

Financial Statements of

**LE BON DIEU DANS LA RUE, ORGANISATION POUR JEUNES
ADULTES**

Year ended October 31, 2016



INDEPENDENT AUDITOR'S REPORT

To the Members of Le Bon Dieu Dans La Rue, Organisation pour Jeunes Adultes:

Report on the Financial Statements

We have audited the accompanying financial statements of Le Bon Dieu Dans La Rue, Organisation pour Jeunes Adultes (the "Organization"), which comprise the balance sheet as at October 31, 2016, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization 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 unable to determine whether, as at and for the years ended October 31, 2016 and October 31, 2015, any adjustments might be necessary to donations, excess of revenue over expenses, current assets and net assets. This caused us to qualify our opinion on the financial statements as at and for the year ended October 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements present fairly, in all material respects, the financial position of Le Bon Dieu Dans La Rue, Organisation pour Jeunes Adultes as at October 31, 2016, 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.

 *Saurdath Janoll* *senc¹*

Montréal, Canada
January 23, 2017

¹ By public accountancy permit A104373, CPA auditor, CA

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Financial Statements

Year ended October 31, 2016

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**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Balance Sheet

As at October 31, 2016, with corresponding figures for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 286,078	\$ 190,839
Short-term investments	48,191	887,057
Accounts receivable (note 3)	835,295	69,794
Prepaid expenses	57,580	35,948
	1,227,144	1,183,638
Investments (note 4)	5,065,025	4,706,007
Capital assets:		
Property and equipment (note 5)	512,200	452,176
Apartment (note 6)	2,717,792	2,799,067
	\$ 9,522,161	\$ 9,140,888
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 312,407	\$ 327,635
Deferred contributions (note 7)	140,256	163,647
Current portion of deferred contributions for capital assets (note 8)	68,103	60,255
Current portion of long-term debt (note 9)	25,656	24,937
	546,422	576,474
Deferred contributions for capital assets (note 8)	1,393,419	1,371,919
Long-term debt (note 9)	1,385,627	1,411,283
Total liabilities	3,325,468	3,359,676
Net assets:		
Invested in capital assets	357,187	382,849
Internally restricted for endowment purposes (note 12)	5,065,025	4,706,007
Unrestricted	774,481	692,356
	6,196,693	5,781,212
Commitments (notes 13 and 14)		
	\$ 9,522,161	\$ 9,140,888

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Statement of Operations

Year ended October 31, 2016, with corresponding figures for 2015

	2016	2015
Revenue:		
Donations (note 10)	\$ 2,954,861	\$ 2,934,470
Bequests	1,186,412	905,224
Government grants	122,000	155,847
Apartment revenue (note 10)	234,488	169,397
Special event	-	183,890
	4,497,761	4,348,828
Expenditures:		
Day Centre:		
Drop-in	340,044	409,636
Psycho-social services	1,149,967	1,130,738
Support services	753,995	704,650
Bunker	617,693	619,255
Van	82,533	73,232
Apartment:		
Operating costs, including amortization of \$93,730 (2015 - \$70,557)	228,894	145,172
Community support services for housing	151,321	138,460
Volunteer coordination	23,415	47,589
Fundraising and gift processing	513,106	497,803
Special event	-	50,268
Administration	523,152	437,105
Amortization of property and equipment	40,208	38,294
Merchant fees and bank charges	26,384	23,103
	4,450,712	4,315,305
Earnings from operations	47,049	33,523
Investment income, net (note 11)	368,432	268,612
Excess of revenue over expenditures	\$ 415,481	\$ 302,135

See accompanying notes to financial statements.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Statement of Changes in Net Assets

Year ended October 31, 2016, with corresponding figures for 2015

	Invested in capital assets	Internally restricted for endowment	Unrestricted	2016 Total	2015 Total
Net assets, beginning of year	\$ 382,849	\$ 4,706,007	\$ 692,356	\$ 5,781,212	\$ 5,479,077
Excess of revenue over expenditures	(68,725)	361,723	122,483	415,481	302,135
Acquisition of capital assets	112,687	-	(112,687)	-	-
Donations received for capital acquisitions	(94,561)	-	94,561	-	-
Reduction in long-term debt relating to capital assets	24,937	-	(24,937)	-	-
Interfund transfer of sales tax rebates	-	(2,705)	2,705	-	-
Net assets, end of year	\$ 357,187	\$ 5,065,025	\$ 774,481	\$ 6,196,693	\$ 5,781,212

See accompanying notes to financial statements.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Statement of Cash Flows

