

The St. Christopher House

Financial Statements

March 31, 2011

June 17, 2011

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, 2011 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 The St. Christopher House as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The comparative figures as at March 31, 2010 and for the year then ended were audited by another firm of chartered accountants who expressed an opinion without reservation in their report dated May 28, 2010.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

The St. Christopher House

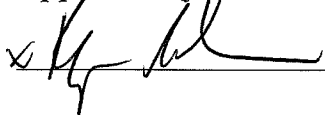
Statement of Financial Position

As at March 31, 2011

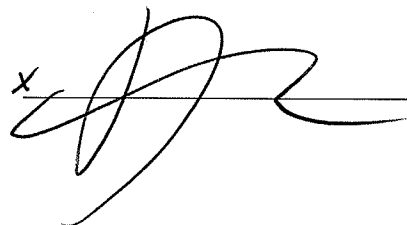
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	2011 \$	2010 \$ (restated - note 2)
Assets		
Current assets		
Cash and cash equivalents	334,893	685,772
Short-term investments	480,000	480,000
Amounts receivable	543,830	776,019
Prepaid expenses	40,773	2,188
	<u>1,399,496</u>	<u>1,943,979</u>
Due from St. Christopher House Community Endowment (note 4)	988,058	604,826
Capital assets (note 3)	<u>727,363</u>	<u>805,155</u>
	<u>3,114,917</u>	<u>3,353,960</u>
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities	696,881	584,162
Deferred revenue	46,573	181,172
Mortgage payable	3,570	3,570
	<u>747,024</u>	<u>768,904</u>
Mortgage payable (note 5)	<u>59,476</u>	<u>63,046</u>
	<u>806,500</u>	<u>831,950</u>
Fund Balances		
Internally restricted	986,612	1,107,535
Externally restricted	296,959	315,407
Capital assets	664,317	738,539
Endowment	<u>360,529</u>	<u>360,529</u>
	<u>2,308,417</u>	<u>2,522,010</u>
	<u>3,114,917</u>	<u>3,353,960</u>

Approved by the Board of Directors

x 

Director

x 

Director

The St. Christopher House

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2011

						2011	2010
	General Fund	Internally Restricted	Externally Restricted	Capital Assets	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Federal government grants and subsidies	153,411	-	634,702	-	-	788,113	573,084
Ministry of Citizenship and Immigration grant	61,497	-	-	-	-	61,497	61,497
Other provincial grants	3,566,480	-	2,300,726	-	-	5,867,206	5,553,203
City of Toronto grants/subsidies	373,859	-	735,092	-	-	1,108,951	1,157,112
United Way	712,937	-	104,740	-	-	817,677	822,037
Foundations	276,178	-	184,733	-	-	460,911	497,131
Investment income	28,411	-	-	-	-	28,411	16,566
Program fees	581,575	-	653,463	-	-	1,225,038	1,078,663
Administration/supervision fees	16,615	-	-	-	-	16,615	17,000
Membership fees	273	-	420	-	-	693	3,310
Fundraising - Art Affair	-	38,385	-	-	-	38,385	37,884
Fundraising/donations - other	106,865	9,300	26,763	-	-	142,928	155,357
	5,868,101	47,685	4,640,639	-	-	10,556,425	9,969,844
Expenses							
Salaries, wages and employee benefits	4,407,981	157,287	2,895,682	-	-	7,460,950	6,790,993
Building occupancy	160,467	-	141,907	-	-	302,374	325,586
Office expense	156,165	-	60,845	-	-	217,010	247,982
Recruitment/education	25,677	-	2,541	-	-	28,218	28,912
Communication and printing - general	17,283	-	331	-	-	17,614	41,968
Purchased services	385,914	-	1,302,347	-	-	1,688,261	1,464,957
Staff development	28,049	-	10,322	-	-	38,371	27,399
Staff travel	24,414	-	12,393	-	-	36,807	33,087
Transportation	54,367	-	23,448	-	-	77,815	50,917
Food services	268,952	-	1,809	-	-	270,761	220,300
Recreation, education and other program expenses	268,141	8,194	207,414	-	-	483,749	459,815
Fundraising - Art Affair	-	11,129	-	-	-	11,129	11,416
Fundraising - donations	59,119	-	48	-	-	59,167	48,645
Depreciation	-	-	-	77,792	-	77,792	77,792
	5,856,529	176,610	4,659,087	77,792	-	10,770,018	9,829,769

