

Women's Hostels Incorporated

Financial Statements

March 31, 2018



Clarkson Rouble LLP
Chartered Professional Accountants

Independent Auditors' Report

To the Members of

Women's Hostels Incorporated

Report on the financial statements

We have audited the accompanying financial statements of **Women's Hostels Incorporated**, 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 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 qualified audit opinion.

Women's Hostels Incorporated

Independent Auditor's Report

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Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Women's Hostels Incorporated** as at **March 31, 2018** and the results of its operations and cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario
July 11, 2018

Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants

Women's Hostels Incorporated

Statement of Financial Position

As at March 31

	2018	2017
Assets		
Current		
Cash and short term deposits	\$ 616,650	\$ 408,826
Accounts receivable	45,543	40,335
HST rebate receivable	21,807	26,986
Prepaid expenses	12,003	16,261
	696,003	492,408
Capital assets (Note 2)	378,056	308,296
	\$ 1,074,059	\$ 800,704

Liabilities



Current		
Accounts payable and accrued charges	\$ 97,826	\$ 85,109
Deferred capital contributions (Note 2)	270,000	-
Deferred revenue	10,695	21,477
	378,521	106,586

Net Assets

Net assets invested in capital assets	258,619	308,296
Net assets internally restricted for contingencies (Note 3)	285,000	260,000
Net assets replacement reserve fund (Note 4)	60,000	50,000
Net assets restricted for Mary Prichard fund (Note 7)	3,000	1,930
Unrestricted net assets	88,919	73,892
	695,538	694,118
	\$ 1,074,059	\$ 800,704

See accompanying notes to financial statements

On behalf of the Board:

	
Director	Director

Women's Hostels Incorporated

Statement of Operations Year Ended March 31

	2018	2017
Revenue		
Government grants	\$ 1,271,912	\$ 1,256,172
City of Toronto - per diem	229,456	229,582
City of Toronto - personal needs allowance	37,069	24,143
City of Toronto - Investing in Neighbourhoods	65,071	62,336
United Way funding	231,787	249,276
Donations and fundraising	462,863	379,790
Bequests	25,061	34,464
Interest and other	3,150	3,475
	<u>2,326,369</u>	<u>2,239,238</u>
Expenses (Schedule A)		
Property	187,903	201,738
Administration	173,401	142,938
Staffing	1,656,033	1,645,629
Clients	220,566	224,342
Repairs and maintenance - special projects	36,914	82,646
	<u>2,274,817</u>	<u>2,297,293</u>
Excess (deficiency) of revenue over expenses from operations	51,552	(58,055)
Amortization of capital assets	(49,677)	(50,425)
Deficiency of revenue over expenses from capital assets	(49,677)	(50,425)
Funds received for Mary Prichard Fund	1,250	950
Outlays from Mary Prichard Fund	(1,705)	(2,020)
Deficiency of revenue over expenses for Mary Prichard Fund	(455)	(1,070)
Excess (deficiency) of revenue over expenses for the year	\$ 1,420	\$ (109,550)

See accompanying notes to financial statements

Women's Hostels Incorporated

Statement of Changes in Net Assets Year Ended March 31

	Invested in Capital Assets	Replacement Reserve Fund	Internally Restricted for Contingencies	Mary Prichard Fund	Unrestricted	2018 Total	2017 Total
Balances, beginning of year	\$ 308,296	\$ 50,000	\$ 260,000	\$ 1,930	\$ 73,892	\$ 694,118	\$ 803,668
Excess (deficiency) of revenue over expense	(49,677)	-	-	(455)	51,552	1,420	(109,550)
Transfer of funds	-	10,000	25,000	1,525	(36,525)	-	-
Balances, end of year	\$ 258,619	\$ 60,000	\$ 285,000	\$ 3,000	\$ 88,919	\$ 695,538	\$ 694,118

