u>2,115,662</u>	<u>2,005,962</u>
	<u>\$ 591,990</u>	<u>\$ 2,665,674</u>	<u>\$ 304,262</u>	<u>\$ 3,561,926</u>	<u>\$ 3,582,429</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 223,846			\$ 223,846	\$ 141,312
Mortgages payable - current (note 8)		\$ 116,860		116,860	243,162
Deferred revenue (note 7)	<u>23,714</u>			<u>23,714</u>	<u>81,747</u>
	247,560	116,860		364,420	466,221
Mortgages payable - long-term (note 8)		<u>672,766</u>		<u>672,766</u>	<u>661,528</u>
	<u>247,560</u>	<u>789,626</u>		<u>1,037,186</u>	<u>1,127,749</u>
Fund balances					
Internally restricted (note 10)			\$ 302,456	302,456	249,751
Externally restricted (notes 9 and 10)		57,068	1,806	58,874	262,125
Capital reserve fund (note 9)		492,944		492,944	513,522
Invested in capital assets		1,326,036		1,326,036	1,101,272
Unrestricted	<u>344,430</u>			<u>344,430</u>	<u>328,010</u>
	<u>344,430</u>	<u>1,876,048</u>	<u>304,262</u>	<u>2,524,740</u>	<u>2,454,680</u>
	<u>\$ 591,990</u>	<u>\$ 2,665,674</u>	<u>\$ 304,262</u>	<u>\$ 3,561,926</u>	<u>\$ 3,582,429</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, 2018

	2018			2017	
	<u>General</u>	<u>Capital</u>	<u>Reserve</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 328,010	\$ 1,873,304	\$ 253,366	\$ 2,454,680	\$ 2,116,755
Excess of revenue over expenses for the year	71,309	(2,145)	896	70,060	337,925
Amortization	110,175	(110,175)			
Appropriations (note 10)	(50,000)		50,000		
Principal repayments	<u>(115,064)</u>	<u>115,064</u>			
Balance, end of year	<u>\$ 344,430</u>	<u>\$ 1,876,048</u>	<u>\$ 304,262</u>	<u>\$ 2,524,740</u>	<u>\$ 2,454,680</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	2018			2017	
	General	Capital	Reserve	Total	Total
REVENUE					
Government funding (note 11)	\$ 2,879,825	\$ 28,772		\$ 2,908,597	\$ 2,862,755
Donations and fundraising	441,685		\$ 100	441,785	229,035
Sharelife	115,000			115,000	110,000
Room and board	104,363			104,363	92,506
Bequests	98,278			98,278	329,610
Interest and other		6,054	2,796	8,850	4,360
Total revenue	<u>3,639,151</u>	<u>34,826</u>	<u>2,896</u>	<u>3,676,873</u>	<u>3,628,266</u>
EXPENSES					
Operating					
Salaries and benefits	2,359,372			2,359,372	2,287,057
Food and medication	177,744			177,744	147,321
Professional services	106,259			106,259	19,171
Staff education and training	98,794			98,794	62,868
Office and general	81,123			81,123	53,538
Transportation and travel	37,486			37,486	33,162
Interest, bank charges and sundry	22,700			22,700	12,433
Promotion and publicity	22,091			22,091	14,959
Resident activity and recreation	10,014			10,014	6,361
Peggy Ann Walpole memorial scholarship			2,000	2,000	
Total operating expenses	<u>2,915,583</u>		<u>2,000</u>	<u>2,917,583</u>	<u>2,636,870</u>
Occupancy					
Maintenance	98,491	32,843		131,334	108,719
Lease	121,347			121,347	90,187
Salaries and benefits	94,540	4,128		98,668	94,744
Utilities	86,983			86,983	116,060
Household operating and supplies	63,281			63,281	70,291
Communications	31,603			31,603	28,056
Realty taxes	22,595			22,595	25,023
Mortgage interest	12,469			12,469	14,623
Insurance	10,775			10,775	9,276
Amortization	110,175			110,175	96,492
Total occupancy expenses	<u>652,259</u>	<u>36,971</u>		<u>689,230</u>	<u>653,471</u>
Total expenses	<u>3,567,842</u>	<u>36,971</u>	<u>2,000</u>	<u>3,606,813</u>	<u>3,290,341</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 71,309</u>	<u>\$ (2,145)</u>	<u>\$ 896</u>	<u>\$ 70,060</u>	<u>\$ 337,925</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 70,060	\$ 337,925
Non-cash items		
Amortization	110,175	96,492
Net change in non-cash working capital items (below)	<u>65,747</u>	<u>121,444</u>
Net cash provided from operations	<u>245,982</u>	<u>555,861</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(219,875)	(43,452)
Increase in investments	<u>(8,850)</u>	<u>(34,359)</u>
Net cash used for investing activities	<u>(228,725)</u>	<u>(77,811)</u>
FINANCING ACTIVITIES		
Mortgage principal repayments	<u>(115,064)</u>	<u>(113,008)</u>
NET CASH ACTIVITY FOR THE YEAR	(97,807)	365,042
Cash, beginning of year	<u>538,405</u>	<u>173,363</u>
CASH , END OF YEAR	<u>\$ 440,598</u>	<u>\$ 538,405</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 6,423	\$ (532)
Government grants and rebates receivable	41,948	59,845
Prepaid expenses	(7,125)	1,094
Accounts payable and accrued liabilities	82,534	(13,691)
Deferred revenue	<u>(58,033)</u>	<u>74,728</u>
	<u>\$ 65,747</u>	<u>\$ 121,444</u>

see accompanying notes

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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, 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.

