



Grant Thornton

Financial Statements

WoodGreen Red Door Family Shelter

March 31, 2019

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Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Members of
WoodGreen Red Door Family Shelter

Opinion

We have audited the financial statements of WoodGreen Red Door Family Shelter, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 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, 2019 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 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.

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.

Grant Thornton LLP

Toronto, Canada
June 27, 2019

Chartered Professional Accountants
Licensed Public Accountants

WoodGreen Red Door Family Shelter Statement of Financial Position

March 31

2019

2018

Assets

Current

Cash and cash equivalents	\$ 2,887,181	\$ 2,188,153
Other receivables	92,575	76,207
Prepaid expenses and deposits	53,340	46,676
Grants receivable	20,040	24,973
	<u>3,053,136</u>	<u>2,336,009</u>
Property and equipment (Note 3)	<u>1,083,601</u>	<u>1,389,879</u>
	<u>\$ 4,136,737</u>	<u>\$ 3,725,888</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 334,639	\$ 275,302
Deferred revenue - grants and contributions (Note 6)	1,066,915	912,666
Mortgage payable - current portion (Note 5)	32,461	31,409
	<u>1,434,015</u>	<u>1,219,377</u>
Deferred revenue - property and equipment (Note 6)	607,293	832,997
Mortgage payable (Note 5)	111,876	144,828
	<u>2,153,184</u>	<u>2,197,202</u>
Net assets		
Unrestricted	1,364,587	876,216
Internally restricted - Scholarship	71,702	70,754
Internally restricted - Board designated	215,293	201,071
Invested in property and equipment	331,971	380,645
	<u>1,983,553</u>	<u>1,528,686</u>
	<u>\$ 4,136,737</u>	<u>\$ 3,725,888</u>

Commitments (Note 9)

On behalf of the board

 Director

 Director

WoodGreen Red Door Family Shelter Statement of

Year ended March 31

	2019	2018
Revenue		
City of Toronto	\$ 2,802,686	\$ 2,738,842
MCSS funding	2,268,782	2,075,567
Donations and fundraising	1,074,455	919,323
City of Toronto Housing Help Fund	232,184	232,184
Pay equity	82,092	82,092
City of Toronto Personal Needs Allowance	42,514	63,290
Interest	12,440	3,114
Miscellaneous	12,368	13,363
	<u>6,527,521</u>	<u>6,127,775</u>
Expenses		
Salaries and benefits	3,329,490	3,301,255
Administrative	679,795	475,950
Occupancy	671,676	655,250
Residents' needs	543,074	408,345
Amortization	331,217	315,353
City of Toronto Housing Help Fund	247,134	266,241
Consulting fees	135,200	217,713
Personal Needs Allowance	46,954	76,834
Moving	40,027	37,812
Professional fees	37,944	23,460
Mortgage interest	5,111	7,152
Fundraising	5,032	5,184
	<u>6,072,654</u>	<u>5,790,549</u>
Excess of revenue over expenses	<u>\$ 454,867</u>	<u>\$ 337,226</u>

See accompanying notes to the financial statements.

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 2019	Total 2018
Balance, beginning of year	\$ 876,216	\$ 70,754	\$ 201,071	\$ 380,645	\$ 1,528,686	\$ 1,191,460
Excess of revenue over expenses	786,084	-	-	(331,217)	454,867	337,226
Purchase of property and equipment	(24,939)	-	-	24,939	-	-
Repayment of mortgage	(31,900)	-	-	31,900	-	-
Deferred revenue	(225,704)	-	-	225,704	-	-
Interfund transfer	(15,170)	948	14,222	-	-	-
Balance, end of year	<u>\$ 1,364,587</u>	<u>\$ 71,702</u>	<u>\$ 215,293</u>	<u>\$ 331,971</u>	<u>\$ 1,983,553</u>	<u>\$ 1,528,686</u>

See accompanying notes to the financial statements.

WoodGreen Red Door Family Shelter

Statement of Cash Flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 454,867	\$ 337,226
Items not affecting cash		
Amortization	331,217	315,353
Deferred revenue - recognized (Note 5)	<u>(245,020)</u>	<u>(408,082)</u>

541,064 244,497

Change in non-cash working capital items

Other receivables	(16,368)	25,121
Grants receivable	4,933	109,078
Prepaid expenses and deposits	(6,664)	228
Accounts payable and accrued liabilities	59,337	(321,389)
Deferred revenue - grants and contributions (Note 5)	<u>173,565</u>	<u>457,071</u>

214,803 270,109

Deferred revenue - property and equipment (Note 5)

- 225,398

755,867 740,004

Financing

Repayment of mortgage payable	(31,900)	(30,372)
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Investing

Purchase of property and equipment	<u>(24,939)</u>	<u>(123,193)</u>
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Increase in cash and cash equivalents 699,028 586,439

