



Grant Thornton

Financial Statements

WoodGreen Red Door Family Shelter

March 31, 2018



## Independent Auditor's Report

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To the Members of  
WoodGreen Red Door Family Shelter

We have audited the accompanying financial statements of WoodGreen Red Door Family Shelter, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 organization'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 organization'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.

# WoodGreen Red Door Family Shelter

## Statement of Financial Position

March 31

2018

2017

### Assets

#### Current

Cash and cash equivalents	\$ 2,188,153	\$ 1,601,714
Other receivables	76,207	101,328
Grants receivable	24,973	134,051
Prepaid expenses and deposits	46,676	46,904

**2,336,009**      1,883,997

Property and equipment (Note 3)

**1,389,879**      1,582,039

**\$ 3,725,888**      **\$ 3,466,036**

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 275,302	\$ 596,691
Deferred revenue - grants and contributions (Note 5)	912,666	637,973
Mortgage payable - current portion (Note 6)	31,409	30,313

**1,219,377**      1,264,977

Deferred revenue - property and equipment (Note 5)

**832,997**      833,303

Mortgage payable (Note 6)

**144,828**      176,296

**2,197,202**      2,274,576

### Net assets

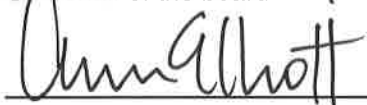
Unrestricted	876,216	396,907
Internally restricted - Scholarship	70,754	69,657
Internally restricted - Board designated	201,071	182,769
Invested in property and equipment	380,645	542,127

**1,528,686**      1,191,460

**\$ 3,725,888**      **\$ 3,466,036**

Commitments (Note 9)

On behalf of the board



Director



Director

# WoodGreen Red Door Family Shelter

## Statement of Operations

Year ended March 31	2018	2017
<b>Revenue</b>		
City of Toronto	\$ 2,738,842	\$ 2,593,019
MCSS funding	2,075,567	1,982,438
Donations and fundraising	919,323	621,731
City of Toronto Housing Help Fund	232,184	232,184
Pay equity	82,092	82,092
City of Toronto Personal Needs Allowance	63,290	43,180
Miscellaneous	13,363	18,969
Interest	3,114	2,321
	<u>6,127,775</u>	<u>5,575,934</u>
<b>Expenses</b>		
Salaries and benefits	3,301,255	3,425,919
Occupancy	655,250	589,290
Administrative	475,950	404,232
Residents' needs	408,345	328,580
City of Toronto Housing Help Fund	266,241	264,116
Amortization	315,353	127,940
Consulting fees	217,713	99,639
Professional fees	23,460	88,501
Personal Needs Allowance	76,834	50,580
Moving	37,812	34,271
Mortgage interest	7,152	8,322
Fundraising	5,184	4,324
	<u>5,790,549</u>	<u>5,425,714</u>
Excess of revenue over expenses before Queen Street redevelopment	<u>337,226</u>	<u>150,220</u>
<b>Queen Street redevelopment (Note 7)</b>		
Donations and fundraising	-	78,220
City of Toronto grant	-	34,505
Professional and consulting fees	-	(78,220)
Relocation expenses	-	(34,505)
	<u>-</u>	<u>-</u>
Excess of revenue over expenses	<u>\$ 337,226</u>	<u>\$ 150,220</u>

**WoodGreen Red Door Family Shelter**  
**Statement of Changes in Net Assets**

Year ended March 31

	Unrestricted	Internally restricted - Scholarship	Internally restricted - Board designated	Invested in property and equipment	Total 2018	Total 2017
Balance, beginning of year	\$ 396,907	\$ 69,657	\$ 182,769	\$ 542,127	\$ 1,191,460	\$ 1,041,240
Excess of revenue over expenses	652,579	-	-	(315,353)	337,226	150,220
Purchase of property and equipment	(123,193)	-	-	123,193	-	-
Repayment of mortgage	(30,372)	-	-	30,372	-	-
Deferred revenue	(306)	-	-	306	-	-
Interfund transfer	(19,399)	1,097	18,302	-	-	-
<b>Balance, end of year</b>	<b>\$ 876,216</b>	<b>\$ 70,754</b>	<b>\$ 201,071</b>	<b>\$ 380,645</b>	<b>\$ 1,528,686</b>	<b>\$ 1,191,460</b>

See accompanying notes to the financial statements.

