

Financial Statements

The St. Christopher House

(operating as West Neighbourhood House)

March 31, 2019

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of The St. Christopher House (operating as West Neighbourhood House) (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Organization were audited by another auditor for the year ended March 31, 2018, who expressed an unqualified opinion of those statements on June 15, 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Toronto, Canada
June 13, 2019

Chartered Professional Accountants
Licensed Public Accountants

The St. Christopher House
 (operating as West Neighbourhood House)
Statement of Financial Position

As at March 31

2019

2018

Assets

Current

Cash	\$ 431,059	\$ 1,001,115
Short-term investments (Note 3)	933,218	923,240
Accounts receivable (Note 4)	508,743	576,314
	<u>1,873,020</u>	<u>2,500,669</u>

Due from St. Christopher House Community Endowment (Note 5)	307,570	276,098
Investments (Note 6)	1,866,601	1,798,774
Property and equipment (Note 7)	1,021,499	1,112,949
Intangible asset (Note 8)	-	-
	<u>\$ 5,068,690</u>	<u>\$ 5,688,490</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 4)	\$ 1,295,844	1,930,398
Deferred revenue (Note 9)	443,377	409,248
Mortgage payable	6,992	6,079
	<u>1,746,213</u>	<u>2,345,725</u>

Mortgage payable	14,614	21,664
Deferred capital contributions (Note 10)	819,753	895,745
	<u>2,580,580</u>	<u>3,263,134</u>

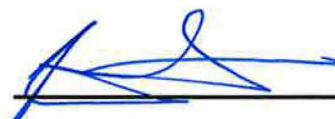
Net assets

General Fund	-	-
Internally Restricted Funds	2,488,110	2,425,356
	<u>2,488,110</u>	<u>2,425,356</u>
	<u>\$ 5,068,690</u>	<u>\$ 5,688,490</u>

Commitments (Note 11)

On behalf of the Board of Directors

 Director

 Director

The St. Christopher House
(operating as West Neighbourhood House)
Statement of Operations

Year ended March 31

2019

2018

Revenue

Federal government (Note 12)	\$ 400,170	\$ 378,106
Provincial government (Note 12)	7,827,693	7,681,612
City of Toronto (Note 12)	1,686,353	1,486,422
United Way	834,446	820,955
Foundations (Note 5)	203,115	216,194
Program fees	1,478,408	1,430,624
Membership fees	275	210
Fundraising and donations	188,316	159,816
Amortization of deferred capital contributions (Note 10)	75,992	94,596
Investment income (Note 6)	46,114	46,886
	<u>12,740,882</u>	<u>12,315,421</u>

Expenses

Salaries, wages and employee benefits	9,878,212	9,371,235
Building occupancy	451,998	383,126
Office	287,972	386,586
Recruitment and education	28,967	29,041
Communication and printing	18,348	20,475
Purchases services	876,225	901,708
Staff development	84,022	70,904
Staff travel	81,997	90,936
Transportation	66,313	71,972
Food services	302,469	333,378
Program	480,115	459,919
Fundraising	87,031	82,498
Amortization	91,450	116,344
	<u>12,735,119</u>	<u>12,318,122</u>

Excess (deficiency) of revenue over expenses	\$ 5,763	\$ (2,701)
Unrealized gains on investments	<u>56,991</u>	<u>112,572</u>
Excess of revenue over expenses	<u>\$ 62,754</u>	<u>\$ 109,871</u>

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

Statement of Changes in Net Assets

Year ended March 31, 2019

	<u>General Fund</u>	<u>Internally Restricted Funds</u>	<u>2019 Total</u>	<u>2018 Total</u>
Net assets, beginning of year	\$ -	\$ 2,425,356	\$ 2,425,356	\$ 2,315,485
Excess of revenue over expenses	62,754	-	62,754	109,871
Interfund transfers	<u>(62,754)</u>	<u>62,754</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>2,488,110</u>	\$ <u>2,488,110</u>	\$ <u>2,425,356</u>

The St. Christopher House
(operating as West Neighbourhood House)
Statement of Cash Flows

Year ended March 31

2019

2018

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 62,754	\$ 109,871
Items not involving cash		
Amortization	91,450	116,344
Amortization of deferred capital contributions	(75,992)	(94,596)
Unrealized gains on investments	<u>(56,991)</u>	<u>(112,572)</u>
	21,221	19,047

