

# **The St. Christopher House**

Financial Statements  
**March 31, 2014**



June 23, 2014

## **Independent Auditor's Report**

**To the Directors of  
The St. Christopher House**

We have audited the accompanying financial statements of The St. Christopher House, which comprise the statement of financial position as at March 31, 2014 and the statement of operations, statement of changes in fund balances, and statement of cash flows for the year then ended, and the related notes, which comprise 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.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The St. Christopher House as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# The St. Christopher House

## Statement of Financial Position

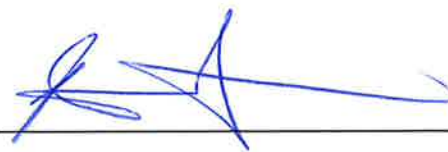
As at March 31, 2014

	2014 \$	2013 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	920,052	869,766
Short-term investments (note 9)	509,850	505,856
Amounts receivable (note 14)	588,723	524,647
Prepaid expenses	3,161	4,743
	<u>2,021,786</u>	<u>1,905,012</u>
<b>Due from St. Christopher House Community Endowment</b> (note 5)	36,850	50,271
<b>Investments</b> (note 9)	1,308,329	1,090,830
<b>Capital assets</b> (note 4)	1,473,123	1,048,326
	<u>4,840,088</u>	<u>4,094,439</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Amounts payable and accrued liabilities (note 14)	1,428,589	1,258,839
Deferred operating grants (note 7)	266,872	271,780
Mortgage payable (note 6)	5,150	4,594
	<u>1,700,611</u>	<u>1,535,213</u>
<b>Mortgage payable</b> (note 6)	44,531	50,033
<b>Deferred capital contributions</b> (note 8)	1,208,396	765,082
	<u>2,953,538</u>	<u>2,350,328</u>
<b>Fund Balances</b>		
<b>General and Internally Restricted</b>	1,232,400	1,085,275
<b>Investment in Capital Assets</b>	224,238	228,924
<b>Externally Restricted</b>	-	-
<b>Endowed</b>	429,912	429,912
	<u>1,886,550</u>	<u>1,744,111</u>
	<u>4,840,088</u>	<u>4,094,439</u>
<b>Commitments</b> (note 12)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

# The St. Christopher House

## Statement of Operations

For the year ended March 31, 2014

					2014	2013
	General and Internally Restricted \$	Investment in Capital Assets \$	Externally Restricted \$	Endowed \$	Total \$	Total \$
<b>Revenues</b>						
Federal government (note 11)	-	-	374,894	-	374,894	489,554
Provincial government (note 11)	-	-	6,568,941	-	6,568,941	6,269,001
City of Toronto (note 11)	-	-	1,143,306	-	1,143,306	1,061,040
United Way	-	-	854,900	-	854,900	831,845
Foundations	-	-	232,031	-	232,031	216,866
Program fees	-	-	1,336,428	-	1,336,428	1,392,609
Membership fees	-	-	385	-	385	985
Fundraising/donations	189,813	-	-	-	189,813	161,931
Amortization of capital contributions (note 8)	-	124,336	-	-	124,336	81,979
Investment income (note 9)	54,457	-	-	-	54,457	68,301
	<b>244,270</b>	<b>124,336</b>	<b>10,510,885</b>	<b>-</b>	<b>10,879,491</b>	<b>10,574,111</b>
<b>Expenses</b>						
Salaries, wages and employee benefits	-	-	8,029,287	-	8,029,287	7,405,127
Building occupancy	-	-	306,243	-	306,243	322,711
Office	-	-	301,351	-	301,351	249,082
Recruitment/education	-	-	30,959	-	30,959	31,199
Communication and printing	-	-	12,628	-	12,628	41,135
Purchased services	-	-	859,240	-	859,240	1,424,159
Staff development	-	-	52,850	-	52,850	42,164
Staff travel	-	-	47,661	-	47,661	36,890
Transportation	-	-	86,078	-	86,078	82,334
Food services	-	-	288,928	-	288,928	251,771
Program expenses	-	-	695,391	-	695,391	511,586
Fundraising	64,639	-	-	-	64,639	62,886
Depreciation	-	133,662	-	-	133,662	91,293
	<b>64,639</b>	<b>133,662</b>	<b>10,710,616</b>	<b>-</b>	<b>10,908,917</b>	<b>10,552,337</b>
				<b>-</b>		
<b>Excess (deficiency) of revenues over expenses from operations</b>	<b>179,631</b>	<b>(9,326)</b>	<b>(199,731)</b>	<b>-</b>	<b>(29,426)</b>	<b>21,774</b>
<b>Fair value change in investments</b>	<b>171,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,865</b>	<b>36,585</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>351,496</b>	<b>(9,326)</b>	<b>(199,731)</b>	<b>-</b>	<b>142,439</b>	<b>58,359</b>

The accompanying notes are an integral part of these financial statements.

