

WoodGreen Red Door Family Shelter

Financial Statements

March 31, 2011



Koster, Spinks & Koster LLP

Chartered | Accountants

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Auditors' Report

To the Directors of
WoodGreen Red Door Family Shelter

Report on the financial statements

We have audited the accompanying financial statements of WoodGreen Red Door Family Shelter, which comprise the statement of financial position as at March 31, 2011, 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 generally accepted accounting principles, 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.

Auditors' 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 auditors' 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 entity's preparation 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of WoodGreen Red Door Family Shelter as at March 31, 2011, and its financial performance and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
June 23, 2011

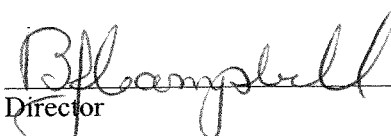
WoodGreen Red Door Family Shelter

Financial Position
March 31, 2011

	2011	2010
Assets		
Current assets		
Cash and short term investments (note 2)	\$ 375,141	\$ 276,081
Other receivables	66,931	18,904
Grants receivable	87,009	71,911
Prepaid expenses	53,572	54,492
Restricted term deposits (note 3)	-	524,900
	582,653	946,288
Capital assets (note 4)	1,550,347	1,601,033
	<u>\$ 2,133,000</u>	<u>\$ 2,547,321</u>
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	\$ 243,261	\$ 243,795
Deferred contributions	201,000	-
Mortgage payable (note 6)	23,098	22,480
Pay equity obligation (note 5)	-	580,387
	467,359	846,662
Mortgage payable, net of current portion (note 6)	341,850	364,948
Deferred capital contributions (note 7)	512,350	553,917
	854,200	918,865
Fund balances		
Operating fund	708,241	690,793
Scholarship fund	93,200	91,001
Board Designated fund	10,000	-
	811,441	781,794
	<u>\$ 2,133,000</u>	<u>\$ 2,547,321</u>

Approved by the Board


Director


Director

KSK

Koster, Spinks & Koster^{LLP}
Chartered Accountants

WoodGreen Red Door Family Shelter

Changes in Net Assets
For The Year Ended March 31, 2011

	2011			2010	
	Operating Fund	Scholarship Fund	Board Designated Fund	Total	Total
Fund balances, beginning of year	\$ 690,793	\$ 91,001	\$ -	\$ 781,794	\$ 774,220
Excess (deficiency) of revenues over expenses for the year	27,448	2,199	-	29,647	7,574
Transfer	(10,000)	-	10,000	-	-
Retained earnings, end of year	\$ 708,241	\$ 93,200	\$ 10,000	\$ 811,441	\$ 781,794

WoodGreen Red Door Family Shelter

Statement of Operations For The Year Ended March 31, 2011

	2011	2010
Revenues		
City of Toronto	\$ 2,496,561	\$ 2,462,730
MCSS funding	2,022,830	1,938,857
Donations and fundraising	351,168	311,444
City of Toronto Housing Help Fund	232,184	228,770
City of Toronto Personal Needs Allowance	175,107	171,353
Pay equity	82,087	82,087
Miscellaneous	23,936	8,850
Interest	173	2,425
	<u>5,384,046</u>	<u>5,206,516</u>
Expenses		
Salaries and benefits	2,912,640	3,023,109
Residents needs	601,813	573,284
Occupancy costs	580,102	513,833
Administrative	288,628	242,345
Consulting fees	272,958	111,423
City of Toronto Housing Help Fund	233,557	232,697
Personal needs allowance	175,107	171,353
Amortization	149,174	145,971
Professional fees	62,613	84,495
Moving	41,238	56,043
Fundraising costs	20,563	27,414
Mortgage interest	16,006	16,975
	<u>5,354,399</u>	<u>5,198,942</u>
Excess of revenues over expenses for the year	<u>\$ 29,647</u>	<u>\$ 7,574</u>