The St. Christopher House

Statement of Operations and Changes in Fund Balances ...continued
For the year ended March 31, 2011

						2011	2010
	General Fund \$	Internally Restricted \$	Externally Restricted \$	Capital Assets \$	Endowment Fund \$	Total \$	Total \$ (restated - note 2)
Excess (deficiency) of revenues over expenditures for the year	11,572	(128,925)	(18,448)	(77,792)	-	(213,593)	140,075
Fund balances - Beginning of year (note 2)	-	1,107,535	315,407	738,539	360,529	2,522,010	2,381,935
Interfund transfers (note 6)	(11,572)	8,002	-	3,570	-	-	-
Fund balances - End of year	-	986,612	296,959	664,317	360,529	2,308,417	2,522,010

The St. Christopher House

Statement of Cash Flows

For the year ended March 31, 2011

	2011 \$	2010 \$ (restated - note 2)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	(213,593)	140,075
Depreciation	77,792	77,792
	(135,801)	217,867
Change in non-cash operating working capital		
Amounts receivables	232,189	(149,126)
Prepaid expenses	(38,585)	(2,188)
Due from St. Christopher House Community Endowment (note 4)	(383,232)	-
Amounts payables and accrued liabilities	112,719	(2,235)
Deferred revenue	(134,599)	(52,230)
	(347,309)	12,088
Financing activities		
Mortgage repayment	(3,570)	(3,333)
Investing activities		
Purchases of investments	-	(12,177)
Decrease in cash and cash equivalents during the year	(350,879)	(3,422)
Cash and cash equivalents - Beginning of year	685,772	689,194
Cash and cash equivalents - End of year	334,893	685,772
Supplementary information		
Interest paid	4,465	4,702

The St. Christopher House

Notes to Financial Statements

March 31, 2011

1 Purpose of the organization

The St. Christopher House (the organization) is a multi-service neighbourhood centre operating programs and providing social and economic support services for individuals in the City of Toronto's west end. The organization is a registered charity under the Income Tax Act.

2 Summary of significant accounting policies

Correction of prior period errors

In the current year, the organization has reviewed its treatment of amounts which had previously been deferred relating to operating grants not yet spent and amounts received to fund capital purchases. In line with the organization's use of the restricted fund method of accounting for contributions, in the current year, those items have been recognized in the general or restricted fund balances as appropriate on a retrospective basis and the prior period balances restated accordingly.

In addition, interdepartmental charges, which were previously recorded in both revenues and expenses have been eliminated in the current and prior periods.

These changes have resulted in the following adjustments to prior period comparatives:

	As previously stated March 31, 2010 \$	Adjustment \$	As restated March 31, 2010 \$
Deferred operating grants/revenues	297,197	(116,025)	181,172
Deferred revenues	493,663	(493,663)	-
Invested in capital assets fund	244,876	493,663	738,539
Externally restricted funds	199,382	116,025	315,407
Revenues	10,319,586	(349,742)	9,969,844
Expenditures	10,227,058	(397,289)	9,829,769
Excess of revenues over expenditures	92,528	47,547	140,075

Fund accounting

The organization follows the restricted fund method of accounting for contributions. The following funds have been presented:

General Fund

The General Fund reflects the organization's core program delivery and administrative activities as well as the fundraising activities.

The St. Christopher House

Notes to Financial Statements

March 31, 2011

Restricted Funds

- Externally Restricted Fund - this fund reflects the organization's other programs activities that are funded primarily by externally restricted contributions.
- Internally Restricted Fund - this fund reflects transactions relating to amounts which have been formally set aside by the organization to be used for specific purposes as approved by the board of directors.
- Capital Asset Fund - this fund reflects the transactions relating to the organization's capital assets. Contributions given specifically to fund capital assets are recognized as revenue of this fund and internally financed transactions are reflected as interfund transfers from the general fund.

Endowment Fund

The Endowment Fund reflects internally and externally restricted resources that include an internal or external requirement that the principal be maintained. Once determined, the annual distributable amount of the Endowment Fund is transferred to the General Fund.