**The St. Christopher House**  
**Statement of Changes in Fund Balances**  
**For the year ended March 31, 2014**

					2014	2013
	General and Internally Restricted \$	Investment in Capital Assets \$	Externally Restricted \$	Endowed \$	Total \$	Total \$
<b>Fund balances - March 31, 2013</b>	1,085,275	228,924	-	429,912	1,744,111	1,617,413
Excess (deficiency) of revenues over expenses for the year	351,496	(9,326)	(199,731)	-	142,439	58,359
Endowed funds received during the year	-	-	-	-	-	68,339
Interfund transfers (note 10)	(204,371)	4,640	199,731	-	-	-
<b>Fund balances - March 31, 2014</b>	1,232,400	224,238	-	429,912	1,886,550	1,744,111

The accompanying notes are an integral part of these financial statements.

# The St. Christopher House

## Statement of Cash Flows

For the year ended March 31, 2014

	2014 \$	2013 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	142,439	58,359
Depreciation	133,662	91,293
Amortization of capital contributions	(124,336)	(81,979)
Unrealized fair value gains	(171,865)	(36,585)
	(20,100)	31,088
Change in non-cash operating working capital		
Amounts receivable	(64,076)	54,743
Prepaid expenses	1,582	2,036
Due from (to) St. Christopher House Community Endowment	13,421	(79,986)
Amounts payable and accrued liabilities	169,750	443,869
Deferred operating grants	(4,908)	63,475
	95,669	515,225
<b>Financing activities</b>		
Mortgage repayment	(4,946)	(4,594)
Endowed funds received	-	68,339
	(4,946)	63,745
<b>Investing activities</b>		
Increase in deferred capital contributions	567,650	304,781
Net increase in investments due to purchases/sales	(45,634)	(35,452)
Net increase in short-term investments due to purchases/sales	(3,994)	(6,169)
Purchase of capital assets	(558,459)	(310,474)
	(40,437)	(47,314)
<b>Increase in cash and cash equivalents during the year</b>	<b>50,286</b>	<b>531,656</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>869,766</b>	<b>338,110</b>
<b>Cash and cash equivalents - End of year</b>	<b>920,052</b>	<b>869,766</b>
<b>Supplementary information</b>		
Interest paid	8,785	2,786

The accompanying notes are an integral part of these financial statements.

# **The St. Christopher House**

## Notes to Financial Statements

March 31, 2014

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### **1 Purpose of the organization**

The St. Christopher House (the organization) provides programs and services to enable less advantaged individuals, families and groups in the community gain greater control over their lives and within their community. The organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

### **2 Basis of preparation**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (Part III of The Canadian Institute of Chartered Accountants (CICA) Handbook) (ASNPO) as issued by the Canadian Accounting Standards Board. The organization has elected to designate its investments to be measured at fair value. The accounting policies selected under this framework have been applied consistently.

### **3 Summary of significant accounting policies**

#### **Fund accounting**

These financial statements are presented on a fund accounting basis using the deferral method of accounting for contributions. The following funds have been presented:

#### **General and Internally Restricted Funds**

- The General Fund reflects amounts available for immediate use for the general purpose of the organization as determined by the Board of Directors.
- The Internally Restricted Fund reflects the amounts that have been formally set aside by the organization to be used for specific purposes as approved by the Board of Directors.

#### **Externally Restricted Fund**

- The Externally Restricted Fund reflects the organization's core and satellite program activities that are funded primarily by externally restricted contributions and funding.

#### **Investment in Capital Assets Fund**

- The Investment in Capital Assets Fund reflects the transactions relating to the organization's capital assets. Contributions given specifically to fund capital assets are deferred and recorded as income of this fund using the same rates as those used to depreciate the related capital asset. Internally financed transactions are reflected as interfund transfers from the General and Internally Restricted Funds.



# The St. Christopher House

## Notes to Financial Statements

March 31, 2014

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### Endowed Fund

The Endowed Fund reflects internally and externally restricted resources that include an internal or external requirement that the principal be maintained.

Interest earned on those funds is recognized in operations and is used to subsidize programs in accordance with the wishes of the Endowed Fund.

The Endowed Fund is distinct from St. Christopher House Community Endowment (the Community Endowment), which is a separate entity independent of the organization and appoints its own Board of Directors. The Community Endowment is a registered charity under the Income Tax Act and supports the charitable activities of the organization.

### Revenue recognition

General contributions and unrestricted revenues are recognized when received or receivable. Amounts received relating to fundraising events to be held after the fiscal year-end are deferred and recognized on completion of the specific fundraising event. Contributions and funding for specific programs are recognized as revenue in the year in which the related program expenses are incurred. Contributions not yet spent are generally reflected as deferred operating grants.

