The St. Christopher House
(operating as West Neighbourhood House)

Financial Statements
March 31, 2018

June 15, 2018

Independent Auditor's Report

To the Directors of
The St. Christopher House
(operating as West Neighbourhood House)

We have audited the accompanying financial statements of The St. Christopher House (operating as West Neighbourhood House), which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and 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 (operating as West Neighbourhood House) as at March 31, 2018 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

(operating as West Neighbourhood House)
Statement of Financial Position
As at March 31, 2018

	2018 $	2017 $ (restated - note 4)
Assets		
Current assets		
Cash	1,001,115	811,857
Short-term investments (note 10)	923,240	909,330
Amounts receivable (note 14)	576,314	570,585
	2,500,669	2,291,772
Due from St. Christopher House Community Endowment (note 7)	276,098	146,085
Investments (note 10)	1,798,774	1,676,267
Property and equipment (note 5)	1,112,949	1,017,346
Intangible assets (note 6)	-	-
	5,688,490	5,131,470
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities (note 14)	1,742,733	1,462,530
Deferred operating grants (note 8)	596,913	353,728
Mortgage payable	6,079	5,812
	2,345,725	1,822,070
Mortgage payable	21,664	27,775
Deferred capital contributions (note 9)	895,745	966,140
	3,263,134	2,815,985
Net assets		
General Fund	-	-
Internally Restricted Funds	2,425,356	2,315,485
	2,425,356	2,315,485
	5,688,490	5,131,470

Commitments (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
(operating as West Neighbourhood House)
Statement of Operations
For the year ended March 31, 2018

	2018 $	2017 $
Revenues		
Federal government (note 11)	378,106	353,509
Provincial government (note 11)	7,681,612	7,205,352
City of Toronto (note 11)	1,486,422	1,515,075
United Way	820,955	891,719
Foundations	216,194	280,169
Program fees	1,430,624	1,239,445
Membership fees	210	500
Fundraising/donations	159,816	134,774
Amortization of capital contributions (note 9)	94,596	178,621
Investment income (note 10)	46,886	42,898
	12,315,421	11,842,062
Expenses		
Salaries, wages and employee benefits	9,371,235	9,079,272
Building occupancy	383,126	364,172
Office	386,586	262,231
Recruitment/education	29,041	24,051
Communication and printing	20,475	19,485
Purchased services	901,708	876,810
Staff development	70,904	51,392
Staff travel	90,936	72,658
Transportation	71,972	80,143
Food services	333,378	300,697
Program	459,919	383,700
Fundraising	82,498	87,355
Depreciation and amortization	116,344	185,666
	12,318,122	11,787,632
(Deficiency) excess of revenues over expenses from operations	(2,701)	54,430
Fair value change in investments	112,572	163,190
Excess of revenues over expenses for the year	109,871	217,620

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

The St. Christopher House

(operating as West Neighbourhood House)
Statement of Changes in Net Assets
For the year ended March 31, 2018

	2018		
	General Fund $	Internally Restricted Funds $	Total $
Net assets - March 31, 2017	-	2,315,485	2,315,485
Excess of revenues over expenses for the year	109,871	-	109,871
Interfund transfers	(109,871)	109,871	-
Net assets - March 31, 2018	-	2,425,356	2,425,356

	2017 (restated - note 4)		
	General Fund $	Internally Restricted Funds $	Total $
Net assets - March 31, 2016	-	2,097,865	2,097,865
Excess of revenues over expenses for the year	217,620	-	217,620
Interfund transfers	(217,620)	217,620	-
Net assets - March 31, 2017	-	2,315,485	2,315,485

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

The St. Christopher House

(operating as West Neighbourhood House)

Statement of Cash Flows

For the year ended March 31, 2018

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	109,871	217,620
Depreciation and amortization	116,344	185,666
Amortization of capital contributions	(94,596)	(178,621)
Change in fair value of investments	(112,572)	(163,190)
	19,047	61,475
Change in non-cash operating working capital		
Amounts receivable	(5,729)	(86,954)
Due from St. Christopher House Community Endowment	(130,013)	(26,565)
Amounts payable and accrued liabilities	280,203	27,781
Deferred operating grants	243,185	(132,984)
	406,693	(157,247)
Financing activities		
Mortgage repayment	(5,844)	(5,582)
Investing activities		
Purchase of investments	(1,180,274)	(1,154,134)
Proceeds from sale and redemption of investments	1,156,429	631,505
Purchase of property and equipment	(211,947)	(105,346)
Increase in deferred capital contributions	24,201	299,921
	(211,591)	(328,054)
Increase (decrease) in cash during the year	189,258	(490,883)
Cash - Beginning of year	811,857	1,302,740
Cash - End of year	1,001,115	811,857

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

1 Purpose of the organization

The St. Christopher House (operating as West Neighbourhood 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 (ASNPO) as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently.