Change in non-cash working capital items

Accounts receivable	67,571	(5,729)
Due from St. Christopher House Community Endowment	(31,472)	(130,013)
Accounts payable and accrued liabilities	(634,554)	467,868
Deferred revenue	<u>34,129</u>	<u>55,520</u>
	<u>(543,105)</u>	<u>406,693</u>

Financing

Mortgage repayment	<u>(6,137)</u>	<u>(5,844)</u>
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Investing

Net change in investments	(10,836)	(9,935)
Net change in short-term investments	(9,978)	(13,910)
Purchase of property and equipment	-	(211,947)
Deferred capital contributions received	<u>-</u>	<u>24,201</u>
	<u>(20,814)</u>	<u>(211,591)</u>

(Decrease) increase in cash (570,056) 189,258

Cash

Beginning of year	<u>1,001,115</u>	<u>811,857</u>
End of year	<u>\$ 431,059</u>	<u>\$ 1,001,115</u>

The St. Christopher House

(operating as West Neighbourhood House)

Notes to the Financial Statements

March 31, 2019

1. Nature of 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. Summary of significant accounting policies

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 financial statements include the following significant accounting policies.

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby net assets of the Organization are classified for accounting and reporting purposes into funds to be used as determined by the Organization.

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 recognition

The Organization follows the deferral method of accounting for contributions and grants. Unrestricted contributions and grants are recognized as revenue when received if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions and grants are deferred when received and recognized as revenue when the related 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.

Investment income is accrued as it is earned. Investment income includes dividend and interest income.

The St. Christopher House

(operating as West Neighbourhood House)

Notes to the Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Property and equipment and intangible asset

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	25%
Automotive equipment	30%
Computer software	25%

The Organization follows a minimum capitalization threshold of \$6,000.

Contributions provided for the purchase of property and equipment are deferred and amortized into revenue over the same term and on the same basis as the related property and equipment item is amortized into expenses.

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.

Financial assets and financial liabilities

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash, short-term investments, accounts receivable, investments, accounts payable and mortgage payable.

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost, with the exception of investments, which are subsequently measured at fair value. Realized and unrealized gains and losses are recognized in the statement of operations.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the fiscal year they become known.

The St. Christopher House
(operating as West Neighbourhood House)
Notes to the Financial Statements
March 31, 2019

3. Short-term investments

	<u>2019</u>	<u>2018</u>
Guaranteed investment certificate (GIC)	\$ 419,120	\$ 416,240
Term deposit	<u>514,098</u>	<u>507,000</u>
	<u>\$ 933,218</u>	<u>\$ 923,240</u>

The GIC earns an annual interest rate of 0.55% (2018 – 0.55%) and matures on January 9, 2020 (2018 – November 8, 2018) while the term deposit earns an annual interest rate of 2.00% (2018 – 1.40%) and matures on May 3, 2019 (2018 – May 3, 2018).

4. Government remittances receivable and payable

Included in accounts receivable is \$173,797 (2018 - \$174,472) in government remittances receivable.

Included in accounts payable and accrued liabilities is \$Nil (2018 - \$112,711) in government remittances payable.

5. Related party transactions

The Organization is related to St. Christopher House Community Endowment (the "Community Endowment") through common purpose. The Community Endowment is an independent legal organization to the Organization with a separate Board of Directors to the Organization. In the fiscal 2019, the Organization has a non-interest bearing receivable of \$307,570 (2018 - \$276,098) from the Community Endowment.

The Organization receives annual donations from the Community Endowment, after approval by the Community Endowment's Board of Directors. During the year, a donation of \$149,974 (2018 - \$138,394) was received from the Community Endowment and is recorded in foundations revenue in the statement of operations. The Organization also receives donations that actually belong to the Community Endowment. The due from St. Christopher House 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.

The St. Christopher House
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Notes to the Financial Statements
March 31, 2019

6. Investments

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Canadian equities	\$ 267,068	\$ 318,399
Global equities	742,600	645,496
Fixed income	23,100	19,393
Pooled funds	751,068	815,486
Alternative	<u>82,765</u>	<u>-</u>
	<u>\$ 1,866,601</u>	<u>\$ 1,798,774</u>

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Dividend income	\$ 30,298	\$ 27,275
Interest income	<u>15,816</u>	<u>19,611</u>
	<u>\$ 46,114</u>	<u>\$ 46,886</u>

7. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net</u>	<u>2018 Net</u>
Land	\$ 197,200	\$ -	\$ 197,200	\$ 197,200
Buildings	2,578,062	1,802,997	775,065	841,898
Furniture and equipment	160,860	111,626	49,234	73,851
Automotive equipment	<u>165,322</u>	<u>165,322</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,101,444</u>	<u>\$ 2,079,945</u>	<u>\$ 1,021,499</u>	<u>\$ 1,112,949</u>

The building at 248 Ossington Avenue, with a net book value of \$204,273 (2018 - \$234,810), is pledged as collateral for the mortgage payable.

