

416 COMMUNITY SUPPORT FOR WOMEN

FINANCIAL STATEMENTS

MARCH 31, 2015

HILBORNLLP

Independent Auditor's Report

To the Board of Directors of
416 Community Support for Women

We have audited the accompanying financial statements of 416 Community Support for Women, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and changes in net assets and cash flows for the year then ended, and 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 audits. We conducted our audits 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 organization'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 organization'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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, which might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue from fundraising activities and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2015, and the results of its operations and its cash flows for the year ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

Toronto, Ontario
June 9, 2015



Chartered Professional Accountants
Licensed Public Accountants

416 COMMUNITY SUPPORT FOR WOMEN

Statement of Financial Position

March 31, 2015

	416 Drop In Fund \$	Outreach Fund \$	Externally Restricted Fund \$	2015 Total \$
ASSETS				
Current Assets				
Cash	78,387	71,638	-	150,025
Short-term investments	276,690	-	-	276,690
HST recoverable	6,507	1,105	-	7,612
Prepaid expenses	16,965	5,748	-	22,713
Inter-fund receivable (payable)	65,280	(65,280)	-	-
	443,829	13,211	-	457,040
Capital assets (note 3)	129,051	-	128,867	257,918
	572,880	13,211	128,867	714,958
LIABILITIES				
Accounts payable and accrued liabilities	51,718	13,211	-	64,929
	51,718	13,211	-	64,929
NET ASSETS				
	521,162	-	128,867	650,029
	572,880	13,211	128,867	714,958

Approved on behalf of the Board:

Director

416 COMMUNITY SUPPORT FOR WOMEN

Statement of Financial Position

March 31, 2014

	416 Drop In Fund \$	Outreach Fund \$	Externally Restricted Fund \$	2014 Total \$
ASSETS				
Current Assets				
Cash	57,398	76,011	-	133,409
Short-term investments	287,548	-	-	287,548
Accounts receivable	4,856	-	-	4,856
HST recoverable	16,396	2,230	-	18,626
Prepaid expenses	16,138	7,442	-	23,580
Inter-fund receivable (payable)	74,187	(67,542)	(6,645)	-
	456,523	18,141	(6,645)	468,019
Capital assets (note 3)	122,158	-	149,403	271,561
	578,681	18,141	142,758	739,580
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	57,230	18,141	-	75,371
Deferred revenue	-	-	129,207	129,207
	57,230	18,141	129,207	204,578
NET ASSETS	521,454	-	13,551	535,005
	578,684	18,141	142,758	739,583

416 COMMUNITY SUPPORT FOR WOMEN

Statement of Operations and Changes in Net Assets

Year ended March 31, 2015

	416 Drop In Fund \$	Outreach Fund \$	Externally Restricted Fund \$	2015 Total \$
Revenues				
Ministry of Health				
Base	731,949	343,803	-	1,075,752
Other	2,437	-	-	2,437
Donations and bequests	165,912	-	-	165,912
Fundraising and other	35,981	-	-	35,981
MCSS	17,221	-	-	17,221
Change in deferred revenue	-	-	129,207	129,207
	<u>953,500</u>	<u>343,803</u>	<u>129,207</u>	<u>1,426,510</u>
Expenses				
Program costs	795,727	281,786	-	1,077,513
Occupancy	83,507	40,159	-	123,666
Administration, office and general	53,277	21,858	-	75,135
Donations and fundraising	11,984	-	-	11,984
Amortization	2,652	-	20,536	23,188
	<u>947,147</u>	<u>343,803</u>	<u>20,536</u>	<u>1,311,486</u>
Excess of revenues over expenses	6,353	-	108,671	115,024
Inter-fund transfer (note 4)	(6,645)	-	6,645	-
Net assets, beginning of year	<u>521,454</u>	<u>-</u>	<u>13,551</u>	<u>535,005</u>
Net assets, end of year	<u><u>521,162</u></u>	<u><u>-</u></u>	<u><u>128,867</u></u>	<u><u>650,029</u></u>

