

ST. STEPHEN'S COMMUNITY HOUSE

Financial Statements

Year ended March 31, 2015

ST. STEPHEN'S COMMUNITY HOUSE

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March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of
St. Stephen's Community House

We have audited the accompanying financial statements of St. Stephen's Community House, which comprise the statement of financial position as at March 31, 2015, and the statements of current operating fund, property fund, general reserve fund 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Stephen's Community 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 15, 2015

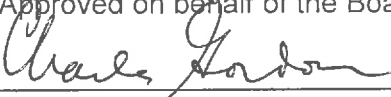
ST. STEPHEN'S COMMUNITY HOUSE


Statement of Financial Position

March 31, 2015

	2015	2014
Assets		
Current		
Cash (Note 6)	\$ 2,835,431	\$ 1,365,211
Short-term investments (Note 3)	1,342,537	3,104,990
Accounts receivable	828,645	724,056
Prepaid expenditures	50,312	103,704
	5,056,925	5,297,961
Capital assets		
Land and buildings (Note 4)	1,656,978	1,802,762
Other (Note 4)	1,801,860	1,958,583
	3,458,838	3,761,345
	\$ 8,515,763	\$ 9,059,306
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,214,605	\$ 1,304,393
Due to St. Stephen's Property House Corporation (Note 6)	7,814	7,814
Deferred contributions	141,265	496,762
	1,363,684	1,808,969
Fund balances		
Property Fund	4,256,293	4,399,001
General Reserve Fund	2,895,786	2,851,336
	7,152,079	7,250,337
	\$ 8,515,763	\$ 9,059,306

Approved on behalf of the Board:

 Director

 Director

ST. STEPHEN'S COMMUNITY HOUSE

Statement of Current Operating Fund

Year Ended March 31, 2015

	2015	2014
Revenue		
Fees		
City of Toronto	\$ 1,761,330	\$ 1,771,325
Parents' daycare fees	1,205,299	1,165,740
Grants and donations		
Province of Ontario	6,348,534	5,713,561
Federal government	1,925,912	2,035,517
City of Toronto	1,296,715	1,225,239
United Way	535,530	545,998
Donations	557,167	518,591
Social Enterprise	301,439	306,327
Interest and sundry income	73,404	86,285
	14,005,330	13,368,583
Expenditures		
Salaries and employee benefits	9,337,677	8,911,269
Trainee remuneration	1,353,872	1,184,841
Building occupancy	1,017,604	966,660
Purchased services	903,550	961,041
Program supplies	384,701	304,605
Office and general	298,068	302,144
Food services	222,873	223,567
Amortization	174,659	174,659
Promotion	106,244	110,719
Employee recruitment and training	60,271	62,116
Audit and legal	52,760	46,377
Transportation and travel	31,967	33,839
Memberships	16,634	13,361
	13,960,880	13,295,198
Excess of revenue over expenditures	44,450	73,385
Current Operating Fund, beginning of year	-	-
Transfer to General Reserve Fund	(44,450)	(73,385)
Current Operating Fund, end of year	\$ -	\$ -

ST. STEPHEN'S COMMUNITY HOUSE

Statement of Property Fund

Year Ended March 31, 2015

	2015	2014
Revenue		
Grants and donations		
Province of Ontario	\$ 118,886	\$ 21,088
City of Toronto	29,767	143,714
Federal government	25,000	40,312
Donations	15,823	36,191
Other revenue	10,196	12,158
	199,672	253,463
Expenditures		
Amortization of assets other than building and leasehold improvements (Note 4)	342,380	317,874
Excess of expenditures over revenue	(142,708)	(64,411)
Property Fund, beginning of year	4,399,001	4,463,412
Property Fund, end of year	\$ 4,256,293	\$ 4,399,001
Net assets of Property Fund are as follows:		
Capital assets		
Land and buildings (Note 4)	\$ 1,656,978	\$ 1,802,762
Other (Note 4)	1,801,860	1,958,583
Cash included in cash and investments	681,820	637,656
Cash held for Supportive Housing	90,635	-
Cash held for restricted capital expenditures	25,000	-
	\$ 4,256,293	\$ 4,399,001