Year ended October 31, 2016, with corresponding figures for 2015

	2016	2015
Cash flows from operating activities:		
Excess of revenue over expenditures	\$ 415,481	\$ 302,135
Items not affecting cash:		
Amortization of property and equipment	40,208	38,294
Amortization of apartment building and furnishings	93,730	70,557
Variation in deferred contributions	(23,391)	48,893
Amortization of deferred contributions related to capital assets	(65,213)	(47,440)
Realized gains on sales of investments	(112,578)	(8,751)
Increase in unrealized gain on investments	(143,621)	(137,919)
Net changes in non-cash operating assets and liabilities:		
Short-term investments	838,866	(160,543)
Accounts receivable	(765,501)	(1,156)
Prepaid expenses	(21,632)	4,642
Accounts payable and accrued liabilities	(15,228)	46,333
	241,121	155,045
Cash flows from financing activities:		
Increase in contributions for capital assets	94,561	1,345,634
(Decrease) increase in bank indebtedness	-	(1,994,997)
Assumption of mortgage	-	1,450,442
Mortgage payments	(24,937)	(14,222)
	69,624	786,857
Cash flows from investing activities:		
Apartment building construction costs and furnishings	(12,455)	(779,535)
Purchase of property and equipment	(100,232)	(9,498)
Purchases of investments	(1,180,175)	(991,972)
Proceeds from sales of investments	1,071,172	889,787
Net change in cash and accrued income of investments	6,184	(4,100)
	(215,506)	(895,318)
Increase in cash	95,239	46,584
Cash, beginning of year	190,839	144,255
Cash, end of year	\$ 286,078	\$ 190,839

See accompanying notes to financial statements.

LE BON DIEU DANS LA RUE, ORGANISATION POUR JEUNES ADULTES

Notes to Financial Statements

Year ended October 31, 2016

1. Statutes and purpose

Le Bon Dieu Dans La Rue, Organisation Pour Jeunes Adultes was incorporated under Part III of the Quebec Companies Act on November 29, 1988. The mission of the Organization is to provide assistance to homeless youth and youth at risk and, with dedication, empathy and respect, and with the support of the community, to care for their immediate needs and help them acquire the skills and resources needed to lead more autonomous and rewarding lives.

The Organization is a registered charity under the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial instruments

Financial instruments are measured at fair value upon initial recognition. Subsequently, they are measured as follows:

Asset/liability	Basis of accounting
Cash	Fair value
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Investments	Fair value
Bank indebtedness	Amortized cost
Accounts payable	Amortized cost
Long-term debt	Amortized cost

The fair value of investments is determined based on published closing bid prices in active markets. Purchases and sales are recorded on the trade date.

(b) Short-term investments

Short-term investments are comprised of guaranteed investment certificates and money market funds.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

2. Significant accounting policies, continued

(c) Capital assets

Property and equipment are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. The apartment building is recorded at its construction cost which includes payments to building contractor, architects, engineers, surveyors, inspectors, project management, professional fees and the interest charges incurred to the date of substantial completion.

Capital assets are amortized according to the following rates and methods:

Assets	Rate and method
Buildings	straight-line over 35 years
Building improvements	straight-line over 15 years
Leasehold improvements	straight-line basis over term of lease plus one option
Vehicles	30% diminishing balance basis
Equipment	straight-line over 10 years
Furniture and fixtures	20% diminishing balance basis
Computer equipment and software	straight-line over 4 years
Furnishings for the apartment	straight-line over 5 years

(d) Deferred contributions related to capital assets

Deferred contributions related to capital assets represent grants received to fund capital acquisitions included in capital assets. These deferred contributions related to capital assets are recognized as revenue at the same rate as the amortization of the related asset.

(e) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions, if any, are recognized as direct increases in net assets.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

2. Significant accounting policies, continued

(e) Revenue recognition, continued

Government grants are recognized when earned. Dividend income is recognized on the ex-dividend date and interest income is recorded when earned. Gains or losses on the sale of investments are determined using the average cost basis.

(f) Contributed goods and services

The Organization receives donated goods such as clothing, food and supplies for use in its operations. Donations-in-kind are included in revenue if tax receipts are issued to the donors and if the Organization would have had to otherwise acquire the donated materials for its normal operations.

Numerous volunteers contribute considerable hours per year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Foreign currency translation

Investment transactions, revenues and expenses denominated in foreign currencies are translated at the rate of exchange on the date of the transaction. Exchange gains or losses are included in earnings for the year. The fair value of investments and other monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date.

(h) Allocation of expenses

The salaries and benefits of employees working in more than one department are allocated to each department based on the approximate time spent.