Investment income is accrued as it is earned. Investment income includes dividends and interest income. Realized and unrealized gains and losses are recognized through fair value change in investments.

### Deferred capital contributions

Contributions provided for the purchase of capital assets are deferred and amortized into revenue over the same term and on the same basis as the related capital asset is amortized into expenses.

### Capital assets

Capital assets purchased are recorded at cost. Depreciation of capital assets is calculated over their estimated useful lives on a straight-line basis at the following annual rates:

Buildings	5%
Furniture, equipment and computers	25%
Automotive equipment	30%

The organization reviews the carrying amounts of its long-lived assets regularly. If the long-lived assets no longer have any long-term service potential to the organization, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

### Donated services and materials

Volunteers make a substantial contribution of time each year to assist the organization in carrying out its activities. Due to the difficulty in determining the fair value of such contributed services, they are not recognized in these financial statements. Donated materials received by way of gifts-in-kind are not recorded in the financial statements.

# **The St. Christopher House**

## **Notes to Financial Statements**

**March 31, 2014**

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### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with original maturities of three months or less.

### **Short-term investments**

Short-term investments are guaranteed investment certificates with a maturity of one year or shorter, and are carried at fair value in the financial statements.

### **Financial assets and financial liabilities**

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures its financial assets and liabilities at amortized cost less impairment charges, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include amounts receivable, cash and cash equivalents, short-term investments and due from the Community Endowment.

Financial liabilities measured at amortized cost include amounts payable and accrued liabilities, due to the Community Endowment and mortgage payable.

Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting period when there are indicators the asset may be impaired. If there is objective evidence that a financial asset is impaired, the organization reduces the carrying amount of the financial asset to its net realizable value and recognizes the impairment loss in the statement of operations. If subsequent to recognizing an impairment of financial assets a recovery of fair value occurs and such recovery is based on objective evidence of an event occurring after the loss, the previously recognized impairment loss is reversed in the statement of operations.

### **Use of estimates**

In preparing the organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual amounts could differ from those estimates.

# The St. Christopher House

## Notes to Financial Statements

March 31, 2014

### 4 Capital assets

	2014		
	Cost \$	Accumulated depreciation \$	Net \$
Land	197,200	-	197,200
Buildings	2,345,847	1,298,393	1,047,454
Furniture, equipment and computers	354,862	242,629	112,233
Automotive equipment	267,421	151,185	116,236
	<u>3,165,330</u>	<u>1,692,207</u>	<u>1,473,123</u>

	2013		
	Cost \$	Accumulated depreciation \$	Net \$
Land	197,200	-	197,200
Buildings	1,903,624	1,203,210	700,414
Furniture, equipment and computers	354,862	204,150	150,712
Automotive equipment	151,185	151,185	-
	<u>2,606,871</u>	<u>1,558,545</u>	<u>1,048,326</u>

### 5 Due from St. Christopher House Community Endowment

In the current year, the organization has a receivable of \$36,850 (2013 - \$50,271) from the Community Endowment.

The organization receives annual amounts from the Community Endowment, after their Board of Director approval. The organization receives donations that actually belong to the Community Endowment. The due from (to) the Community Endowment reflects the net receivable or payable. The amounts are due on demand and are non-interest bearing.

### 6 Mortgage payable

The mortgage payable is amortized over a 25-year term renewable every five years. Currently, the mortgage payable bears interest at 4%. The building at 248 Ossington Avenue, with a carrying value of \$356,802 (2013 - \$244,574), is pledged as collateral. The mortgage matures on June 18, 2017 and is expected to be renewed at a balance of \$31,874.

# The St. Christopher House

## Notes to Financial Statements

March 31, 2014

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The scheduled repayments, including principal of \$49,681 and interest payments of \$5,106, for the next five years and thereafter are included in the table below. As the interest rate is renegotiated every five years, the payments for June 2018 and thereafter do not include interest.

	\$
2015	7,051
2016	7,051
2017	7,051
2018	6,126
2019	6,024
Thereafter	<u>21,484</u>
	<u>54,787</u>

### 7 Deferred operating grants

Deferred operating grants relate to externally restricted funding received in the current period that is related to a subsequent period. Changes in the deferred operating grant balance are as follows:

	2014 \$	2013 \$
Beginning balance	271,780	208,305
Add: Amounts received related to the following year	181,378	183,791
Less: Amounts recognized as revenue in the year	<u>(186,286)</u>	<u>(120,316)</u>
Ending balance	<u>266,872</u>	<u>271,780</u>

### 8 Deferred capital contributions

Deferred capital contributions reported in the Investment in Capital Assets Fund include the unamortized portions of contributed capital assets and restricted contributions with which the organization's buildings were originally purchased and renovations for buildings were made.