ST. STEPHEN'S COMMUNITY HOUSE

Statement of General Reserve Fund

Year Ended March 31, 2015

	2015	2014
General Reserve Fund, beginning of year	\$ 2,851,336	\$ 2,777,951
Transfer from Current Operating Fund	44,450	73,385
General Reserve Fund, end of year	\$ 2,895,786	\$ 2,851,336

ST. STEPHEN'S COMMUNITY HOUSE

Statement of Cash Flows

Year ended March 31, 2015

	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures		
Current Operating Fund	\$ 44,450	\$ 73,385
Property Fund	(142,708)	(64,411)
Amortization	517,039	492,533
	418,781	501,507
Change in non-cash working capital items		
Accounts receivable	(104,589)	203,566
Prepaid expenditures	53,392	(45,571)
Accounts payable and accrued liabilities	(89,788)	286,639
Due to St. Stephen's Property House Corporation	-	78
Deferred contributions	(355,497)	(3,401)
	(77,701)	942,818
Investing activities		
Decrease (increase) in short-term investment	1,762,453	(2,338,013)
Decrease in long-term investments	-	513,568
Purchase of capital assets	(214,532)	(334,156)
	1,547,921	(2,158,601)
Financing activities		
Repayment of loan	-	(224,725)
Change in cash position	1,470,220	(1,440,508)
Cash, beginning of year	1,365,211	2,805,719
Cash, end of year	\$ 2,835,431	\$ 1,365,211

ST. STEPHEN'S COMMUNITY HOUSE

Notes to Financial Statements

Year ended March 31, 2015

1. Nature of operations

St. Stephen's Community House ("the Organization") was founded in 1962 and incorporated as a not-for-profit charitable corporation in 1974 and is exempt from income taxes under the Income Tax Act. Its mission is to work with individuals and communities primarily in downtown west Toronto to identify, prevent and alleviate social and economic problems by creating and providing a range of effective and innovative programs. Existing programs aim to assist children, homeless people, frail or isolated seniors, people living with, or at risk of contracting HIV/AIDS, those who are unemployed, high risk youth and newcomers to Canada.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the result of operations in the year in which they become known.

Fund accounting

The accounts of the Organization are maintained in accordance with the principles of the restricted fund method of accounting and accordingly the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held. The types of funds held are:

Current Operating Fund

This fund comprises the excess of operating revenue over expenditures. Transfers from the General Reserve Fund are periodically authorized by the Board of Directors.

Property Fund

This fund includes restricted grants from government, other amounts and internally restricted funds designated for the financing of property acquisition, improvements and furniture and equipment. Costs directly relating to the properties excluding building and leasehold improvements amortization and interest expenditures, are charged to the fund and the balance of the fund consist of assets net of demand loans and cash and investment reserves for property acquisition and improvement.

General Reserve Fund

This fund includes funds accumulated from various non-operation related sources as well as periodic transfers from the Current Operating Fund and Property Fund, as directed and approved by the Board of Directors. It is the Board of Directors' policy to maintain the fund at levels that represent a minimum of one month's to a maximum of four month's budgeted operating expenditures. The fund is internally restricted.

ST. STEPHEN'S COMMUNITY HOUSE

Notes to Financial Statements

Year ended March 31, 2015

2. Summary of significant accounting policies - cont'd

Short-term investments

Short-term investments consist of bonds, treasury bills and guaranteed investment certificates. Short-term investments are recorded at amortized cost using the effective interest method (as not equity instruments traded in an active market).

Short-term investment income is recognized as revenue of the related fund when earned.

Capital assets

Capital assets that are purchased are recorded at cost. Capital assets that are donated are recorded at fair value on the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives at the following annual rates:

Buildings	20 years
Leasehold improvements	3 - 45 years
Furniture and equipment	3 - 5 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Revenue recognition

Unrestricted grants and donations related to general operations are recognized as revenue in the Statement of Current Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fees and social enterprise services are recognized in the Statement of Current Operating Fund when earned if the amount can be reasonably estimated and collection is reasonably assured. Revenue is considered earned when a service has been provided or a product has been delivered.

