

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

Financial Statements
March 31, 2015



June 18, 2015

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, 2015 and the statements of operations, changes in fund balances 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, 2015 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, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents	349,767	920,052
Short-term investments (note 10)	901,221	509,850
Amounts receivable (note 15)	436,560	588,723
Prepaid expenses	1,581	3,161
	<u>1,689,129</u>	<u>2,021,786</u>
Due from St. Christopher House Community Endowment (note 6)	115,662	36,850
Investments (note 10)	1,502,964	1,308,329
Property and equipment (note 4)	1,242,684	1,406,386
Intangible assets (note 5)	43,856	66,737
	<u>4,594,295</u>	<u>4,840,088</u>
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities (note 15)	1,051,555	1,428,589
Deferred operating grants (note 8)	381,157	266,872
Mortgage payable (note 7)	5,362	5,150
	<u>1,438,074</u>	<u>1,700,611</u>
Mortgage payable (note 7)	39,169	44,531
Deferred capital contributions (note 9)	1,026,618	1,208,396
	<u>2,503,861</u>	<u>2,953,538</u>
Fund Balances		
General and Internally Restricted	1,445,131	1,232,400
Investment in Capital Assets	215,391	224,238
Externally Restricted	-	-
Endowed	429,912	429,912
	<u>2,090,434</u>	<u>1,886,550</u>
	<u>4,594,295</u>	<u>4,840,088</u>
Commitments (note 13)		

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, 2015

	2015				2014	
	General and Internally Restricted \$	Investment in Capital Assets \$	Externally Restricted \$	Endowed \$	Total \$	Total \$
Revenues						
Federal government (note 12)	-	-	369,939	-	369,939	374,894
Provincial government (note 12)	-	-	6,837,678	-	6,837,678	6,568,941
City of Toronto (note 12)	-	-	1,392,517	-	1,392,517	1,143,306
United Way	-	-	851,845	-	851,845	854,900
Foundations	-	-	353,423	-	353,423	232,031
Program fees	-	-	1,155,470	-	1,155,470	1,336,428
Membership fees	-	-	445	-	445	385
Fundraising/donations	131,773	-	-	-	131,773	189,813
Amortization of capital contributions (note 9)	-	181,778	-	-	181,778	124,336
Investment income (note 10)	22,893	-	-	-	22,893	54,457
	154,666	181,778	10,961,317	-	11,297,761	10,879,491
Expenses						
Salaries, wages and employee benefits	-	-	8,743,989	-	8,743,989	8,029,287
Building occupancy	-	-	336,742	-	336,742	306,243
Office	-	-	263,672	-	263,672	301,351
Recruitment/education	-	-	31,126	-	31,126	30,959
Communication and printing	-	-	33,702	-	33,702	12,628
Purchased services	-	-	792,442	-	792,442	859,240
Staff development	-	-	29,045	-	29,045	52,850
Staff travel	-	-	47,901	-	47,901	47,661
Transportation	-	-	88,642	-	88,642	86,078
Food services	-	-	292,660	-	292,660	288,928
Program expenses	-	-	365,953	-	365,953	695,391
Fundraising	77,300	-	-	-	77,300	64,639
Depreciation and amortization	-	188,874	-	-	188,874	133,662
	77,300	188,874	11,025,874	-	11,292,048	10,908,917
Excess (deficiency) of revenues over expenses from operations	77,366	(7,096)	(64,557)	-	5,713	(29,426)
Fair value change in investments	198,171	-	-	-	198,171	171,865
Excess (deficiency) of revenues over expenses for the year	275,537	(7,096)	(64,557)	-	203,884	142,439

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

The St. Christopher House
 (operating as West Neighbourhood House)
 Statement of Changes in Fund Balances
 For the year ended March 31, 2015

					2015	2014
	General and Internally Restricted \$	Investment in Capital Assets \$	Externally Restricted \$	Endowed \$	Total \$	Total \$
Fund balances - March 31, 2014	1,232,400	224,238	-	429,912	1,886,550	1,744,111
Excess (deficiency) of revenues over expenses for the year	275,537	(7,096)	(64,557)	-	203,884	142,439
Endowed funds received during the year	-	-	-	-	-	-
Interfund transfers (note 11)	(62,806)	(1,751)	64,557	-	-	-
Fund balances - March 31, 2015	1,445,131	215,391	-	429,912	2,090,434	1,886,550

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, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	203,884	142,439
Depreciation and amortization	188,874	133,662
Amortization of capital contributions	(181,778)	(124,336)
Change in fair value of investments	(198,171)	(171,865)
	<u>12,809</u>	<u>(20,100)</u>
Change in non-cash operating working capital		
Amounts receivable	152,163	(64,076)
Prepaid expenses	1,580	1,582
Due from (to) St. Christopher House Community Endowment	(78,812)	13,421
Amounts payable and accrued liabilities	(377,034)	169,750
Deferred operating grants	114,285	(4,908)
	<u>(175,009)</u>	<u>95,669</u>
Financing activities		
Mortgage repayment	<u>(5,150)</u>	<u>(4,946)</u>
Investing activities		
Increase in deferred capital contributions	-	567,650
Net decrease (increase) in investments due to purchases/sales	3,536	(45,634)
Net increase in short-term investments due to purchases/sales	(391,371)	(3,994)
Net purchase of property and equipment	(2,291)	(558,459)
	<u>(390,126)</u>	<u>(40,437)</u>
Increase (decrease) in cash and cash equivalents during the year	<u>(570,285)</u>	<u>50,286</u>
Cash and cash equivalents - Beginning of year	<u>920,052</u>	<u>869,766</u>
Cash and cash equivalents - End of year	<u>349,767</u>	<u>920,052</u>

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

The St. Christopher House
(operating as West Neighbourhood House)
Notes to Financial Statements
March 31, 2015

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

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.

