

**Street Health Community
Nursing Foundation
o/a Street Health
Financial Statements
March 31, 2013**



Independent Auditor's Report

To the Members of
Street Health Community Nursing Foundation

Report of the financial statements

We have audited the accompanying financial statements of **Street Health Community Nursing Foundation** which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

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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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

**Mississauga, Ontario
May 14, 2013**

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



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

Statement of Financial Position

March 31, 2013, with comparative figures for March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current			
Cash	\$ 161,123	\$ 168,891	\$ 106,968
Accounts receivable	25,968	37,213	56,374
Other taxes receivable	37,080	32,529	17,419
Prepaid expenses	4,704	3,603	6,693
	<u>228,875</u>	<u>242,236</u>	<u>187,454</u>
Investments (Note 1)	967,378	969,785	1,012,213
Capital assets (Note 3)	354,133	385,000	415,867
Mortgage receivable (Note 4)	31,028	74,673	95,000
	<u>\$ 1,581,414</u>	<u>\$ 1,671,694</u>	<u>\$ 1,710,534</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 152,909	\$ 253,526	\$ 150,614
Deferred contributions (Note 6)	166,158	115,923	125,776
	<u>319,067</u>	<u>369,449</u>	<u>276,390</u>
Deferred capital contributions (Note 5)	354,134	385,001	415,868
	<u>673,201</u>	<u>754,450</u>	<u>692,258</u>

Net Assets

Maintenance and Continuation Fund (Note 7)	480,000	480,000	480,000
Capital Assets Fund	400,000	400,000	512,521
Unrestricted Fund	28,213	37,244	25,755
	<u>908,213</u>	<u>917,244</u>	<u>1,018,276</u>
	<u>\$ 1,581,414</u>	<u>\$ 1,671,694</u>	<u>\$ 1,710,534</u>

On behalf of the Board:

per:

_____ Director _____ Director

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

**Statement of Operations
Year Ended March 31**

	2013	2012
Revenue		
Ontario Ministry of Health and Long Term Care / Toronto Central Local Health Integration Network	\$ 922,936	\$ 903,904
City of Toronto funding	94,232	133,759
Other agency contributions	213,827	217,853
Donations and fundraising	551,862	519,995
Capital contributions	30,867	30,867
Investment income	62,818	90,828
	1,876,542	1,897,206
Expenses		
Salaries and benefits	1,296,710	1,456,755
Contract services	180,875	209,106
Client supplies and services	159,314	103,932
Occupancy costs	78,015	72,039
General and administration	66,686	76,548
Fundraising	73,106	48,991
Amortization	30,867	30,867
	1,885,573	1,998,238
Deficiency of revenue over expenses for the year	\$ (9,031)	\$ (101,032)

**Street Health Community Nursing Foundation
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**Statement of Changes in Net Assets
Year Ended March 31**

	Maintenance and Continuation Fund	Capital Assets Fund	Unrestricted Fund	2013 Total	2012 Total
Balance, beginning of year	\$ 480,000	\$ 400,000	\$ 37,244	\$ 917,244	\$ 1,018,276
Deficiency of revenue over expenses	-	-	(9,031)	(9,031)	(101,032)
Balance, end of year	<u>\$ 480,000</u>	<u>\$ 400,000</u>	<u>\$ 28,213</u>	<u>\$ 908,213</u>	<u>\$ 917,244</u>

**Street Health Community Nursing Foundation
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**Statement of Cash Flows
Year Ended March 31**

	2013	2012
Operating activities		
Deficiency of revenues over expenses	\$ (9,031)	\$ (101,032)
Items not requiring an outlay of cash		
Amortization	30,867	30,867
Deferred capital contribution	(30,867)	(30,867)
Change in mortgage receivable	43,645	20,327
Loss (gain) from unrealized return on investments	22,446	(55,546)
	<u>57,060</u>	<u>(136,251)</u>
Change in non-cash working capital		
Accounts receivable	11,245	19,163
Other taxes receivable	(4,551)	(15,112)
Prepaid expenses	(1,101)	3,090
Accounts payable and accrued liabilities	(100,617)	102,912
Deferred contributions	50,235	(9,853)
Increase (decrease) from operating activities	<u>12,271</u>	<u>(36,051)</u>
Investing activities		
Investments	(20,039)	97,974
(Decrease) increase from investing activities	<u>(20,039)</u>	<u>97,974</u>
(Decrease) increase in cash	(7,768)	61,923
Cash, beginning of year	<u>168,891</u>	<u>106,968</u>
Cash, end of year	\$ 161,123	\$ 168,891

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements March 31, 2013

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.

1. Summary of significant accounting policies

The accounting policies of Street Health are established and maintained in accordance with Canadian accounting standards for not-for-profit organizations. 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 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, 2013**

1. 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.

2. Adoption of Accounting Standards for Not-for-profit Organizations

Effective April 1, 2012, the Organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPPO). These are the Organization's first financial statements prepared in accordance with ASNFPPO and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and the opening ASNFPPO balance sheet at April 1, 2011 (the Organization's date of transition).

The Organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles for not-for-profit organizations. The adoption of ASNFPPO had no impact on the previously reported assets, liabilities and equity of the Organization, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations, changes in net assets and the cash flow statement. Certain of the Organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPPO.

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Notes to Financial Statements
 March 31, 2013

3. Capital assets

	2013		2012	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 129,375	\$ -	\$ 129,375	\$ 129,375
Building	598,167	373,409	224,758	255,625
	\$ 727,542	\$ 373,409	\$ 354,133	\$ 385,000

4. 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 \$45,393 were provided to reduce the mortgage receivable to the balance of \$31,028. The amount is considered collectible. Interest of \$2,421 has been accrued on the mortgage receivable.

5. 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.

	2013	2012
Balance, beginning of year	\$ 385,001	\$ 415,868
Less amortization of deferred capital contributions	30,867	30,867
Balance, end of year	\$ 354,134	\$ 385,001

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**Notes to Financial Statements
March 31, 2013**

6. 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.

7. 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.

8. Financial assets and liabilities

Credit risk

Street Health is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Most of the organization's receivables relate to government agencies and as such the organization does not anticipate significant loss for non-performance. The organization's exposure to credit risk is limited to accounts receivable amounts disclosed in the balance sheet.

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.

Market risk

The organization's portfolio investments exposes the organization to price risks as equity investments are subject to price changes in an open market. The organization does not use derivative financial instruments to alter the effects of this risk.

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**Notes to Financial Statements
March 31, 2013**

9. 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.

10. Comparative figures

Certain accounts in the prior year financial statement have been reclassified for comparative purposes to conform with the presentation in the current year's financial statement.