Restricted grants and donations related to specified programs and activities are recognized as deferred contributions on the statement of Financial Position and recognized as revenue in the Statement of Current Operating Fund as expenditures are incurred.

Restricted grants and donations related to capital acquisitions are recognized as revenue in the Statement of Property Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and sundry income is recognized as revenue of the related fund when earned.

ST. STEPHEN'S COMMUNITY HOUSE

Notes to Financial Statements

Year ended March 31, 2015

2. Summary of significant accounting policies - cont'd

Contributed services

Volunteers contributed time to assist the Organization in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Other organizations contribute non-monetary resources to assist in the Organization's programs. These contributions are treated as in-kind donations and are not recognized in the financial statements due to the difficulty in determining their fair value.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investment and accounts receivable.

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

ST. STEPHEN'S COMMUNITY HOUSE

Notes to Financial Statements

Year ended March 31, 2015

3. Short-term investments

	Maturity Date	Interest Rate	2015	2014
Guaranteed investment certificates	August 2015	1.70%-2.00%	\$ 551,032	\$ -
Manulife savings account		1.55%	791,505	779,887
Ontario savings bond	June 2014	4.5%	-	515,307
Guaranteed investment certificates	May 2014	1.37%	-	1,809,796
			\$ 1,342,537	\$ 3,104,990

The market value of the investment as at year-end approximates its carrying value.

4. Capital assets

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Buildings	2,915,744	1,858,766	1,056,978	1,202,762
	3,515,744	1,858,766	1,656,978	1,802,762
Furniture and equipment	688,305	446,697	241,608	233,655
Leasehold improvements	2,912,175	1,351,923	1,560,252	1,724,928
	3,600,480	1,798,620	1,801,860	1,958,583
Total	\$ 7,116,224	\$ 3,657,386	\$ 3,458,838	\$ 3,761,345

Total amortization recorded in the year amounted to \$517,039 (2014 - \$492,533) which has been prorated between the Current Operating Fund and the Property Fund.

ST. STEPHEN'S COMMUNITY HOUSE

Notes to Financial Statements

Year ended March 31, 2015

5. Amounts held in Trust

As of March 31, 2015, the Organization held funds in trust in the amount of \$109,553 (2014 - \$117,457) on behalf of its Trustee clients. These amounts have been included in the accounts payables and accrued liabilities on the Statement of Financial Position. Subsequent to year-end these amounts were transferred to a separate bank account.

6. Due to St. Stephen's Property House Corporation

An amount of \$7,814 (2014 - \$7,814) is being held in trust for St. Stephen's House Property Corporation, an independent registered charitable organization that shares some directors in common with the Organization. St. Stephen's House Property Corporation leases a building (91 Bellevue Avenue) to the Organization for an annual rent of \$1.

7. Capital disclosure and management of capital

The Organization defines its capital as the amounts included in its fund balances. The Organization's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of its benefits to its programs.

The Organization manages its capital and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirement. The associated assets of the Organization's capital are invested with the objective of providing a reasonable rate of return while preserving integrity of capital in a balanced portfolio of highly liquid investments and fixed term investments, ensuring adequate liquidity as well as sustainability of the Organization's programs.

The Organization has available a demand operating credit facility in the amount of \$650,000 bearing interest at the bank's prime rate plus 0.50% per annum. This facility was \$Nil at year-end (2014 - \$Nil). The demand operating credit facility and all other obligations to the bank are secured by a collateral mortgage in the amount of \$1,230,000 providing a first fixed charge over the property located at 260 Augusta Avenue and replacement cost fire insurance.

The Organization is required to maintain a specified current ratio and EBITDA to interest expense ratio. As at year-end the Organization is compliant with these ratios.

ST. STEPHEN'S COMMUNITY HOUSE

Notes to Financial Statements

Year ended March 31, 2015

8. Commitments

The Organization has entered into agreements to lease premises for various periods until October 2019 and certain equipment until June 2020. Minimum lease payments (net of HST) for the next five years are as follows:

2016	\$ 505,852
2017	438,543
2018	366,129
2019	122,638
2020	73,977
Subsequent	3,533

\$ 1,510,672

9. Financial instruments

(a) Credit risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. The Organization places its cash and investments with high credit quality institutions and governments.