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.

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.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

Heating ventilation and air conditioning (HVAC) systems, 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, 2018

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, 2018, the allowance for doubtful accounts was nil (nil in 2017).

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, 2018

4. INVESTMENTS

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

	<u>2018</u>	<u>2017</u>
Cash and short-term investments	\$ 802,168	\$ 608,560
Fixed income	<u>-</u>	<u>184,758</u>
	<u>\$ 802,168</u>	<u>\$ 793,318</u>

5. CAPITAL ASSETS

Capital assets are composed of the following:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2018 Net</u>	<u>2017 Net</u>
Land	\$ 540,000		\$ 540,000	\$ 540,000
87 Pembroke St. Toronto - House	845,069	\$ 348,224	496,845	508,659
144 Roxborough St. W. Toronto - House	684,780	437,235	247,545	264,665
91 Pembroke St. Toronto - House	432,557	302,144	130,413	141,227
607 St. Clair Ave. W. Toronto - Apartment Building	1,414,160	1,039,232	374,928	410,282
Prepaid lease costs for land at 607 St. Clair Ave.	250,000	178,750	71,250	77,500
Vehicles and computer equipment	53,725	53,725	-	-
Appliances and furnishings	234,260	218,205	16,055	14,637
HVAC and security systems	<u>440,178</u>	<u>201,552</u>	<u>238,626</u>	<u>48,992</u>
	<u>\$ 4,894,729</u>	<u>\$ 2,779,067</u>	<u>\$ 2,115,662</u>	<u>\$ 2,005,962</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, 2018, the organization had no outstanding balance on this line of credit (nil as at March 31, 2017).

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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>2018</u>	<u>2017</u>
Contributions for staff training and videos	\$ 16,122	\$ 75,656
Rent deposits	<u>7,592</u>	<u>6,091</u>
	<u>\$ 23,714</u>	<u>\$ 81,747</u>

8. MORTGAGES PAYABLE

Mortgages payable are composed of the following:

	<u>2018</u>	<u>2017</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.	\$ 433,192	\$ 495,437
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.	228,336	253,155
1.915% Scotiabank mortgage due July 1, 2022, repayable at the rate of \$2,569 per month including principal and interest. The land and building at 144 Roxborough Street West, Toronto, are pledged as collateral.	<u>128,098</u>	<u>156,098</u>
	789,626	904,690
less current portion	<u>(116,860)</u>	<u>(243,162)</u>
Long-term portion	<u>\$ 672,766</u>	<u>\$ 661,528</u>

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

2019	\$ 116,860
2020	425,191
2021	55,991
2022	181,350
2023	<u>10,234</u>
	<u>\$ 789,626</u>

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 513,522	\$ 517,387
Add: Capital reserve funding	18,772	22,772
Investment income earned	6,054	3,437
Less: Maintenance	(32,843)	(6,888)
Capitalized expenditures	(8,433)	(20,452)
Administration fee	<u>(4,128)</u>	<u>(2,734)</u>
Balance, end of year	<u>\$ 492,944</u>	<u>\$ 513,522</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.

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 2018, the Board of Directors approved an appropriation of \$50,000 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, 2018, the balance of the Peggy Ann Walpole Memorial Education Fund is \$1,806 and resides within the Reserve Fund.

STREET HAVEN AT THE CROSSROADS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

11. GOVERNMENT FUNDING

Street Haven recognized government funding from the following sources:

	<u>2018</u>	<u>2017</u>
Operating:		
Ontario Ministry of Health and Long-term Care:		
Current year funding	\$ 1,119,078	\$ 1,115,812
City of Toronto:		
Hostel per diem	1,161,069	1,173,829
Homelessness Partnership Initiative	113,030	113,022
Housing help with shelters	127,039	127,032
Investing in Neighbourhoods	20,773	24,756
Shelter provider training reimbursement		18,653
Ontario Ministry of Community Safety & Correctional Services	126,700	100,773
Ontario Ministry of Training, Colleges and Universities	115,579	99,800
Toronto Community Housing Corporation	<u>96,557</u>	<u>66,306</u>
	<u>2,879,825</u>	<u>2,839,983</u>
Capital:		
Ontario Ministry of Health and Long-term Care	18,772	22,772
City of Toronto	<u>10,000</u>	<u> </u>
	<u>28,772</u>	<u>22,772</u>
	<u>\$ 2,908,597</u>	<u>\$ 2,862,755</u>

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.