416 COMMUNITY SUPPORT FOR WOMEN

Statement of Operations and Changes in Net Assets

Year ended March 31, 2014

	416 Drop In Fund \$	Outreach Fund \$	Externally Restricted Fund \$	Internally Restricted Fund \$	2014 Total \$
Revenues					
Ministry of Health					
Base	731,949	343,803	-	-	1,075,752
One time funding	-	18,000	-	-	18,000
Other	3,661	-	-	-	3,661
Donations and bequests	178,158	-	-	-	178,158
Fundraising and other	40,154	-	-	-	40,154
MCSS	19,221	-	-	-	19,221
Change in deferred revenue	-	-	40,677	-	40,677
	<u>973,143</u>	<u>361,803</u>	<u>40,677</u>	<u>-</u>	<u>1,375,623</u>
Expenses					
Program costs	748,827	283,256	20,141	-	1,052,224
Occupancy	83,343	58,238	-	-	141,581
Administration, office and general	58,814	20,310	-	-	79,124
Donations and fundraising	10,091	-	-	-	10,091
Amortization	1,440	-	20,536	-	21,976
	<u>902,515</u>	<u>361,804</u>	<u>40,677</u>	<u>-</u>	<u>1,304,996</u>
Excess of revenues over expenses (expenses over revenues)	70,628	(1)	-	-	70,627
Inter-fund transfer	(34,674)	74,808	-	(40,134)	-
Net assets (deficiency in net assets), beginning of year	485,500	(74,807)	13,551	40,134	464,378
Net assets, end of year	<u>521,454</u>	<u>-</u>	<u>13,551</u>	<u>-</u>	<u>535,005</u>

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Statements of Cash Flows

Year ended March 31	2015 \$	2014 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	115,024	70,627
Item not affecting cash		
Amortization	23,188	21,976
Unrealized gain on short-term investments	(1,077)	(759)
Gain on sale of capital assets	(567)	-
	<u>136,568</u>	<u>91,844</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	4,856	(1,986)
Decrease (increase) in HST recoverable	11,014	(8,556)
Decrease in prepaid expenses	867	1,511
Decrease in accounts payable and accrued liabilities	(10,442)	(1,102)
Decrease in deferred revenue	(129,207)	(40,677)
	<u>13,656</u>	<u>41,034</u>
Cash flows from investing activities		
Proceeds on sale of short-term investments	11,935	-
Purchase of short-term investments	-	(5,668)
Proceeds on sale of capital assets	1,000	-
Purchase of capital assets	(9,978)	-
	<u>2,957</u>	<u>(5,668)</u>
Increase in cash during year	16,613	35,366
Cash, beginning of year	133,412	98,046
Cash, end of year	<u>150,025</u>	<u>133,412</u>

416 COMMUNITY SUPPORT FOR WOMEN

Notes to Financial Statements

March 31, 2015

Nature of Operations

416 Community Support for Women (the "Organization") is a registered charitable organization, incorporated under the laws of Ontario without share capital, and qualifies as a not-for-profit organization under the Income Tax Act and is exempt from corporate income tax.

The Organization operates a drop-in-centre in downtown Toronto, providing social services for women in need. This program is funded partially by the Ontario Ministry of Health and Long-Term Care, (the "Ministry") and the use of this funding is restricted to expenditures of the 416 program.

In fiscal 1992, a drug counselling program was introduced, (the "Outreach Program") by the Organization. This program receives funding exclusively from the Ministry of Health, and the use of this funding is restricted to expenditures of the Outreach program.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund accounting

The Organization uses the restricted fund method of accounting to separate its various project and program activities.

i) 416 Drop In Fund

The 416 Drop in Fund receives a grant from the Ministry of Health and Long Term Care through the Toronto Central Local Health Integration Network (the "LHIN") as well as unrestricted donations and fundraising. The funds are used to provide administrative, services such as meals, social/recreational activities, support and educational groups, Mental Health Case Manager and Crisis supports.

ii) Outreach Fund

The Outreach Fund receives a grant from the Ministry of Health and Long Term Care through the LHIN. The funds are used to provide administrative, group and one-to-one support in Addiction Case Manager areas.

iii) Externally Restricted Fund

The Externally Restricted Fund represents contributions to the Organization for specific non-operational projects or capital purposes.