See accompanying notes to financial statements

Women's Hostels Incorporated

Statement of Cash Flows Year Ended March 31

	2018	2017
Cash provided by operating activities		
Excess (deficiency) of revenue over expenses	\$ 1,420	\$ (109,550)
Items not requiring an outlay of cash		
Amortization	49,677	50,425
	51,097	(59,125)
Changes in non-cash working capital		
Accounts receivable	(5,208)	50,868
HST rebate receivable	5,179	14,049
Prepaid expenses	4,258	(1,194)
Accounts payable and accrued liabilities	12,717	(44,367)
Deferred revenue	(10,782)	3,988
Increase (decrease) from operating activities	57,261	(35,781)
Financing activity		
Deferred capital contributions	270,000	-
Investing activity		
Additions to capital assets	(119,437)	-
Increase (decrease) in cash	207,824	(35,781)
Cash, beginning of year	408,826	444,607
Cash, end of year	\$ 616,650	\$ 408,826

See accompanying notes to financial statements

Women's Hostels Incorporated

Notes to Financial Statements

March 31, 2018

Women's Hostels Incorporated's Mission is to operate programs and services for women and children who have and are experiencing oppressions such as violence, poverty and homelessness. The organization's is a community based feminist organization which operates within an anti-racist, anti-oppression framework. The organization is committed to social change through education and advocacy, to achieve social justice for all women and children.

In accordance with its objectives, the corporation operates a shelter for women and children and provides community support outreach services during the year.

1. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

a) Revenue recognition

Restricted grants for the acquisition of capital assets are deferred and recognized as revenue of the capital fund on the same basis as the amortization expense relating to these capital assets. Revenues from operating grants are recognized as they are received or become receivable. Other revenues are recognized as they are received.

Investment income is recognized on an accrual basis.

Special events revenue is recognized on completion of the event.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short term investments, which are redeemable or have maturity dates of less than 90 days. Redeemable term deposits are classified as cash equivalents. They are stated at cost, which together with accrued interest income approximates fair value given the short term nature of these investments.

c) Capital assets

Capital assets are recorded at cost. The organization amortizes its capital assets over their estimated future lives on the following annual basis:

Building	5%	declining balance
Building betterments	5%	straight line
Equipment	20%	declining balance

Women's Hostels Incorporated

Notes to Financial Statements

March 31, 2018

1. Significant accounting policies (continued)

d) Prepaid expenses

Prepaid expenses consist primarily of deposits and other costs incurred prior to special events and meetings held subsequent to year end. The remaining balance consists of prepaid rent and insurance.

e) Impairment of long-lived assets

A long lived asset is tested for impairment whenever events or changes in circumstances indicated that its carrying amount may not be recoverable. An impairment loss is recognized 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 long-lived asset exceeds its fair value.

f) Donated capital assets

Donated capital assets are recorded at fair value when fair value can reasonably be estimated and when such value is significant.

g) Donated materials and services

The value of donated materials and services is not recorded.

h) Financial instruments

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at cost include cash, short term investments and accounts receivable.

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

The organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Women's Hostels Incorporated

Notes to Financial Statements

March 31, 2018

1. Significant accounting policies (continued)

h) Financial instruments (continued)

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

i) Measurement uncertainty

The preparation of Organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, accrued liabilities and the estimated useful lives of capital assets. Actual results could differ from those estimates.

2. Capital assets

		2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Land and building	\$ 369,023	\$ 230,424	\$ 138,599	\$ 144,191	
Building betterments	845,366	732,612	112,754	155,022	
Acquisition costs and deposit for Pape property	119,437	-	119,437	-	
Equipment	195,293	188,027	7,266	9,083	
	\$ 1,529,119	\$ 1,151,063	\$ 378,056	\$ 308,296	

Government assistance for the Pape property consists of a preliminary \$270,000 grant from the Ministry of Community and Social Services.

The acquisition costs and deposit for the Pape shelter are not being amortized. The amortization of the property will commence upon completion of the purchasing process and transfer of title.

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Notes to Financial Statements

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3. Net assets restricted for contingencies

Internally restricted funds are comprised of a \$260,000 (2017 - \$260,000) contingency reserve established by the board of directors for possible future reductions in income resulting from such events as fire or quarantine.

