

**Street Health Community
Nursing Foundation
o/a Street Health
Financial Statements
March 31, 2012**



Independent Auditor's Report

To the Members of

Street Health Community Nursing Foundation

We have audited the accompanying financial statements of **Street Health Community Nursing Foundation** which comprise the statement of financial position as at **March 31, 2012** 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 generally accepted accounting principles, 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 of 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 auditors judgement, 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 qualified audit opinion.

**Street Health Community Nursing Foundation
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Independent Auditor's Report

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Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue 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, 2012** and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Clarkson Rouble LLP

**Mississauga, Ontario
May 9, 2012**

**Clarkson Rouble LLP
Chartered Accountants
Public Licensed Accountants**



**Street Health Community Nursing Foundation
o/a Street Health**

**Statement of Financial Position
As at March 31**

	2012	2011
Assets		
Current		
Cash	\$ 168,891	\$ 106,968
Accounts receivable	69,742	73,793
Prepaid expenses	3,603	6,693
	<u>242,236</u>	<u>187,454</u>
Investments (Note 2)	969,785	1,012,213
Capital assets (Note 4)	385,000	415,867
Mortgage receivable (Note 5)	74,673	95,000
	<u>\$ 1,671,694</u>	<u>\$ 1,710,534</u>

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 253,526	\$ 150,614
Deferred contributions (Note 7)	115,923	125,776
	<u>369,449</u>	<u>276,390</u>
Deferred capital contributions (Note 6)	385,001	415,868
	<u>754,450</u>	<u>692,258</u>

Commitments and Contingencies (Notes 10,12,13)

Net Assets

Maintenance and Continuation Fund (Note 8)	480,000	480,000
Capital Assets Fund	400,000	512,521
Unrestricted Fund	37,244	25,755
	<u>917,244</u>	<u>1,018,276</u>
	<u>\$ 1,671,694</u>	<u>\$ 1,710,534</u>

On behalf of the Board:

Director

Director

**Street Health Community Nursing Foundation
o/a Street Health**

**Statement of Operations
Year Ended March 31**

	2012	2011
Revenue		
Ontario Ministry of Health and Long Term Care / Toronto Central Local Health Integration Network	\$ 903,904	\$ 890,227
City of Toronto funding	133,759	198,956
Other agency contributions	217,853	302,551
Donations and fundraising	519,995	356,776
Capital contributions	30,867	30,867
Investment income	90,828	48,506
	1,897,206	1,827,883
Expenses		
Salaries and benefits	1,456,755	1,367,634
Contract services	209,106	134,237
Client supplies and services	103,932	119,262
Occupancy costs	72,039	88,796
General and administration	76,548	84,827
Fundraising	48,991	38,474
Amortization	30,867	30,867
	1,998,238	1,864,097
Deficiency of revenue over expenses from operations	(101,032)	(36,214)
Loss on sale of building	-	73,836
Deficiency of revenue over expenses for the year	\$ (101,032)	\$ (110,050)

**Street Health Community Nursing Foundation
o/a Street Health**

**Statement of Changes in Net Assets
Year Ended March 31**

	Maintenance and Continuation Fund	Capital Assets Fund	Unrestricted Fund	2012 Total	2011 Total
Balance, beginning of year	\$ 480,000	\$ 512,521	\$ 25,755	\$ 1,018,276	\$ 1,128,326
Deficiency of revenue over expenses	-	-	(101,032)	(101,032)	(110,050)
Net transfers between funds	-	(112,521)	112,521	-	-
Balance, end of year	\$ 480,000	\$ 400,000	\$ 37,244	\$ 917,244	\$ 1,018,276

**Street Health Community Nursing Foundation
o/a Street Health**

**Statement of Cash Flows
Year Ended March 31**

	2012	2011
Operating activities		
Deficiency of revenues over expenses	\$ (101,032)	\$ (110,050)
Items not requiring an outlay of cash		
Amortization	30,867	30,867
Deferred capital contribution	(30,867)	(30,867)
Loss on sale of building	-	73,836
Change in mortgage receivable	20,327	-
Gain from unrealized return on investments	(55,546)	(36,834)
	(136,251)	(73,048)
Change in non-cash working capital		
Accounts receivable	4,051	11,361
Prepaid expenses	3,090	(4,035)
Accounts payable and accrued liabilities	102,912	78,637
Deferred contributions	(9,853)	17,166
(Decrease) increase from operating activities	(36,051)	30,081
Investing activities		
Investments	97,974	(460,639)
Net proceeds on sale of building	-	343,686
Increase (decrease) from investing activities	97,974	(116,953)
Increase (decrease) increase in cash	61,923	(86,872)
Cash, beginning of year	106,968	193,840
Cash, end of year	\$ 168,891	\$ 106,968

Street Health Community Nursing Foundation

o/a Street Health

Notes to Financial Statements

March 31, 2012

1. The organization

Street Health Community Nursing Foundation, "Street Health", is a registered charity devoted to improving the health and well-being of homeless and underhoused individuals in southeast Toronto, Ontario, Canada by addressing the social determinants of health through programs, services, education and advocacy. Street Health was founded in 1986 and was incorporated without share capital under the laws of the Province of Ontario on May 19, 1988. It is a registered charitable organization and is exempt from income taxes.

