

**Street Health Community
Nursing Foundation
o/a Street Health
Financial Statements
March 31, 2018**



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, 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 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
o/a Street Health**

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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, 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 **Street Health Community Nursing Foundation** as at **March 31, 2018** 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 8, 2018**

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



Street Health Community Nursing Foundation
o/a Street Health

Statement of Financial Position
As at March 31

| | 2018 | 2017 |
|-------------------------|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | \$ 315,671 | \$ 217,990 |
| Accounts receivable | 23,239 | 15,977 |
| Sales taxes receivable | 37,290 | 14,896 |
| Prepaid expenses | 2,340 | 2,745 |
| | <u>378,540</u> | <u>251,608</u> |
| Investments (Note 2) | 824,097 | 819,378 |
| Capital assets (Note 3) | 430,756 | 474,454 |
| | <u>\$ 1,633,393</u> | <u>\$ 1,545,440</u> |

Liabilities

| | | |
|--|----------------|----------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 167,528 | \$ 115,274 |
| Deferred contributions (Note 5) | 228,005 | 199,899 |
| | <u>395,533</u> | <u>315,173</u> |
| Deferred capital contributions (Note 4) | 423,718 | 467,025 |
| | <u>819,251</u> | <u>782,198</u> |

Commitments and Contingencies (Note 8)

Net Assets

| | | |
|--|---------------------|---------------------|
| Maintenance and Continuation Fund (Note 6) | 510,000 | 510,000 |
| Capital Assets Fund | 100,000 | 100,000 |
| Unrestricted Fund | 204,142 | 153,242 |
| | <u>814,142</u> | <u>763,242</u> |
| | <u>\$ 1,633,393</u> | <u>\$ 1,545,440</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**

| | 2018 | 2017 |
|---|------------------|--------------------|
| Revenue | | |
| Ontario Ministry of Health and Long Term Care / Toronto Central Local Health Integration Network | \$ 939,323 | \$ 903,581 |
| City of Toronto funding | 185,492 | 128,327 |
| Federal government funding | 2,298 | - |
| Ministry of Seniors Affairs | 8,000 | - |
| Other agency contributions | 228,291 | 244,482 |
| Donations and fundraising | 556,115 | 567,420 |
| Capital contributions | 43,307 | 43,307 |
| Investment income | 9,718 | 65,328 |
| | 1,972,544 | 1,952,445 |
| Expenses | | |
| Salaries and benefits | 1,509,499 | 1,532,524 |
| Contract services | 125,630 | 109,123 |
| Client supplies and services | 116,581 | 152,872 |
| Occupancy costs | 43,668 | 79,175 |
| General and administration | 54,498 | 71,898 |
| Fundraising | 28,070 | 37,823 |
| Amortization | 43,698 | 43,698 |
| | 1,921,644 | 2,027,113 |
| Excess (deficiency) of revenue over expenses for the year | \$ 50,900 | \$ (74,668) |

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 | 2018 Total | 2017 Total |
|---|--|------------------------------------|------------------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$ 510,000 | \$ 100,000 | \$ 153,242 | \$ 763,242 | \$ 837,910 |
| Excess (deficiency) of revenue over expenses | - | - | 50,900 | 50,900 | (74,668) |
| Balance, end of year | \$ 510,000 | \$ 100,000 | \$ 204,142 | \$ 814,142 | \$ 763,242 |

See accompanying notes to the financial statements

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

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

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Operating activities | | |
| Excess (deficiency) of revenues over expenses | \$ 50,900 | \$ (74,668) |
| Items not requiring an outlay of cash | | |
| Amortization | 43,698 | 43,698 |
| Deferred capital contribution | (43,307) | (43,307) |
| | <u>51,291</u> | <u>(74,277)</u> |
| Change in non-cash working capital | | |
| Accounts receivable | (7,262) | 12,140 |
| Sales taxes receivable | (22,394) | 3,555 |
| Prepaid expenses | 405 | 3,147 |
| Accounts payable and accrued liabilities | 52,254 | (8,819) |
| Deferred contributions | 28,106 | (54,747) |
| | <u>102,400</u> | <u>(119,001)</u> |
| Investing activities | | |
| Redemption of investments | (4,719) | 61,832 |
| Purchase of capital assets | - | (165,120) |
| Funds for capital asset additions - deferred capital contributions | - | 157,300 |
| | <u>(4,719)</u> | <u>54,012</u> |
| Increase (decrease) in cash | 97,681 | (64,989) |
| Cash, beginning of year | 217,990 | 282,979 |
| Cash, end of year | \$ 315,671 | \$ 217,990 |