WoodGreen Red Door Family Shelter

Statement of Cash Flows
For The Year Ended March 31, 2011

	2011	2010
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 29,647	\$ 7,574
Items not affecting cash:		
Amortization	149,174	145,971
Amortization of deferred capital contributions	(41,567)	(45,075)
	<u>137,254</u>	<u>108,470</u>
Net change in non-cash working capital		
Prepaid expenses	920	(30,495)
Accounts payable and accrued liabilities	(534)	(187,205)
Pay equity obligation	(580,387)	56,229
Other receivables	(48,027)	2,011
Grants receivable	(15,098)	149,439
Deferred contributions	201,000	-
	<u>(442,126)</u>	<u>(10,021)</u>
Investing and financing activities		
Purchase of capital assets	(98,488)	(199,775)
Mortgage principal repayments	(22,480)	(21,670)
Restricted term deposits for payment of pay equity obligation	524,900	3,514
	<u>403,932</u>	<u>(217,931)</u>
Change in cash and short term investments during the year	99,060	(119,482)
Cash and short term investments, beginning of year	276,081	395,563
Cash and short term investments, end of year	<u>\$ 375,141</u>	<u>\$ 276,081</u>
Supplemental cash flow information		
Interest paid on mortgage	<u>\$ 16,006</u>	<u>\$ 16,975</u>

WoodGreen Red Door Family Shelter

Notes to Financial Statements

March 31, 2011

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 the organization is to provide emergency shelter and other support services to abused women and families in crisis.

1. Significant accounting policies

These statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Fund accounting

The accounts of Red Door are maintained in accordance with the principles of fund accounting. Revenues and expenses related to Red Door's operations and administrative activities are reported in the operating fund. The operating fund includes the assets, liabilities, revenues and expenses relating to Red Door's capital assets and financing.

The scholarship fund reflects the activities related to the provision of financial assistance for education and training.

b) Revenue recognition

Red Door follows the deferral method of accounting for income. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted funding is deferred and recognized as revenue in the year in which the related expenses are recognized. Revenue from City of Toronto per diem is recognized when services are rendered and the Ministry of Community and Social Services ("MCSS") funding for the Violence Against Woman ("VAW") program is recognized on an annual basis.

Revenue from donations and other funding is recognized when received.

Revenue from the City of Toronto Housing Help Fund is recognized when the related expenditures are incurred.

c) Donated goods 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 by Red Door and because of the difficulty of determining their fair value, the value of donated goods and services are not recognized in these financial statements.

WoodGreen Red Door Family Shelter

Notes to Financial Statements
March 31, 2011

d) Capital assets

The capital assets purchased by Red Door are recorded at cost less amortization. Contributed capital assets 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
Kitchen equipment	5 years
Vehicles	5 years
Computer hardware	3 years
Leasehold improvements	Straight-line basis over 2-5 years
HR software system	5 years

e) Deferred capital contributions

Funding received specifically for capital assets is deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

f) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results will differ from such estimates.

g) Financial instruments

Red Door has classified its cash and short term investments as held-for-trading. The grants receivable and other receivables are classified as loans and receivables. The accounts payable and accrued liabilities, pay equity obligation and mortgage payable are classified as other liabilities.

Held-for-trading financial assets are measured at fair market value at the balance sheet date. Loans and receivables and other liabilities are accounted for at amortized cost using the effective interest rate method.

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Notes to Financial Statements
March 31, 2011

h) Recently issued accounting pronouncements

The CICA issued Section 3862, *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation*, which were applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. However, Not-for-Profit organizations may choose not to adopt these sections. Therefore, Red Door will continue to apply Section 3861, *Financial Statements - Disclosure and Presentation* as applicable.

2. Cash and short term investments

The balance includes three short term investments of \$29,500 each and \$88,500 in total (2009 - \$90,999) that bear interest of 2.550%, 3.050% and 3.400% per annum respectively, with maturity dates of June 15, 2012, June 17, 2013, and June 16, 2014 respectively.

3. Restricted term deposits

Term deposits were restricted for payment of the pay equity obligation. As a result of the March 2010 Order from The Pay Equity Commission, all the term deposits were redeemed in May, 2010 in order to pay all retroactive monies owing (see note 5).