8. Intangible asset

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net</u>	<u>2018 Net</u>
Computer software	\$ 91,526	\$ 91,526	\$ -	\$ -

The St. Christopher House
(operating as West Neighbourhood House)
Notes to the Financial Statements
March 31, 2019

9. Deferred revenue

Deferred revenue relate to externally restricted funding received in the current period that is related to a subsequent period. Changes for the year in deferred revenue are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 409,248	\$ 353,728
Amounts received relating to future years	257,514	167,951
Amounts recognized as revenue	<u>(223,385)</u>	<u>(112,431)</u>
Balance, end of year	<u>\$ 443,377</u>	<u>\$ 409,248</u>

10. Deferred capital contributions

Deferred capital contributions include the unamortized portions of contributed property and equipment 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:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 895,745	\$ 966,140
Funds received for capital items	-	24,201
Amortization of deferred capital contributions	<u>(75,992)</u>	<u>(94,596)</u>
Balance, end of year	<u>\$ 819,753</u>	<u>\$ 895,745</u>

11. Commitments

The Organization has entered into various agreements to lease office equipment until April 2023. The Organization is committed to the following future minimum lease payments

2020	\$ 8,383
2021	8,383
2022	8,383
2023	8,383

The St. Christopher House
(operating as West Neighbourhood House)
Notes to the Financial Statements
 March 31, 2019

12. Revenue from government sources

	<u>2019</u>	<u>2018</u>
Federal government		
Immigration, Refugees and Citizenship Canada	\$ 282,746	\$ 268,790
Public Health Agency of Canada	61,022	58,522
Employment and Social Development Canada	<u>56,402</u>	<u>50,794</u>
	<u>\$ 400,170</u>	<u>\$ 378,106</u>
Provincial government		
Ministry of Health and Long-Term Care	\$ 6,022,080	\$ 5,871,207
Ministry of Training, Colleges and Universities	889,055	888,111
Ministry of Children, Community and Social Services	700,378	679,637
Ministry of Seniors and Accessibility	156,180	170,400
Ministry of Tourism, Culture and Sport	<u>60,000</u>	<u>72,257</u>
	<u>\$ 7,827,693</u>	<u>\$ 7,681,612</u>
City of Toronto		
Social Development, Finance and Administration	\$ 957,384	\$ 787,109
Shelter, Support and Housing Administration	585,800	585,802
Children's Services	61,933	27,481
Employment and Social Services	<u>57,236</u>	<u>62,030</u>
	<u>1,662,353</u>	<u>1,462,422</u>
Toronto Arts Council	<u>24,000</u>	<u>24,000</u>
	<u>\$ 1,686,353</u>	<u>\$ 1,486,422</u>

The St. Christopher House
(operating as West Neighbourhood House)
Notes to the Financial Statements
March 31, 2019

12. Risks arising from financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. The main risks to which the Organization's financial instruments are exposed are interest rate risk, market risk and liquidity risk. The main risks to which the Organization's financial instruments are exposed are credit risk, interest rate risk, market risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk due to investments. The interest rate risk is minimized as much as possible by external investment managers by investing in a diversified portfolio.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization. The Organization's main credit risks relate to its accounts receivable.

The Organization's credit risk is limited to program fees and it reduces its exposure to credit risk by ensuring it only provides credit to worthy parties and creating an allowance for doubtful accounts when appropriate. As at December 31, 2018, the allowance for doubtful accounts is \$Nil (2018 - \$Nil).

Market risk

Market risk is the risk the fair value of a financial instrument will fluctuate because of changes in market prices. The Organization's investments 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 mitigates this risk by holding a diversified portfolio including global and Canadian equities as well as pooled funds. There is no significant concentration risk included in the portfolio.

Liquidity risk

Liquidity risk is the risk the Organization will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Organization is exposed to liquidity risk mainly in respect to its accounts payable and mortgage payable. The Organization manages liquidity risk through regular monitoring of forecast and actual cash flows to ensure it has sufficient funds available to meet current and foreseeable financial obligations.

14. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.