See accompanying notes to the financial statements

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements March 31, 2018

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) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents held in investment portfolio accounts have been included with investments as the purpose of the cash is for investment rather than meeting short term cash commitments.

b) Financial instruments

Financial instruments

Street Health initially measures its financial assets and liabilities at fair value. Street Health subsequently measures all its financial assets and liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net income.

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.

Financial assets measured at fair value include investments. The portion of investments in equity instruments that are quoted in an active market are measured at fair value. Street Health has elected to carry mutual funds, fixed income investments and other funds and balances held in the investment portfolio at fair value.

Street Health does not have any financial liabilities measured at fair value and has not elected to recognize any financial liabilities at fair value.

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements
March 31, 2018

1. Summary of significant accounting policies (continued)

Transaction costs

Street Health 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 amount of these instruments are adjusted by the transaction costs that are directly attributed to their issuance.

c) 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.

d) Capital assets

Capital assets 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.

e) Contributed materials and services

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

f) 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.

Street Health Community Nursing Foundation
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Notes to Financial Statements
March 31, 2018

2. Investments

| | 2018 | 2017 |
|--------------------------------|-------------------|-------------------|
| Cash | \$ 41,585 | \$ 67,677 |
| Government and corporate bonds | 297,631 | 359,400 |
| Common and preferred shares | 484,881 | 392,301 |
| | \$ 824,097 | \$ 819,378 |

3. Capital assets

| | 2018 | | 2017 | |
|------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 129,375 | \$ - | \$ 129,375 | \$ 129,375 |
| Building | 598,167 | 527,744 | 70,423 | 101,290 |
| Leasehold improvements | 256,620 | 25,662 | 230,958 | 243,789 |
| | \$ 984,162 | \$ 553,406 | \$ 430,756 | \$ 474,454 |

4. Deferred capital contribution

Deferred capital contributions represent the unamortized amount of grants received from government sources 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. During the prior year Street Health received an additional \$157,300 for coachhouse renovations.

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Balance, beginning of year | \$ 467,025 | \$ 353,032 |
| Add contributions used for capital purposes | - | 157,300 |
| Less amortization of deferred capital contributions | (43,307) | (43,307) |
| Balance, end of year | \$ 423,718 | \$ 467,025 |

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements
March 31, 2018

5. 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.

6. Maintenance and continuation fund

Street Health 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.

7. Financial instruments risk exposure

Street Health is exposed to various risks through its financial instruments. The following analysis provides a measure of Street Health's risk exposure and concentrations at the balance sheet date.

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 Street Health's receivables relate to government agencies and as such Street Health does not anticipate significant loss for non-performance. Street Health's exposure to credit risk is limited to accounts receivable amounts disclosed in the balance sheet. At March 31, 2018, the allowance for doubtful accounts was \$nil (2017 - \$nil).

Liquidity risk

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

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

Market risk

Market risk is the risk that the fair value or 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. Street Health is mainly exposed to interest rate risk and other price risk.

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements
March 31, 2018

7. Financial instruments risk exposure (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure of Street Health to interest rate risk arises from its interest bearing investments. Street Health has no interest bearing liabilities. The primary object of Street Health with respect to its investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving satisfactory investment return. As such, Street Health maintains a balanced portfolio which helps to mitigate exposure to interest rate risk.

Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk), whether those changes are caused by factors to the individual instrument or its issuer, or factors affecting all instruments traded in the market. Street Health is exposed to other price risk through a portion of its investments. The investment policy for funds provides for an asset mix and the risk and volatility of investment returns are mitigated through diversification.

8. 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, 2019. 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.