

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

Financial Statements

March 31, 2019



Clarkson Rouble LLP

Chartered Professional Accountants

Independent Auditor's Report

To the Members of

Street Health Community Nursing Foundation

Qualified Opinion

We have audited the financial statements of **Street Health Community Nursing Foundation** (the Organization), which comprise the statement of financial position as at **March 31, 2019** and **2018**, the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019 and 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, **Street Health Community Nursing Foundation** derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Street Health Community Nursing Foundation o/a Street Health

Independent Auditor's Report

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Clarkson Rouble LLP

Mississauga, Ontario
June 4, 2019

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**

	2019	2018
Assets		
Current		
Cash	\$ 206,990	\$ 315,671
Accounts receivable	446,967	23,239
Sales taxes receivable	45,259	37,290
Prepaid expenses	2,430	2,340
	<u>701,646</u>	<u>378,540</u>
Investments (Note 2)	879,627	824,097
Capital assets (Note 3)	387,058	430,756
	<u>\$ 1,968,331</u>	<u>\$ 1,633,393</u>

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 323,466	\$ 167,528
Deferred contributions (Note 5)	214,223	228,005
	<u>537,689</u>	<u>395,533</u>
Deferred capital contributions (Note 4)	380,411	423,718
	<u>918,100</u>	<u>819,251</u>

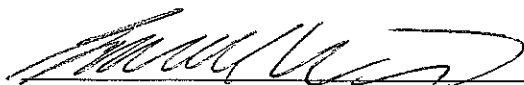
Commitments and Contingencies (Note 9)

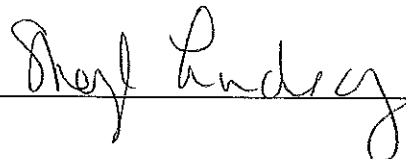
Net Assets

Maintenance and Continuation Fund (Note 6)	691,050	510,000
Capital Assets Fund	200,000	100,000
Unrestricted Fund	159,181	204,142
	<u>1,050,231</u>	<u>814,142</u>
	<u>\$ 1,968,331</u>	<u>\$ 1,633,393</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**

	2019	2018
Revenue		
Ontario Ministry of Health and Long Term Care / Toronto Central Local Health Integration Network	\$ 1,053,718	\$ 939,323
City of Toronto funding	164,647	185,492
Federal government funding	526,953	2,298
Ministry of Seniors Affairs	15,000	8,000
Other agency contributions	509,675	228,291
Donations and fundraising	638,675	556,115
Capital contributions	43,307	43,307
Investment income	58,435	9,718
	<u>3,010,410</u>	<u>1,972,544</u>
Expenses		
Salaries and benefits	1,962,740	1,509,499
Contract services	172,157	125,630
Client supplies and services	392,331	116,581
Occupancy costs	75,874	43,668
General and administration	94,251	54,498
Fundraising	33,270	28,070
Amortization	43,698	43,698
	<u>2,774,321</u>	<u>1,921,644</u>
Excess of revenue over expenses for the year	\$ 236,089	\$ 50,900

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	2019 Total	2018 Total
Balance, beginning of year	\$ 510,000	\$ 100,000	\$ 204,142	\$ 814,142	\$ 763,242
Excess of revenue over expenses	-	-	236,089	236,089	50,900
Net transfers between funds	181,050	100,000	(281,050)	-	-
Balance, end of year	\$ 691,050	\$ 200,000	\$ 159,181	\$ 1,050,231	\$ 814,142

See accompanying notes to the financial statements

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

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

	2019	2018
Operating activities		
Excess of revenues over expenses	\$ 236,089	\$ 50,900
Items not requiring an outlay of cash		
Amortization	43,698	43,698
Deferred capital contribution	(43,307)	(43,307)
	236,480	51,291
Change in non-cash working capital		
Accounts receivable	(423,728)	(7,262)
Sales taxes receivable	(7,969)	(22,394)
Prepaid expenses	(90)	405
Accounts payable and accrued liabilities	155,938	52,254
Deferred contributions	(13,782)	28,106
(Decrease) increase from operating activities	(53,151)	102,400
Investing activities		
Redemption of investments	(55,530)	(4,719)
Decrease from investing activities	(55,530)	(4,719)
(Decrease) increase in cash	(108,681)	97,681
Cash, beginning of year	315,671	217,990
Cash, end of year	\$ 206,990	\$ 315,671

See accompanying notes to the financial statements

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements March 31, 2019

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, 2019

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, 2019**

2. Investments

	2019	2018
Cash	\$ 2,987	\$ 41,585
Government and corporate bonds	293,780	297,631
Common and preferred shares	582,860	484,881
	\$ 879,627	\$ 824,097

3. Capital assets

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 129,375	\$ -	\$ 129,375	\$ 129,375
Building	598,167	558,611	39,556	70,423
Leasehold improvements	256,620	38,493	218,127	230,958
	\$ 984,162	\$ 597,104	\$ 387,058	\$ 430,756

4. Deferred capital contributions

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.

	2019	2018
Balance, beginning of year	\$ 423,718	\$ 467,025
Less amortization of deferred capital contributions	(43,307)	(43,307)
Balance, end of year	\$ 380,411	\$ 423,718

Street Health Community Nursing Foundation o/a Street Health

Notes to Financial Statements
March 31, 2019

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 statement of financial position 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, 2019, the allowance for doubtful accounts was \$Nil (2018 - \$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.

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, 2019

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. Public Health Agency of Canada

The funding and expenses for the program operated by the organization for the Harm Reduction Fund Program for reporting, reconciliation and settlement purposes are as follows:

Revenue	
Public Health Agency of Canada for current year	\$ 7,353
Expenses	
Personnel	\$ 5,241
Materials	843
Utilities	183
Travel	457
Other	629
	<u>7,353</u>
Excess of revenue over expenses	\$ -

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

**Notes to Financial Statements
March 31, 2019**

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, 2020. 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.