4. Capital assets

Capital assets consist of the following:

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 147,000	\$ -	\$ 147,000	\$ 147,000
Building	2,002,480	684,860	1,317,620	1,332,356
Furniture and fixtures	235,847	210,836	25,011	26,509
Computer hardware	64,518	56,178	8,340	1,663
Kitchen equipment	65,744	39,839	25,905	33,744
Vehicles	52,627	52,627	-	7,018
Leasehold improvements	157,581	147,659	9,922	28,739
HR software system	37,277	20,728	16,549	24,004
	<u>\$2,763,074</u>	<u>\$1,212,727</u>	<u>\$1,550,347</u>	<u>\$1,601,033</u>

5. Pay equity obligation

Red Door's pay equity obligation conforms to the pay equity legislation for the years 2000 to 2006. In March 2010, The Pay Equity Commission ruled that Red Door was required to pay all retroactive monies owed to current and former employees who are owed money for pay equity retroactivity by no later than June 3, 2010.

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Notes to Financial Statements
March 31, 2011

6. Mortgage payable

	<u>2011</u>	<u>2010</u>
Mortgage bears interest at 4.27% per annum with blended monthly interest and principal payments of \$3,200 based on a 20 year amortization period. The mortgage, secured by the land and building, matures May 1, 2013.	\$ 364,948	\$ 387,428
Less: current portion	<u>(23,098)</u>	<u>(22,480)</u>
	<u>\$ 341,850</u>	<u>\$ 364,948</u>
Future principal payment obligations are as follows:		
2012	23,098	
2013	<u>\$ 341,850</u>	
	<u>\$ 364,948</u>	

7. Deferred capital contributions

The deferred capital contributions consist of the following:

- a) The MCSS provided funding of \$400,000 in fiscal 2007 and \$191,000 in fiscal 2008 for renovations and capital improvements to the VAW program building. The funding was deferred and is recognized as revenue on the same basis as the amortization of the renovations and capital improvements.
- b) During fiscal 2008, MCSS provided \$25,000 of funding for a HR software system for use in the VAW program. The funding was deferred and will be recognized as revenue on the same basis as the amortization of the software system.

Changes in the deferred capital contributions balance are as follows:

	<u>2011</u>	<u>2010</u>
Opening balance	\$ 553,917	\$ 598,992
Amount recognized as revenue during the year	<u>(41,567)</u>	<u>(45,075)</u>
Closing balance	<u>\$ 512,350</u>	<u>\$ 553,917</u>

8. Scholarship Fund

To commemorate its 20th anniversary in 2003, Red Door set up a Scholarship Fund to provide financial assistance to the shelter's residents (past and present) seeking further education and training.

This internally restricted amount is not available for unrestricted purposes without approval of the Board of Directors.

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Notes to Financial Statements
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9. MCSS Funding

The organization has a Service Contract/CFSA Approval with the MCSS. A reconciliation report summarizes by service, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA Approval. A review of these reports shows the MCSS funding to be in a deficit position as at March 31, 2011.

10. Commitments

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

2012	95,740
2013	<u>25,445</u>
	<u>\$ 121,185</u>

11. Financial instruments

Red Door's financial instruments consist of cash and short term investments, receivables, accounts payable and accrued liabilities and mortgage payable .

The carrying values of cash and short term investments, receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the financial instruments. The carrying value of the mortgage payable approximates its fair value because the interest rates approximate market rates.

12. Impairment of long-lived assets

In the event that facts and circumstances indicate that Red Door's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows the long-lived assets are expected to generate through its direct use and eventual disposition to the carrying amount to determine if a write down to market value or undiscounted cash flow value is required. Red Door considers that no circumstances exist that would require such an evaluation.

13. Subsequent event

Red Door is negotiating the purchase of the Queen Street location. Red Door has made a deposit with respect to the proposed purchase and is required to make a further deposit of \$20,000 by June 30, 2011.