

**Street Health Community
Nursing Foundation
o/a Street Health
Financial Statements
March 31, 2014**



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 statement of financial position as at **March 31, 2014** 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 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 audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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, 2014** 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.

Clarkson Rouble LLP

**Mississauga, Ontario
May 26, 2014**

**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**

	2014	2013
Assets		
Current		
Cash	\$ 249,955	\$ 161,123
Accounts receivable	47,503	25,968
Sales taxes receivable	33,379	37,080
Prepaid expenses	4,348	4,704
	<u>335,185</u>	<u>228,875</u>
Investments (Note 2)	803,851	967,378
Capital assets (Note 3)	323,266	354,133
Mortgage receivable (Note 4)	-	31,028
	<u>\$ 1,462,302</u>	<u>\$ 1,581,414</u>

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 98,909	\$ 152,909
Deferred contributions (Note 6)	146,245	166,158
	<u>245,154</u>	<u>319,067</u>
Deferred capital contributions (Note 5)	323,266	354,134
	<u>568,420</u>	<u>673,201</u>

Commitments and Contingencies (Note 9)

Net Assets

Maintenance and Continuation Fund (Note 7)	480,000	480,000
Capital Assets Fund	400,000	400,000
Unrestricted Fund	13,882	28,213
	<u>893,882</u>	<u>908,213</u>
	<u>\$ 1,462,302</u>	<u>\$ 1,581,414</u>

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

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

**Statement of Operations
Year Ended March 31**

	2014	2013
Revenue		
Ontario Ministry of Health and Long Term Care / Toronto Central Local Health Integration Network	\$ 929,721	\$ 922,936
City of Toronto funding	143,145	94,232
Other agency contributions	210,860	213,827
Donations and fundraising	538,946	551,862
Capital contributions	30,868	30,867
Investment income	24,661	62,818
	<u>1,878,201</u>	<u>1,876,542</u>
Expenses		
Salaries and benefits	1,324,672	1,296,710
Contract services	148,657	180,875
Client supplies and services	199,137	159,314
Occupancy costs	56,303	78,015
General and administration	87,140	66,686
Fundraising	45,756	73,106
Amortization	30,867	30,867
	<u>1,892,532</u>	<u>1,885,573</u>
Deficiency of revenue over expenses for the year	\$ (14,331)	\$ (9,031)

See accompanying notes to the financial statements

**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	2014 Total	2013 Total
Balance, beginning of year	\$ 480,000	\$ 400,000	\$ 28,213	\$ 908,213	\$ 917,244
Deficiency of revenue over expenses	-	-	(14,331)	(14,331)	(9,031)
Balance, end of year	\$ 480,000	\$ 400,000	\$ 13,882	\$ 893,882	\$ 908,213

See accompanying notes to the financial statements

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

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

	2014	2013
Operating activities		
Deficiency of revenues over expenses	\$ (14,331)	\$ (9,031)
Items not requiring an outlay of cash		
Amortization	30,867	30,867
Deferred capital contribution	(30,868)	(30,867)
Change in mortgage receivable	31,028	43,645
Loss (gain) from unrealized return on investments	-	22,446
	<u>16,696</u>	<u>57,060</u>
Change in non-cash working capital		
Accounts receivable	(21,535)	11,245
Sales taxes receivable	3,701	(4,551)
Prepaid expenses	356	(1,101)
Accounts payable and accrued liabilities	(54,000)	(100,617)
Deferred contributions	(19,913)	50,235
(Decrease) increase from operating activities	<u>(74,695)</u>	<u>12,271</u>
Investing activities		
Investments	163,527	(20,039)
Increase (decrease) from investing activities	<u>163,527</u>	<u>(20,039)</u>
Increase (decrease) in cash	88,832	(7,768)
Cash, beginning of year	<u>161,123</u>	<u>168,891</u>
Cash, end of year	\$ 249,955	\$ 161,123

See accompanying notes to the financial statements

Street Health Community Nursing Foundation

o/a Street Health

Notes to Financial Statements

March 31, 2014

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, 2014

1. Summary of significant accounting policies (continued)

e) Measurement uncertainty

The preparation of Street Health'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. 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

Street Health initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The organization subsequently measures all its financial assets and liabilities at amortized cost, with the exception investments which are measured at fair value without adjustment for transaction costs that would be incurred on the disposal and changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and sales tax receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred contributions.

2. Investments

	2014	2013
Cash	\$ 10,720	\$ 74,010
Government and corporate bonds	530,292	583,296
Common and preferred shares	262,839	310,072
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	\$ 803,851	\$ 967,378

**Street Health Community Nursing Foundation
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**Notes to Financial Statements
March 31, 2014**

3. Capital assets

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 129,375	\$ -	\$ 129,375	\$ 129,375
Building	598,167	404,276	193,891	224,758
	\$ 727,542	\$ 404,276	\$ 323,266	\$ 354,133

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. During the year, services and repayments received reduced the balance to Nil.

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.

	2014	2013
Balance, beginning of year	\$ 354,134	\$ 385,001
Less amortization of deferred capital contributions	30,868	30,867
Balance, end of year	\$ 323,266	\$ 354,134

Street Health Community Nursing Foundation o/a Street Health

**Notes to Financial Statements
March 31, 2014**

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.

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, 2017. 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.