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

For clarity, the Endowment Fund is distinct from St. Christopher House Community Endowment, which is a separate organization.

Revenue recognition

Contributions and other 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 upon completion of the specific fundraising event.

General expense allocation to restricted programs

Under the specific programs, the funders allow the allocation of certain general expenses to the programs, which include finance and accounting charges and payroll and human resources administration. These expenses are allocated based on the funding requirements and guidelines for each funder. A total of \$177,207 (2010 - \$143,317) has been allocated from the General Fund to the Externally Restricted Fund.

Capital assets

Rates and bases of amortization applied to write off the cost less estimated salvage value of property and equipment over their estimated used lives on a straight-line basis are as follows:

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

The St. Christopher House

Notes to Financial Statements

March 31, 2011

Donated services and materials

Donated services of the volunteers are not recorded in the financial statements as the fair value of these services cannot reasonably be estimated. Donated materials received by way of gifts-in-kind are not recorded in the financial statements.

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.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification below.

Cash and cash equivalents and investments are classified as held-for-trading and are recorded at fair value. Changes in the value of investments are reflected in the statement of operations as investment income and changes in fund balances. Transaction costs related to financial assets which are classified as held-for-trading are expensed as incurred.

Amounts receivable, amounts payable and accrued liabilities and mortgage payable are designated as loans and receivables or other liabilities and are thus measured at amortized cost. For receivables and payables and accrued liabilities, this approximates their fair value due to their short-term maturity.

The organization has chosen to continue to apply The Canadian Institute of Chartered Accountants Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

Contributed services

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.

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 expenditures. Actual amounts could differ from those estimates.

The St. Christopher House

Notes to Financial Statements

March 31, 2011

3 Capital assets

	2011		
	Cost \$	Accumulated amortization \$	Net \$
Land	197,200	-	197,200
Buildings	1,555,803	1,025,640	530,163
Furniture, equipment and computers	200,943	200,943	-
Automotive equipment	151,185	151,185	-
	<u>2,105,131</u>	<u>1,377,768</u>	<u>727,363</u>
	2010		
	Cost \$	Accumulated amortization \$	Net \$
Land	197,200	-	197,200
Buildings	1,555,803	947,848	607,955
Furniture, equipment and computers	200,943	200,943	-
Automotive equipment	151,185	151,185	-
	<u>2,105,131</u>	<u>1,299,976</u>	<u>805,155</u>

4 Due from St. Christopher House Community Endowment

The organization has loaned \$755,529 (2010 - \$395,000) to St. Christopher House Community Endowment on the basis that the balance will be repaid in whole or in part, within 15 days of written demand. In the prior years, interest accrued at a rate of 5% compounded annually. In 2010, the organization's board waived the interest charge for that year. In the current year, income earned is proportionate to the organization's portion of funds invested in the investment portfolio of St. Christopher House Community Endowment. Interest earned for the current year was \$22,703 (2010 - \$nil).

5 Mortgage payable

The mortgage payable is amortized over a 25-year term renewable every five years. Currently, the mortgage payable bears interest at 7% and matures June 2012. The building at 248 Ossington Ave., with a carrying value of \$154,450, is pledged as collateral. The mortgage matures June 17, 2012 and is expected to be renewed. Principal and interest payments of \$670 are paid on a monthly basis.

The St. Christopher House

Notes to Financial Statements

March 31, 2011

6 Interfund transfer

Annually, the board approves a transfer of the balance of the General Fund to the Internally Restricted and Capital Assets funds. In the prior year, the board approved the transfer of Endowment funds for which the external restriction requirements have been satisfied to the Internally Restricted Fund in the amount of \$212,642. No similar transfer was made in the current year.

7 Commitments

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

	\$
2012	29,000
2013	4,000
2014 and thereafter	<u>20</u>
	<u>33,020</u>

8 Financial instruments

Fair value

The estimated fair values of cash and short-term investments, amounts receivable and amounts payable and accrued liabilities approximate carrying value due to the relatively short-term nature of the instruments. The estimated fair value of the mortgage payable approximates the amortized cost due to the effective interest rate that is not significantly different from the market rate.

Credit risk

The credit risk with respect to amounts receivable is limited due to the majority of revenue coming from government sources.

Interest risk

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

9 Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.