(i) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates, which relate mainly to the useful lives of capital assets, are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

3. Accounts receivable

	2016	2015
Bequests	\$ 771,733	\$ -
Sales tax rebates	28,730	49,766
Government grants	2,258	1,456
Other	32,574	18,572
	\$ 835,295	\$ 69,794

4. Investments

	Cost 2016	Fair Value 2016	Cost 2015	Fair Value 2015
Cash and accrued income	\$ 47,355	\$ 47,355	\$ 53,539	\$ 53,539
Fixed income securities	1,964,594	1,991,547	1,641,316	1,658,294
Canadian equities	1,121,542	1,674,208	1,038,909	1,418,569
U. S. equities	659,971	1,351,915	844,301	1,575,605
	\$ 3,793,462	\$ 5,065,025	\$ 3,578,065	\$ 4,706,007

The investments are managed by an independent manager who is guided by an investment policy approved by the Board of Directors. The investment policy was established to preserve and compound the purchasing power of the underlying capital. The Organization's policy permits investments in cash and money-market securities, bonds and shares publicly traded on Canadian, US and foreign markets. The Board of Directors has overall responsibility for the establishment and oversight of the Organization's risk management framework for all funds of the Organization.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

5. Property and equipment

	Cost	Accumulated amortization	2016 Net book value
Land	\$ 281,500	\$ -	\$ 281,500
Buildings	1,441,458	1,363,508	77,950
Building improvements	29,559	1,971	27,588
Leasehold improvements	8,370	2,929	5,441
Vehicles	232,151	221,932	10,219
Equipment	116,595	39,903	76,692
Furniture and fixtures	62,828	43,848	18,980
Computer equipment and software	81,070	67,240	13,830
	\$ 2,253,531	\$ 1,741,331	\$ 512,200

	Cost	Accumulated amortization	2015 Net book value
Land	\$ 281,500	\$ -	\$ 281,500
Buildings	1,441,458	1,354,138	87,320
Leasehold improvements	8,370	2,092	6,278
Vehicles	232,151	217,553	14,598
Equipment	51,593	28,856	22,737
Furniture and fixtures	61,024	39,328	21,696
Computer equipment and software	77,203	59,156	18,047
	\$ 2,153,299	\$ 1,701,123	\$ 452,176

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

6. Apartment

	Cost	Accumulated amortization	2016 Net book value
Land	\$ 48,665	\$ -	\$ 48,665
Building	2,740,434	130,225	2,610,209
Furnishings	92,980	34,062	58,918
	\$ 2,882,079	\$ 164,287	\$ 2,717,792

	Cost	Accumulated amortization	2015 Net book value
Land	\$ 48,665	\$ -	\$ 48,665
Building	2,727,979	51,961	2,676,018
Furnishings	92,980	18,596	74,384
	\$ 2,869,624	\$ 70,557	\$ 2,799,067

With the financial assistance of the *Société d'habitation du Québec* (SHQ) and the *Ville de Montréal*, the Organization has constructed an apartment building in the east-end of Montreal with seventeen apartments. The property is operated under the *AccèsLogis* program which provides rent subsidies to support low-income housing.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

7. Deferred contributions

	Government Grants	Donations	2016 Total
Balance, beginning of year	\$ 18,713	\$ 144,934	\$ 163,647
Contributions	114,499	338,443	452,942
Recognized as revenue in the year	(122,000)	(354,333)	(476,333)
Balance, end of year	\$ 11,212	\$ 129,044	\$ 140,256

	Government Grants	Donations	2015 Total
Balance, beginning of year	\$ 8,754	\$ 106,000	\$ 114,754
Contributions	162,593	415,498	578,091
Recognized as revenue in the year	(152,634)	(376,564)	(529,198)
Balance, end of year	\$ 18,713	\$ 144,934	\$ 163,647

8. Deferred contributions for capital assets

	Property and equipment	Apartment	2016 Total
Balance, beginning of year	\$ 37,787	\$ 1,394,387	\$ 1,432,174
Donations for capital acquisitions	94,561	-	94,561
Recognized as revenue in the year	(11,300)	-	(11,300)
Recognized as apartment revenue	-	(53,913)	(53,913)
	121,048	1,340,474	1,461,522
Less current portion	(11,031)	(57,072)	(68,103)
Balance, end of year	\$ 110,017	\$ 1,283,402	\$ 1,393,419

In the year ended October 31, 2015, the Organization received a grant of \$1,118,800 from the SHQ to assist in financing the apartment. The unamortized portion of this grant of \$1,065,524 (2015 – \$1,097,490) is secured by a second mortgage on the apartment building.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

8. Deferred contributions for capital assets, continued

	Property and equipment	Apartment	2015 Total
Balance, beginning of year	\$ 41,000	\$ 92,980	\$ 133,980
Grant from SHQ	-	1,118,800	1,118,800
less contribution to <i>Fonds Québécois d'habitation communautaire</i>	-	(139,931)	(139,931)
Grants from municipality	-	366,765	366,765
Recognized as revenue in the year	(3,213)	-	(3,213)
Recognized as apartment revenue	-	(44,227)	(44,227)
	37,787	1,394,387	1,432,174
Less current portion	(2,830)	(57,425)	(60,255)
Balance, end of year	\$ 34,957	\$ 1,336,962	\$ 1,371,919