4. Net assets replacement reserve fund

The mortgage agreement with CMHC required an annual contribution to this net asset fund to cover any capital costs for the property under mortgage. The mortgage was repaid in 2014. This fund is no longer externally restricted by the CMHC. The Board of Directors has elected to maintain this reserve and the funds are to be used to pay for any capital purchases or replacements at the shelter.

5. Incorporation and income taxes

The corporation was incorporated, under The Laws of Ontario, on September 17, 1973, as a not-for-profit corporation without share capital. It is designated as a charitable organization and is exempt from taxation under The Income Tax Act. As such, all the resources of the corporation are devoted to charitable activities carried on by the corporation itself and no part of the income is payable to, or is otherwise available for, the personal benefit of any member.

6. Economic dependence

The ongoing operations of the corporation are dependent on the fee for service agreement with the City of Toronto and on grant agreements with the Ministry of Community, and Social Services. Revenue under these agreements comprise 69% (2017 - 70%) of total revenues.

7. Mary Prichard fund

The Mary Prichard Fund was established to assist women in transition from the shelter to a self sustaining existence. The fund was established with the expectation that fifty percent of the funds received by the clients would be repaid at a future date in order that the fund would continue to provide assistance for women in need.

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Notes to Financial Statements

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8. Lease commitments

The Community Support Program and administration operate in leased premises under a long-term lease which expires on February 28, 2024 requiring annual rentals as follows, plus a proportionate share of realty taxes.

2019	\$ 80,799
2020	85,097
2021	85,511
2022	90,500
2023 and beyond	179,846

9. Financial instruments risk exposure

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 the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The organization has not had issues with these collections over the past several years. The allowance for doubtful accounts is \$Nil (2017 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. The organization expects to meet these obligations as they come due through sufficient cash flow from operations. The organization has not had issues with meeting obligations in the past several years.

There has been no change in risk assessment from the prior year.

Market risk

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

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9. Financial instruments risk exposure (continued)

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. The exposure of the organization to interest rate risk arises from the possibility that changes in interest rates will affect the value of short term investments held by the organization. The organization manages this risk by holding redeemable term deposits.

10. Contract with the Ministry of Community and Social Services

The Organization has a service contract with the Ministry of Community, and Social Services (MCSS), in which one requirement of the contract is the production by Management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract. The following is the surplus/deficit position for the year ended March 31, 2018 on each of the contracts:

Project Code #	Project Code Name	MCSS Funding	Net Expenses	Surplus (Deficit)
8771	VAW Emergency Shelter	\$ 1,026,017	\$ 1,026,017	\$ -
8779	VAW Transitional and Housing Support	136,762	136,762	-
8783	BPS Other - Adults' Social Services	16,845	16,845	-
8786	VAW Capacity Building	7,500	7,500	-

11. Subsequent events

On May 28, 2018, the organization purchased a building to replace the current shelter for \$5,700,000. The organization received an additional \$6,145,267 from the Ministry of Community and Social Services for the purchase and for future improvement costs to the building.

Women's Hostels Incorporated**Schedule A****Schedule of Expenses
Year Ended March 31**

	2018	2017
Property		
Insurance	13,454	14,028
Maintenance and repairs	24,350	38,975
Utilities	35,407	39,509
Furniture and equipment rent	13,028	12,646
Rent and property taxes	101,664	96,580
	<u>187,903</u>	<u>201,738</u>
Administration		
Fundraising	59,432	49,593
Office supplies and sundries	28,182	38,040
Purchased services	64,958	41,036
Telephone	20,829	14,269
	<u>173,401</u>	<u>142,938</u>
Staffing		
Salaries	1,365,309	1,356,015
Benefits	272,217	275,273
Staff travel	5,394	5,265
Staff development	13,113	9,076
	<u>1,656,033</u>	<u>1,645,629</u>
Clients		
Food	70,962	69,382
Household supplies	38,397	39,318
Personal items	52,807	47,322
Transportation	34,788	28,294
Programs	23,612	40,026
	<u>220,566</u>	<u>224,342</u>
Repairs and maintenance - special projects	<u>36,914</u>	<u>82,646</u>
Total expenses	<u>\$ 2,274,817</u>	<u>\$ 2,297,293</u>