# WoodGreen Red Door Family Shelter

## Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenue over expenses	\$ 337,226	\$ 150,220
Items not affecting cash		
Amortization	315,353	127,940
Deferred revenue - recognized (Note 5)	<u>(408,082)</u>	<u>(151,498)</u>

244,497      126,662

Change in non-cash working capital items

Other receivables	25,121	(45,391)
Grants receivable	109,078	(45,759)
Prepaid expenses and deposits	228	1,119
Accounts payable and accrued liabilities	(321,389)	364,778
Deferred revenue - grants and contributions (Note 5)	<u>457,071</u>	<u>432,902</u>

270,109      707,649

Deferred revenue - property and equipment (Note 5)

225,398      355,615

740,004      1,189,926

### Financing

Repayment of mortgage payable	(30,372)	(29,202)
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### Investing

Purchase of property and equipment	<u>(123,193)</u>	<u>(564,956)</u>
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Increase in cash and cash equivalents

586,439      595,768

Cash and cash equivalents

Beginning of year	<u>1,601,714</u>	<u>1,005,946</u>
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    End of year

\$ 2,188,153      \$ 1,601,714

### Cash and cash equivalents consists of:

Cash	\$ 1,002,511	\$ 1,172,079
Investment in mutual funds	70,045	69,433
Guaranteed Investment Certificate, bearing interest at 1.45%, maturing on Jan. 17, 2019 (2017 - bearing interest at 0.5% and maturing on April 6, 2017)	363,422	360,202
Guaranteed Investment Certificate, bearing interest at 1.45%, maturing on Jan. 17, 2019 (2017 - bearing interest at 0.5% and maturing on April 6, 2017)	<u>752,175</u>	<u>          </u>
	<u>\$ 2,188,153</u>	<u>\$ 1,601,714</u>

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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2018

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### 1. Nature of operations

WoodGreen Red Door Family Shelter ("Red Door") is an organization incorporated under the laws of Ontario without share capital and is registered with the Canada Revenue Agency as a charitable organization within the meaning of the Income Tax Act and is therefore exempt from income taxes. The purpose of Red Door is to provide emergency shelter and other support services to abused women and families in crisis.

The operations of Red Door are dependent on the funding it receives from the City of Toronto and the Ministry of Community and Social Services (MCSS).

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### 2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

#### Internally restricted net assets

From time to time, the Board of Directors may internally restrict net assets for the specific purposes as described below. These internally restricted net assets are not available for other purposes without the approval of the Board of Directors.

The Board of Directors has internally restricted net assets for a Scholarship fund and a Board designated fund as follows:

The Scholarship fund was created to commemorate Red Door's 20 year anniversary and reflects the activities related to the provision of financial assistance for education and training.

The Board designated fund was created to provide a reserve of two weeks to three months of operating costs for unanticipated operating and capital expenses to minimize the impact on the normal operations of the Queen Street location.

#### Revenue recognition

Red Door follows the deferral method of accounting for externally restricted grants and donations whereby, externally restricted grants and donations are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and donations are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Grants and donations received specifically for property and equipment are deferred and recognized as revenue on the same basis as the amortization related to the acquired property and equipment.

#### Donated materials and services

The work of Red Door is supplemented by donations of used clothing and household items and the voluntary services of members and volunteers. Since these donated goods and services are not normally purchased and because of the difficulty of determining their fair value, the value of donated goods and services are not recognized in these financial statements.

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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2018

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### 2. Significant accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit in chartered banks, Guaranteed Investment Certificates (GICs) and investments in mutual funds which are readily convertible into cash.

#### Property and equipment

Property and equipment purchased by Red Door are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	20 years
Furniture and fixtures	5 years
Leasehold improvements	2 - 5 years
Office equipment	5 years
Computer equipment	3 years
Vehicles	5 years
Human resources software system	5 years

#### Financial instruments

Red Door considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. Red Door accounts for the following as financial instruments:

Cash and cash equivalents
Other receivables
Grants receivable
Accounts payable
Mortgage payable

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. Red Door subsequently measures all of its financial assets and financial liabilities at amortized cost.



# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2018

### 3. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Land	\$ 147,001	\$ -	\$ 147,001	\$ 147,001
Building	2,234,900	1,425,102	809,798	900,999
Furniture and fixtures	258,037	239,266	18,771	-
Leasehold improvements	692,472	309,914	382,558	534,039
Office equipment	86,127	86,127	-	-
Computer equipment	70,122	64,705	5,417	-
Vehicles	52,626	52,626	-	-
Human resources software system	64,519	38,185	26,334	-
	<u>\$ 3,605,804</u>	<u>\$ 2,215,925</u>	<u>\$ 1,389,879</u>	<u>\$ 1,582,039</u>

Pursuant to a renovation grant agreement with MCSS, Red Door must obtain approval from MCSS prior to a disposition of the land and building housing the abused women's shelter, as well as, provide MCSS with the proceeds on disposition of the property in proportion to MCSS's share of the approved costs for the renovation.

### 4. Bank indebtedness

Red Door has a demand operating facility of \$150,000 which is undrawn as at March 31, 2018 (2017 - undrawn). The facility bears interest at prime plus 1% (2017 - prime plus 1%) and is secured by a general security agreement.