The changes for the year in the deferred capital contributions balance reported in the Investment in Capital Assets Fund are as follows:

	2014 \$	2013 \$
Beginning balance	765,082	542,280
Funding received for renovations to buildings	567,650	304,781
Amounts amortized to revenue	<u>(124,336)</u>	<u>(81,979)</u>
Ending balance	<u>1,208,396</u>	<u>765,082</u>

# The St. Christopher House

## Notes to Financial Statements

March 31, 2014

### 9 Short-term investments and investments

Short-term investments consist of guaranteed investment certificates held with CIBC.

Interest %	Maturity	2014 \$	2013 \$
0.80	October 1, 2014	13,706	-
0.80	April 1, 2014	1,122	-
1.40	May 7, 2014	393,251	-
1.00	May 6, 2014	101,771	-
0.80	October 1, 2013	-	13,695
0.80	April 1, 2013	-	1,125
1.40	May 7, 2013	-	389,005
1.00	May 6, 2013	-	102,031
		<u>509,850</u>	<u>505,856</u>

Investments are held in a pooled fund managed by external investment managers. The investments consist of the following:

	2014 \$	2013 \$
Cash and fixed income	219,258	414,516
Canadian equities	378,799	316,340
Global equities	710,272	359,974
	<u>1,308,329</u>	<u>1,090,830</u>

Investment income consists of:

	2014 \$	2013 \$
Interest income	8,823	3,129
Dividend income	45,634	65,172
	<u>54,457</u>	<u>68,301</u>

### 10 Interfund transfers

Annually, the Board of Directors approves a transfer of the balance of the General and Internally Restricted Funds to the Externally Restricted Fund to fund deficiencies and to the Investment in Capital Assets Fund for internally financed transactions for capital assets.

# The St. Christopher House

## Notes to Financial Statements

March 31, 2014

### 11 Revenue from government sources

	2014 \$	2013 \$
Federal government		
Citizenship and Immigration Canada	266,001	265,588
Human Resources and Skills Development Canada	38,961	149,573
Public Health Agency of Canada	61,360	58,522
Heritage Canada	-	12,380
Industry Canada	8,572	3,491
	<u>374,894</u>	<u>489,554</u>
Provincial government		
Ministry of Health and Long-Term Care	5,283,618	4,376,661
Ministry of Health and Long-Term Care - for St. Clair West Supportive Housing	-	610,976
Ministry of Training, Colleges and Universities	813,991	773,593
Ministry of Community and Social Services	254,475	253,483
Ministry of Citizenship	125,205	135,205
Ministry of Culture, Tourism and Sport	44,064	69,452
Ministry of Children and Youth	47,588	49,631
	<u>6,568,941</u>	<u>6,269,001</u>
City of Toronto		
Social Development, Finance and Administration	765,180	689,340
Shelter, Support and Housing	272,168	231,694
Social Services	49,675	59,019
Public Health	9,234	36,712
Toronto Arts Council	26,000	24,000
Children's Services	21,049	20,275
	<u>1,143,306</u>	<u>1,061,040</u>

### 12 Commitments

The organization has entered into various agreements to lease office equipment. The future minimum payments are as follows:

	\$
2015	37,090
2016	11,308
2017	11,308
2018	11,308
2019	6,596
	<u>77,610</u>

# The St. Christopher House

## Notes to Financial Statements

March 31, 2014

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### 13 Risks arising from financial instruments

The main risks to which the organization's financial instruments are exposed are credit risk, interest rate risk, market risk and liquidity risk.

#### Credit risk

The organization bears credit risk associated with its holdings of amounts receivable from third parties. The credit risk with respect to amounts receivable is limited because the majority of revenues comes from government sources. The organization therefore mainly bears credit risk on amounts receivable related to program fees. An impairment of \$40,000 is accounted for in 2014 (2013 - \$11,298).

#### Interest rate risk

The organization is exposed to interest rate risk because the interest on its short-term investments, investments and mortgage payable may vary from time to time.

#### Market risk

The organization's short-term investments and investment are subject to market risk, which includes price risk arising from market volatility and the risk of loss of capital associated with these investments.

The organization invests in a pooled fund, which contains a diverse portfolio of global and Canadian equities, bonds and deposits. There is no concentration risk included in the portfolio.

#### Liquidity risk

Liquidity risk is the risk the organization will not be able to meet its financial obligations primarily related to program disbursements as they come due. The organization manages liquidity risk through regular monitoring of forecast and actual cash flows.

### 14 Government remittances

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, \$33,282 (2013 - \$46,000) is included within amounts payable and accrued liabilities. Within amounts receivable, the organization included a receivable for HST of \$178,356 (2013 - \$179,628).