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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 the statement of 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 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.

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 \$3,000.

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Intangible assets

Intangible assets acquired individually or as a part of a group of other assets are initially recognized and measured at cost. The amortization methods and estimated useful lives of intangible assets are reviewed annually. Amortization commences in the year the asset is purchased or put in use and the cost is amortized over the estimated useful life on a straight-line basis as follows:

Computer software	25%
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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 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.

Investments

Short-term investments are guaranteed investment certificates with a maturity of one year or shorter and are carried at amortized cost in the financial statements. Short-term investments also include term deposits with maturity less than one year, which do not meet the definition of cash and cash equivalents.

Investments include equity securities and investments in pooled funds and 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. Investments are held solely for earning investment income and are not held for operating purposes. The proceeds from the sale of investments are not withdrawn from the investment portfolios; instead they are reinvested to purchase additional investments to be held for the purpose of earning investment income.

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.

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Financial assets measured at amortized cost include amounts receivable, cash and cash equivalents, 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 Property and equipment

			<u>2015</u>	<u>2014</u>
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	197,200	-	197,200	197,200
Buildings	2,354,034	1,415,682	938,352	1,047,454
Furniture, equipment and computers	62,393	32,496	29,897	45,497
Automotive equipment	261,521	184,286	77,235	116,235
	<u>2,875,148</u>	<u>1,632,464</u>	<u>1,242,684</u>	<u>1,406,386</u>

During the year, fully amortized assets no longer in use with an original cost of \$200,943 were written off.

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5 Intangible assets

			2015	2014
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	91,526	47,670	43,856	66,737

6 Due from St. Christopher House Community Endowment

In the current year, the organization has a receivable of \$115,662 (2014 - \$36,850) 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.

7 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 net book value of \$326,421 (2014 - \$356,802), is pledged as collateral. The mortgage matures on June 18, 2017.

The schedule of principal repayments is as follows:

	\$
2016	5,362
2017	5,583
2018	5,812
2019	6,051
2020	6,301
Thereafter	15,422
	<u>44,531</u>

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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:

	2015 \$	2014 \$
Beginning balance	266,872	271,780
Amounts received related to the following year	283,107	181,378
Amounts recognized as revenue in the year	(168,822)	(186,286)
Ending balance	<u>381,157</u>	<u>266,872</u>

9 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:

	2015 \$	2014 \$
Beginning balance	1,208,396	765,082
Funding received for renovations to buildings	-	567,650
Amounts amortized to revenue	(181,778)	(124,336)
Ending balance	<u>1,026,618</u>	<u>1,208,396</u>

10 Short-term investments and investments

Short-term investments consist of guaranteed investment certificates held with CIBC and Italian Canadian Savings and Credit Union Limited.

Interest %	Maturity	2015 \$	2014 \$
0.90	May 7, 2015	401,221	-
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
		<u>401,221</u>	<u>509,850</u>

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Short-term investments also include a term deposit for the amount of \$500,000 (2014 - \$nil), bearing interest at a rate of 1.85%, with a maturity date of October 7, 2015.

Investments are managed by external investment managers. The investments consist of the following:

	2015 \$	2014 \$
Cash and fixed income	416,322	219,258
Canadian equities	279,125	378,799
Global equities	807,517	710,272
	<u>1,502,964</u>	<u>1,308,329</u>

Investment income consists of:

	2015 \$	2014 \$
Interest income	16,034	8,823
Dividend income	6,859	45,634
	<u>22,893</u>	<u>54,457</u>

11 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.

12 Revenue from government sources

	2015 \$	2014 \$
Federal government		
Citizenship and Immigration Canada	262,200	266,001
Human Resources and Skills Development Canada	39,245	38,961
Industry Canada	8,472	8,572
Public Health Agency of Canada	60,022	61,360
	<u>369,939</u>	<u>374,894</u>
Provincial government		
Ministry of Children and Youth	34,591	47,588
Ministry of Citizenship	292,180	125,205
Ministry of Community and Social Services	258,043	254,475
Ministry of Culture, Tourism and Sport	88,633	44,064
Ministry of Health and Long-Term Care	5,309,557	5,283,618
Ministry of Training, Colleges and Universities	854,674	813,991
	<u>6,837,678</u>	<u>6,568,941</u>

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	2015 \$	2014 \$
City of Toronto		
Children's services	20,803	21,049
Employment and social services	12,375	-
Public health	1,200	9,234
Shelter, support and housing	428,674	272,168
Social development, finance and administration	841,175	765,180
Social services	64,290	49,675
	<u>1,368,517</u>	<u>1,117,306</u>
Toronto Arts Council	24,000	26,000
	<u>1,392,517</u>	<u>1,143,306</u>

13 Commitments

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

	\$
2016	23,505
2017	23,505
2018	23,505
2019	10,879
	<u>81,394</u>

14 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 2015 (2014 - \$40,000).

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.

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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.

15 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, \$74,361 (2014 - \$33,282) is included within amounts payable and accrued liabilities. Within amounts receivable, the organization included a receivable for harmonized sales taxes of \$134,911 (2014 - \$178,356).