3 Summary of significant accounting policies

These financial statements include the following funds:

- General Fund

  The General Fund reflects amounts available for immediate use for the general purpose of the organization. According to the organization's policy, any surplus for the year in the General Fund is transferred to Internally Restricted Funds and any deficit for the year is covered by a transfer from one of the Internally Restricted Funds as determined by the Board of Directors. As a result, the balance for the General Fund is $nil as at each year-end date.

- Internally Restricted Funds

  The Internally Restricted Funds include the amounts that have been formally set aside by the organization to be used for specific purposes as approved by the Board of Directors.

Revenue and expense recognition

The organization follows the deferral method of accounting for contributions and grants. Under this method, restricted contributions and grants are deferred when received and recognized as revenue when the related program expenses are incurred.

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. Unrestricted contributions and grants are recognized as revenue when received or as receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenues and expenses are recognized on the accrual basis of accounting, except for donation revenues that are recognized when cash is received.

Investment income is accrued as it is earned. Transaction costs are expensed as they are incurred. 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.

Property and equipment

Property and equipment purchased are recorded at cost. Amortization of property and equipment 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 follows a minimum capitalization threshold of $6,000.

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets whenever an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the assets and the carrying value.

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.

Cash

Cash includes cash on hand and balances with banks.

Investments

Short-term investments are guaranteed investment certificates and term deposits with a maturity date of one year or less from fiscal year-end and are carried at amortized cost in the financial statements.

Investments include fixed income securities with maturity dates of more than one year, investments in pooled funds and equities which are classified as long-term assets in the statement of financial position as management intends to hold them for a period greater than one year. These investments are measured at fair value based on quoted market prices, which are considered to be the closing market bid prices at the year-end. Investments are managed by external investment managers.

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.

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

Financial liabilities measured at amortized cost include amounts payable and accrued liabilities 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

The preparation of the organization's financial statements in accordance with ASNPO requires management 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.

4 Change in accounting policies

Management determined that the application of fund accounting does not provide relevant information to the users, as closing balances for externally restricted balances were historically $nil and the vast majority of funding received is externally restricted. Starting in 2018, the organization is not using fund accounting for presentation of the financial statements. This represents a change in accounting policies and comparatives in the financial statements were restated appropriately. In addition, management decided to segregate internally restricted funds from general and internally restricted funds and collapse investment in capital assets with internally restricted funds. The restatement did not have an impact on the total amount of fund balances, but presentation in the financial statements has been changed to better conform to the needs of the users.

Management also identified that funds previously included in the endowed funds were contributed to the organization for general purposes. Per the Board of Directors' decision, these funds were restricted for internal purposes. Therefore, amounts classified under endowed funds previously were reclassified to internally restricted funds.

The effects from the restatement on the balances were as follows:

Statement of Financial Position - March 31, 2017

	Before restatement $	Effect from restatement $	Restated $
Net assets			
General and Internally Restricted	1,673,379	(1,673,379)	-
General Fund	-	-	-
Internally Restricted Funds	-	2,315,485	2,315,485
Investment in capital assets	212,194	(212,194)	-
Endowed	429,912	(429,912)	-
	2,315,485	-	2,315,485

Statement of Changes in Net Assets

	Before restatement $	Effect from restatement $	Restated $
Net assets - March 31, 2016			
General and Internally Restricted	1,454,296	(1,454,296)	-
General Fund	-	-	-
Internally Restricted Funds	-	2,097,865	2,097,865
Investment in capital assets	213,657	(213,657)	-
Externally Restricted	-	-	-
Endowed	429,912	(429,912)	-
	2,097,865	-	2,097,865

	Before restatement $	Effect from restatement $	Restated $
Net assets - March 31, 2017			
General and Internally Restricted	1,673,379	(1,673,379)	-
General Fund	-	-	-
Internally Restricted Funds	-	2,315,485	2,315,485
Investment in capital assets	212,194	(212,194)	-
Externally Restricted	-	-	-
Endowed	429,912	(429,912)	-
	2,315,485	-	2,315,485