2. Summary of significant accounting policies

The accounting policies of Street Health are established and maintained in accordance with Canadian generally accepted accounting principles for not for profit entities. Outlined below are those policies considered particularly significant.

a) Revenue recognition

Street Health follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Investments

Portfolio investments are reported at fair value. These investments are classified as held-for-trading investments. They are initially recognized at fair value on the date of acquisition and subsequently re-measured at fair value at each reporting date. Unrealized gains and losses arising from the change in fair value of these investments are included in the statement of operations.

c) Capital assets

Capital assets costing are recorded at cost or at estimated fair market value, if donated, less accumulated amortization. Amortization on the buildings that have been put into use is provided on a straight line basis over 20 years. Amortization on furniture and equipment is provided on a straight line basis over 5 years.

d) Contributed materials and services

Street Health, in common with many non-profit organizations, makes extensive use of volunteers and donated materials in conducting its activities. No attempt has been made to quantify the value of volunteer services in these financial statements.

Street Health Community Nursing Foundation o/a Street Health

**Notes to Financial Statements
March 31, 2012**

2. Summary of significant accounting policies (continued)

e) Use of estimates

The preparation of Street Health's financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates. Significant estimates included in the financial statements relate to certain accrued liabilities and the estimated useful lives of capital assets.

f) Financial instruments

Cash and investments are designated held-for-trading, which are measured at fair value. Gains and losses arising from the change in fair value of the investments are included in the statement of operations. Accounts receivable are classified as loans and receivables, which are measured at amortized costs using the effective interest method. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost using the effective interest method. Transaction costs are expensed as incurred.

3. Accounting policies - future accounting changes

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the Canadian Institute of Chartered Accountants Handbook-Accounting ("Handbook"). Part III will comprise:

- a) The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- b) The new accounting standards for private enterprises of Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The organization has not yet determined the impact of the adoption of Part III of the Handbook or IFRS on its financial statements.

**Street Health Community Nursing Foundation
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**Notes to Financial Statements
March 31, 2012**

4. Capital assets

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 129,375	\$ -	\$ 129,375	\$ 129,375
Building	598,167	342,542	255,625	286,492
	\$ 727,542	\$ 342,542	\$ 385,000	\$ 415,867

5. Mortgage receivable

During 2011, Street Health sold a building and the associated land. As part of the proceeds, Street Health took back a second mortgage receivable in the amount of \$95,000. As part of a Managed Service Agreement, a corporation owned by the purchaser agreed to provide its funding services to obtain new donors and/or grantors for Street Health. Once funding of \$100,000 has been received, the second mortgage will be discharged. The Managed Service Agreement will remain in effect until November 12, 2012 or until \$100,000 of funding is received. In the event that Street Health has not received the full amount of \$100,000 in funding and/or grants, the outstanding balance will be due immediately. During the year, services amounting to \$21,000 were provided to reduce the mortgage receivable. Interest of \$673 was accrued on the mortgage receivable.

6. Deferred capital contribution

Deferred capital contributions represent the unamortized amount of grants received from the Ontario Ministry of Health and Long Term Care for the purchase of land and a building and for major renovations of the building. The amortization of deferred capital contributions is recorded as capital contributions in the statement of operations and changes in unrestricted net assets.

	2012	2011
Balance, beginning of year	\$ 415,868	\$ 446,735
Less amortization of deferred capital contributions	72,039	30,867
Balance, end of year	\$ 343,829	\$ 415,868

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7. Deferred Contributions

Deferred contributions represent unspent externally restricted grants or donations received by Street Health relating to activities of the subsequent period or specific projects which extend beyond the current fiscal period.

8. Maintenance and continuation fund

The organization has designated this fund to ensure that the agency could operate in case of unforeseen financial difficulties or emergencies. The amount reflects the estimated cost of operations for a three-month period.

9. Capital Disclosures

Street Health defines its capital as the amounts included in its net assets. 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 services in accordance with its mission. Street Health manages its net assets to ensure minimal risk.

10. Operating lease commitments

Future minimum rental payments required under operating leases is \$5,608 in 2013.

11. Financial instruments and risk management

Street Health, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: credit risk and interest rate risk.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by Street Health.

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Notes to Financial Statements

March 31, 2012

11. Financial instruments and risk management (continued)

Credit Risk

Street Health's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent Street Health's maximum credit exposure at the balance sheet date.

Street Health's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by Street Health's management based on previous experience and its assessment of the current economic environment. The credit risk on cash is limited because the counterparty is a chartered bank with a high credit rating assigned by national credit rating agencies. Similarly, the credit risk on investments is limited because the counterparties are corporations with high credit ratings assigned by national credit rating agencies.

Fair Value

The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity at March 31, 2012.

12. Contingent liability

As at March 31, 2012, Street Health may have a contingent liability arising from the requirement to correctly meet the pay equity legislative requirements under the Pay Equity Act. The amount of the contingent liability cannot be reasonably estimated at this time.

13. Commitment to Toronto Central Local Health Integration Network

Street Health has an agreement with the Local Health Integration Network (LHIN) to provide mental health case management services until March 31, 2014. Under this service agreement, Street Health is required to provide mental health and nursing services to individuals in the South East quadrant, to report financial and statistical data to the LHIN and to follow all the accountability requirements of the LHIN in exchange for funding as set out in the Agreement.