Cash and cash equivalents

Beginning of year 2,188,153 1,601,714

End of year \$ 2,887,181 \$ 2,188,153

Cash and cash equivalents consists of:

Cash	\$ 888,913	\$ 1,002,511
Investment in mutual funds	70,994	70,045

Guaranteed Investment Certificate, bearing interest at 1.8%, maturing on Mar. 13, 2020 (2018 - bearing interest at 1.45% and maturing on Jan. 17, 2019)	300,000	363,422
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Guaranteed Investment Certificate, bearing interest at 2%, maturing on Oct. 22, 2019 (2018 - bearing interest at 1.45% and maturing on Jan. 17, 2019)	<u>1,627,274</u>	<u>752,175</u>
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\$ 2,887,181 \$ 2,188,153

See accompanying notes to the financial statements.

WoodGreen Red Door Family Shelter

Notes to the Financial Statements

March 31, 2019

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).

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.

WoodGreen Red Door Family Shelter

Notes to the Financial Statements

March 31, 2019

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, 2019

3. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019</u> <u>Net Book Value</u>	<u>2018</u> <u>Net Book Value</u>
Land	\$ 147,001	\$ -	\$ 147,001	\$ 147,001
Building	2,243,397	1,536,882	706,515	809,798
Furniture and fixtures	258,037	243,704	14,333	18,771
Leasehold improvements	708,912	517,595	191,317	382,558
Office equipment	86,127	86,127	-	-
Computer equipment	70,122	66,573	3,549	5,417
Vehicles	52,626	52,626	-	-
Human resources software system	64,519	43,633	20,886	26,334
	<u>\$ 3,630,741</u>	<u>\$ 2,547,140</u>	<u>\$ 1,083,601</u>	<u>\$ 1,389,879</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 upon as at March 31, 2019 (2018 - undrawn). The facility bears interest at prime plus 1% (2018 - prime plus 1%) and is secured by a general security agreement.

WoodGreen Red Door Family Shelter

Notes to the Financial Statements

March 31, 2019

5. Mortgage payable

	<u>2019</u>	<u>2018</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.	\$ 144,337	\$ 176,237
Less: current portion	<u>(32,461)</u>	<u>(31,409)</u>
	<u>\$ 111,876</u>	<u>\$ 144,828</u>

Principal repayments until maturity are as follows:

2020	\$ 32,461
2021	33,974
2022	35,029
2023	36,116
2024	<u>6,757</u>
	<u>\$ 144,337</u>

6. Deferred revenue

	<u>Grants and contributions</u>	<u>Property and equipment</u>	<u>Total 2019</u>	<u>Total 2018</u>
Balance, beginning of year	\$ 912,666	\$ 832,997	\$ 1,745,663	\$ 1,471,276
Funds received	173,565	-	173,565	682,469
Less: revenue recognized	<u>(19,316)</u>	<u>(225,704)</u>	<u>(245,020)</u>	<u>(408,082)</u>
Balance, end of year	<u>\$ 1,066,915</u>	<u>\$ 607,293</u>	<u>\$ 1,674,208</u>	<u>\$ 1,745,663</u>

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, 2019, Red Door has \$1,045,394 (2018 - \$875,392) of deferred contributions related to the Queen Street redevelopment project.

WoodGreen Red Door Family Shelter

Notes to the Financial Statements

March 31, 2019

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 (2018 - \$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.

9. Commitments

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

2020	\$	88,762
2021		81,363
2022		34,500
2023		-
2024		-
		<hr/>
	\$	<u>204,625</u>

WoodGreen Red Door Family Shelter Statement of Queen Street Operations

Year ended March 31

	2019		2018	
	Queen Street	Housing & Outreach	Queen Street	Housing & Outreach
Revenue				
City of Toronto	\$ 2,804,226	\$ -	\$ 2,738,842	\$ -
City of Toronto Housing Help Fund	-	232,184	-	232,184
	<u>2,804,226</u>	<u>232,184</u>	<u>2,738,842</u>	<u>232,184</u>
Expenses				
Salaries and benefits	1,577,660	247,134	1,574,468	266,241
Food services	3,896	-	2,438	-
Materials and services	396,717	-	359,414	-
Building maintenance and services	228,000	-	232,309	-
Resident personal needs	227,690	-	217,175	-
Property management	47,221	-	18,684	-
Utilities	76,113	-	75,890	-
Transportation and communications	19,109	-	24,145	-
	<u>2,576,406</u>	<u>247,134</u>	<u>2,504,523</u>	<u>266,241</u>
Excess (deficiency) over expenses for the year before amortization	227,819	(14,950)	234,319	(34,057)
Amortization	(209,833)	-	(199,820)	-
Excess (deficiency) of revenue over expenses	<u>\$ 17,986</u>	<u>\$ (14,950)</u>	<u>\$ 34,499</u>	<u>\$ (34,057)</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.