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Notes to Financial Statements (continued)

March 31, 2015

1. **Significant accounting policies (continued)**

b) **Revenue recognition**

The Organization follows the restricted fund method of accounting for contributions. Contributions made for restricted purposes are recognized as revenue of the externally restricted fund at the time they are made. Membership fees, donations and other receipts are recognized as revenue when received or, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants from ministries and municipalities are recorded when granted. Grants received from the Ministry, which are designated for specific expenditures, are refundable to the Ministry to the extent that they have not been spent for those purposes.

c) **Capital assets**

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. Contributed capital assets are recorded at their fair value at the donation date.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Capital assets, consisting of building, automobile and computer and equipment, are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided annually on a declining balance basis to amortize the cost of the asset over their estimated useful lives as follows:

Building	5%
Automobile	30%
Computer and equipment	30%

Building improvements are amortized on a straight line basis over a period of ten years, the corresponding deferred revenue is recognized as revenue over the same term.

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Notes to Financial Statements (continued)

March 31, 2015

1. **Significant accounting policies (continued)**

d) **Financial instruments**

i) **Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are carried at fair value.

Financial assets measured at amortized cost include cash.

Financial assets measured at fair value include short-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

e) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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Notes to Financial Statements (continued)

March 31, 2015

1. **Significant accounting policies (continued)**

f) **Contributed materials and services**

Volunteers contribute numerous hours each year to assist the Organization in carrying out its activities. The fair value of the contributed services cannot be reasonably estimated and is not recognized in the financial statements.

2. **Financial instruments risks**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2015.

The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Cash	X				
Short term Investments	X			X	
Accounts payable and accrued liabilities		X			

Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The organization minimizes its credit risk by holding its cash and short-term investments with a Canadian Chartered Bank. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

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Notes to Financial Statements (continued)

March 31, 2015

2. Financial instruments risks (continued)

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and holds assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and price risk.

a) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Organization is not exposed to currency risk.

b) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization's short-term investments include term deposits which are subject to interest rate risk. Management is of the opinion that interest rate risk related to the Organization is low.

c) Price risk

Price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management is of the opinion that price risk in its short-term investments is low.

Changes in risk

It's management's opinion that there have been no changes in the Organization's risk exposures from the prior year.

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Notes to Financial Statements (continued)

March 31, 2015

3. Capital assets

	Cost	Accumulated	2015
	\$	Amortization	Net
	\$	\$	\$
416 Drop In			
Land	100,000	-	100,000
Building	56,501	36,125	20,376
Automobile	9,978	1,497	8,481
Computer and equipment	21,501	21,307	194
	<u>187,980</u>	<u>58,929</u>	<u>129,051</u>
Outreach			
Computer	10,499	10,499	-
Externally restricted			
Building improvements	205,355	76,488	128,867
	<u>403,834</u>	<u>145,916</u>	<u>257,918</u>
	Cost	Accumulated	2014
	\$	Amortization	Net
	\$	\$	\$
416 Drop In			
Land	100,000	-	100,000
Building	56,501	35,053	21,448
Automobile	16,968	16,535	433
Computer and equipment	21,501	21,224	277
	<u>194,970</u>	<u>72,812</u>	<u>122,158</u>
Outreach			
Computer	10,499	10,499	-
Externally restricted			
Building improvements	205,355	55,952	149,403
	<u>410,824</u>	<u>139,263</u>	<u>271,561</u>

4. Inter-fund transfer

By board resolution, the 416 Drop In Fund has transferred \$6,645 to the Externally Restricted to forgive the inter-fund payable balance.

416 COMMUNITY SUPPORT FOR WOMEN

Notes to Financial Statements (continued)

March 31, 2015

5. **Commitments**

The Organization has entered into a rental agreement for its office premises until December 2017. Minimum lease payments are as follows:

2016	\$	29,486
2017		31,629
2018		<u>23,722</u>
Total	\$	<u>84,837</u>

6. **Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year net assets.

HILBORN

LISTENERS. THINKERS. DOERS.