5 Property and equipment

			2018	2017
	Cost $	Accumulated amortization $	Net $	Net $
Land	197,200	-	197,200	197,200
Buildings	2,578,062	1,760,781	817,281	809,112
Furniture, equipment and computers	160,860	62,392	98,468	-
Automotive equipment	165,322	165,322	-	11,034
	3,101,444	1,988,495	1,112,949	1,017,346

In the current year, $5,200 (2017 - $nil) worth of fully amortized capital assets are no longer in use and have been written off. The building at 248 Ossington Avenue, with a net book value of $234,810 (2017 - $265,347), is pledged as collateral for mortgage payable.

6 Intangible assets

			2018	2017
	Cost $	Accumulated amortization $	Net $	Net $
Computer software	91,256	91,256	-	-

7 Due from St. Christopher House Community Endowment

In the current year, the organization has a non-interest bearing receivable of $276,098 (2017 - $146,085) from St. Christopher House Community Endowment (the Community Endowment).

The organization receives annual amounts from the Community Endowment, after approval by its Board of Directors. The organization receives donations that actually belong to the Community Endowment. The due from the Community Endowment reflects the net receivable. The amounts are unsecured, due on demand and non-interest bearing. These transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8 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:

	2018 $	2017 $
Beginning balance	353,728	486,712
Amounts received related to the following year	355,616	176,334
Amounts recognized as revenue in the year	(112,431)	(309,318)
Ending balance	596,913	353,728

9 Deferred capital contributions

Deferred capital contributions 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 are as follows:

	2018 $	2017 $
Beginning balance	966,140	844,840
Amounts received during the year	24,201	299,921
Amounts amortized to revenues	(94,596)	(178,621)
Ending balance	895,745	966,140

10 Short-term investments and investments

Short-term investments consist of the following:

	2018 $	2017 $
Guaranteed investment certificates	416,240	409,330
Term deposits	507,000	500,000
	923,240	909,330

Interest rates and maturities for guaranteed investment certificates (GICs) and term deposits held with CIBC are as follows:

Interest %	**Maturity**	**2018 $**	**2017 $**
GICs			
0.55	November 8, 2018	416,240	-
0.55	September 7, 2017	-	409,330
Term deposits			
1.40	May 3, 2018	507,000	-
1.40	May 3, 2017	-	500,000
		923,240	909,330

Investments consist of the following:

	2018 $	**2017 $**
Canadian equities	318,399	223,237
Global equities	645,496	657,402
Fixed income	19,393	12,728
Pooled funds	815,486	782,900
	1,798,774	1,676,267

Investment income consists of:

	2018 $	**2017 $**
Interest income	19,611	8,812
Dividend income	27,275	34,086
	46,886	42,898

11 Revenue from government sources

	2018 $	2017 $
Federal government		
Immigration, Refugees and Citizenship Canada	268,790	266,389
Employment and Social Development Canada	50,794	24,668
Public Health Agency of Canada	58,522	62,452
	378,106	353,509
Provincial government		
Ministry of Health and Long-Term Care	5,871,207	5,460,039
Ministry of Advanced Education and Skills Development	888,097	853,111
Ministry of Community and Social Services	472,635	418,355
Ministry of Citizenship and Immigration	181,448	219,456
Ministry of Senior Affairs	170,400	152,133
Ministry of Tourism, Culture and Sport	72,257	67,097
Ministry of Children and Youth Services	25,568	35,161
	7,681,612	7,205,352
City of Toronto		
Social Development, Finance and Administration	787,108	809,231
Shelter, Support and Housing Administration	585,801	597,100
Employment and Social Services	70,554	66,234
Children's Services	18,959	18,510
	1,462,422	1,491,075
Toronto Arts Council	24,000	24,000
	1,486,422	1,515,075

12 Commitments

The organization has entered into various agreements to lease office equipment. The amount of minimum lease payments for the year ending March 31, 2019 is $10,879, with no further commitments for the following years.

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. No impairment is accounted for in 2018 (2017 - $nil).

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. The organization manages this risk by investing in low-risk investments, such as guaranteed investment certificates or pooled funds. Management assessed the organization's interest rate risk to be low.

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 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, $112,711 (2017 - $114,473) is included within amounts payable and accrued liabilities. Within amounts receivable, the organization included a receivable for harmonized sales taxes of $174,472 (2017 - $151,044).

15 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.