### 5. Deferred revenue

	<u>Grants and contributions</u>	<u>Property and equipment</u>	<u>Total 2018</u>	<u>Total 2017</u>
Balance, beginning of year	\$ 637,973	\$ 833,303	\$ 1,471,276	\$ 834,257
Funds received	457,071	225,398	682,469	788,517
Less: revenue recognized	<u>(182,378)</u>	<u>(225,704)</u>	<u>(408,082)</u>	<u>(151,498)</u>
Balance, end of year	<u>\$ 912,666</u>	<u>\$ 832,997</u>	<u>\$ 1,745,663</u>	<u>\$ 1,471,276</u>

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## WoodGreen Red Door Family Shelter Notes to the Financial Statements

March 31, 2018

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### 6. Mortgage payable

	<u>2018</u>	<u>2017</u>
Mortgage payable, repayable in blended monthly payments of interest and principal in the amount of \$3,127, bearing interest at 3.74%, due May 1, 2018 secured by the land and building. This financing was renewed effective May 1, 2018 with blended monthly payments in the amount of \$3,076, beginning June 1, 2018, bearing interest at 3.06%, due May 1, 2023.	\$ 176,237	\$ 206,609
Less: current portion	<u>(31,409)</u>	<u>(30,313)</u>
	<u>\$ 144,828</u>	<u>\$ 176,296</u>
Principal repayments until maturity are as follows:		
2019	\$ 31,409	
2020	32,939	
2021	33,965	
2022	35,019	
2023	36,106	
Subsequent years	<u>6,799</u>	
	<u>\$ 176,237</u>	

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### 7. Queen Street redevelopment

Red Door has relocated its Queen Street shelter temporarily to Gerrard Street, as the Queen Street location is undergoing renovations. The temporary location is being leased by the City of Toronto, and subleased to Red Door at a nominal rate. The new shelter will be owned by the City of Toronto, and will be leased to Red Door once ready. The costs associated with the redevelopment, along with the donations and fundraising revenue generated with respect to these activities were previously reflected in Queen Street redevelopment in the statement of operation. There was no such activity for the current year. As at March 31, 2018, Red Door has \$875,392 (2017 - \$637,973) of deferred contributions related to the Queen Street redevelopment project.

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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2018

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### 8. Financial instruments

Red Door has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from financial instruments include interest rate risk, credit risk and liquidity risk. It is management's opinion that Red Door is not exposed to significant currency, interest rate cash flow, or market risks arising from its financial instruments.

#### Interest rate price risk

Red Door's financial instruments expose it to interest rate risk due to its investments and mortgage payable with fixed interest rates. This risk is mitigated by Red Door through investing in or utilizing instruments which have a low susceptibility to significant fluctuations in market interest rates.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. This risk is mitigated by Red Door through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to other receivables and grants receivable is \$Nil (2017 - \$Nil).

#### Liquidity risk

Liquidity risk is the risk that Red Door will encounter difficulty in meeting the obligations associated with its financial liabilities. Red Door is exposed to this risk mainly in respect of its accounts payable and mortgage payable. Red Door reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash reserves and financing to repay creditors.

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### 9. Commitments

Red Door is committed to leases for its premises and equipment as follows:

2019	\$	79,324
2020		79,350
2021		81,363
2022		34,500
2023		-
		<hr/>
	\$	<u>274,537</u>

## WoodGreen Red Door Family Shelter Statement of Queen Street Operations

Year ended March 31,

	2018		2017	
	Queen Street	Housing & Outreach	Queen Street	Housing & Outreach
Revenue				
City of Toronto	\$ 2,738,842	\$ -	\$ 2,593,019	\$ -
City of Toronto Housing Help Fund	-	232,184	-	232,184
Miscellaneous	-	-	1,847	-
	<u>2,738,842</u>	<u>232,184</u>	<u>2,594,866</u>	<u>232,184</u>
Expenses				
Salaries and benefits	1,574,468	266,241	1,780,438	264,116
Food services	2,438	-	122,717	-
Materials and services	359,414	-	246,447	-
Building maintenance and services	232,309	-	144,576	-
Resident personal needs	217,175	-	72,456	-
Property management	18,684	-	73,411	-
Utilities	75,890	-	80,561	-
Transportation and communications	24,145	-	11,783	-
	<u>2,504,523</u>	<u>266,241</u>	<u>2,532,389</u>	<u>264,116</u>
Excess (deficiency) over expenses for the year before amortization	234,319	(34,057)	62,477	(31,932)
Amortization	<u>(199,820)</u>	<u>-</u>	<u>16,364</u>	<u>-</u>
Excess (deficiency) of revenue over expenses	<u>\$ 34,499</u>	<u>\$ (34,057)</u>	<u>\$ 46,113</u>	<u>\$ (31,932)</u>

This schedule is prepared specifically for the City of Toronto. As a result, expenses are grouped as prescribed by the City of Toronto Shelter, Support and Housing Administrative Division guidelines.