9. Long-term debt

	2016	2015
Mortgage loan, bearing interest of 2.865%, repayable in monthly blended capital and interest payments of \$5,459, amortized over 35 years, terms renewable on March 1, 2020	\$ 1,411,283	\$ 1,436,220
Less current portion of long-term debt	(25,656)	(24,937)
	\$ 1,385,627	\$ 1,411,283

The mortgage is secured by the apartment building, and capital repayments are guaranteed by the SHQ. The scheduled capital repayments to the date of refinancing are as follows:

2017	\$ 25,656
2018	\$ 26,397
2019	\$ 27,158
2020	\$ 11,546

The amount to be refinanced on March 1, 2020 is \$1,320,526.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

10. Revenue

Donations include gifts-in-kind for which receipts were issued of \$18,917 (2015 - \$27,928).

Apartment revenue includes rent from tenants of \$42,315 (2015 - \$33,279), subsidies under the *AccèsLogis* program of \$138,260 (2015 - \$91,891) and recognition of deferred government contributions of \$53,913 (2015 - \$44,227) (note 8).

11. Investment income

	Unrestricted	Internally Restricted	2016 Total
Realized gains	\$ -	\$ 112,578	\$ 112,578
Unrealized gains	-	143,621	143,621
Interest	6,709	52,622	59,331
Dividends and other distributions	-	92,385	92,385
Foreign exchange	-	(652)	(652)
Portfolio management fees	-	(38,831)	(38,831)
	\$ 6,709	\$ 361,723	\$ 368,432

	Unrestricted	Internally Restricted	2015 Total
Realized gains	\$ -	\$ 8,751	\$ 8,751
Unrealized gains	-	137,919	137,919
Interest	13,093	48,985	62,078
Dividends and other distributions	-	95,657	95,657
Foreign exchange	-	1,014	1,014
Portfolio management fees	-	(36,807)	(36,807)
	\$ 13,093	\$ 255,519	\$ 268,612

12. Net assets internally restricted for endowment purposes

Internally restricted net assets for endowment purposes represent funds (capital and income thereon) set aside by the Board of Directors to be held as a long-term asset.

LE BON DIEU DANS LA RUE, ORGANISATION POUR JEUNES ADULTES

Notes to Financial Statements, continued

Year ended October 31, 2016

13. Pension plan

The Organization has a defined contribution plan that provides retirement benefits to its employees. Employees are eligible to join after three years of continuous service and pension contributions vest immediately. Funding contributions are made by employees and matched by the Organization up to a maximum of \$1,200 per employee per year. The pension expense representing the contribution paid by the Organization amounted to \$26,398 in 2016 (2015 - \$25,932).

The assets of the plan are held in an independently administered fund.

14. Commitments

The Organization has commitments under operating leases for its administrative offices and for a warehouse which expire in 2018 and 2021, respectively. The annual and aggregate commitments under these leases are approximately as follows:

2017	\$ 73,921
2018	\$ 48,651
2019	\$ 23,380
2020	\$ 23,380
2021	\$ 19,484
Total	\$ 188,816

15. Risks

Credit risk

Credit risk is the risk of financial loss to the Organization if a party to a financial instrument fails to meet its contractual obligations. The Organization's accounts receivable, short-term investments and investments in fixed income securities are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value.

Market risk

The market price 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: interest rate risk, currency risk and other price risk.

(a) Interest rate risk

Interest rate risk arises from changes in market interest rates. This risk arises from investments held in interest-bearing instruments. The Organization is exposed to the risk that the fair value or future cash flows of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2016

15. Risks, continued

Market risk, continued

(b) Currency risk

Currency risk arises from changes in foreign exchange rates. Cash balances denominated in U.S. dollars and investments in foreign securities bear the risk of currency fluctuations. The Canadian equivalent of cash originally denominated in U.S. dollars is \$16,415 (2015 - \$13,382). The Canadian equivalent of investments originally denominated in U.S. dollars is disclosed in note 4 under U. S. equities.

(c) Other price risk

The other price risk arises from changes in market prices other than those arising from interest rate risk or currency risk. Investments are subject to market volatility risk. The investments of the Organization are susceptible to market price risk arising from uncertainties about the future prices of the instruments.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization has a history of raising, on an annual basis, the funds required to operate and it also has monitoring and budgetary controls.

The Organization maintains sufficient liquid resources to continue operating in the event of adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes.

16. Corresponding figures

Certain of the prior year figures have been reclassified to conform to the current year presentation.