



Financial Statements

WoodGreen Red Door Family Shelter

March 31, 2014

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# Independent Auditor's Report

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To the Directors 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, 2014 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 entity'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 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 overall presentation of the financial statements.

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

## Independent Auditor's Report (continued)

### **Basis for qualified opinion**

In common with many charitable organizations, WoodGreen Red Door Family Shelter derives revenue from donations from the public, 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 WoodGreen Red Door Family Shelter and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

### **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 WoodGreen Red Door Family Shelter as at March 31, 2014, 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.

*Grant Thornton LLP*

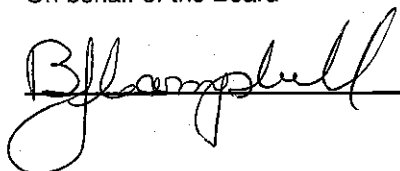
Toronto, Canada  
June 26, 2014

Chartered Accountants  
Licensed Public Accountants

## WoodGreen Red Door Family Shelter Statement of Financial Position

March 31	2014	2013
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 615,736	\$ 677,532
Other receivables	70,491	54,511
Grants receivable	100,912	67,158
Prepaid expenses and deposits	<u>37,956</u>	<u>180,388</u>
	825,095	979,589
Property and equipment (Note 3)	<u>1,306,600</u>	<u>1,292,683</u>
	<u>\$ 2,131,695</u>	<u>\$ 2,272,272</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 344,409	\$ 241,051
Deferred revenue - grants and contributions (Note 5)	2,396	60,442
Mortgage payable - current portion (Note 6)	<u>27,095</u>	<u>317,256</u>
	373,900	618,749
Long-term		
Mortgage payable (Note 6)	264,094	-
Deferred revenue - property and equipment (Note 5)	<u>547,744</u>	<u>453,492</u>
	811,838	453,492
	<u>1,185,738</u>	<u>1,072,241</u>
<b>Net assets</b>		
Unrestricted	235,604	234,444
Internally restricted - Scholarship	67,551	65,836
Internally restricted - Board Designated	175,135	377,816
Invested in property and equipment	<u>467,667</u>	<u>521,935</u>
	945,957	1,200,031
	<u>\$ 2,131,695</u>	<u>\$ 2,272,272</u>

On behalf of the Board

 Director

 Director

## WoodGreen Red Door Family Shelter Statement of Operations

Year ended March 31	2014	2013
<b>Revenue</b>		
City of Toronto	\$ 2,462,778	\$ 2,473,549
MCSS funding	1,941,164	1,951,961
Donations and fundraising	479,537	756,636
City of Toronto Housing Help Fund	232,184	232,184
Pay equity	82,092	82,092
City of Toronto Personal Needs Allowance	61,597	154,527
Miscellaneous	18,893	21,607
Interest	5,609	2,055
	<u>5,283,854</u>	<u>5,674,611</u>
<b>Expenses</b>		
Salaries and benefits	3,153,266	3,141,935
Occupancy	577,157	551,295
Residents' needs	571,567	544,283
Administrative	283,901	237,886
City of Toronto Housing Help Funds	245,927	238,249
Consulting fees	196,404	195,907
Amortization	118,416	125,825
Personal Needs Allowance	61,597	154,527
Professional fees	61,519	66,235
Moving	37,241	43,277
Mortgage interest	11,615	14,021
Fundraising	3,281	3,651
	<u>5,321,891</u>	<u>5,317,091</u>
(Deficiency) excess of revenue over expenses before other item	(38,037)	357,520
<b>Other item</b>		
Queen Street location redevelopment costs (Note 7)	(216,037)	-
(Deficiency) excess of revenue over expenses	<u>\$ (254,074)</u>	<u>\$ 357,520</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 2014	Total 2013
Balance, beginning of year	\$ 234,444	\$ 65,836	\$ 377,816	\$ 521,935	\$ 1,200,031	\$ 842,511
(Deficiency) excess of revenue over expenses	(165,726)	-	-	(88,348)	(254,074)	357,520
Purchase of property and equipment	(132,333)	-	-	132,333	-	-
Repayment of mortgage	(26,067)	-	-	26,067	-	-
Deferred revenue - property and equipment	124,320	-	-	(124,320)	-	-
Interfund transfer	200,966	1,715	(202,681)	-	-	-
Balance, end of year	\$ 235,604	\$ 67,551	\$ 175,135	\$ 467,667	\$ 945,957	\$ 1,200,031

See accompanying notes to the financial statements.

## WoodGreen Red Door Family Shelter Statement of Cash Flows

Year ended March 31	2014	2013
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
(Deficiency) excess of revenue over expenses	\$ (254,074)	\$ 357,520
Items not affecting cash		
Amortization	118,416	125,825
Deferred revenue - recognized	<u>(88,114)</u>	<u>(232,341)</u>
	(223,772)	251,004
Change in non-cash working capital items		
Other receivables	(15,980)	(2,761)
Grants receivable	(33,754)	18,843
Prepaid expenses and deposits	142,432	(40,422)
Accounts payable and accrued liabilities	103,358	16,940
Deferred revenue - grants and contributions	<u>-</u>	<u>58,048</u>
	<u>196,056</u>	<u>50,648</u>
Deferred revenue - property and equipment	<u>124,320</u>	<u>-</u>
	96,604	301,652
<b>Financing</b>		
Repayment of mortgage payable	(26,067)	(24,449)
<b>Investing</b>		
Purchase of property and equipment	<u>(132,333)</u>	<u>-</u>
(Decrease) increase in cash and cash equivalents	(61,796)	277,203
Cash and cash equivalents		
Beginning of year	<u>677,532</u>	<u>400,329</u>
End of year	<u>\$ 615,736</u>	<u>\$ 677,532</u>

### Cash and cash equivalents consist of the following:

Cash	\$ 198,836	\$ 618,532
Guaranteed Investment Certificate, bearing interest at 3.05%, maturing on June 17, 2013 (2013 - 3.05% and June 17, 2013)	-	29,500
Guaranteed Investment Certificate, bearing interest at 3.40%, maturing on June 16, 2014 (2013 - 3.40% and June 16, 2014)	29,500	29,500
Guaranteed Investment Certificate, bearing interest at 1.85%, maturing on June 24, 2014 (2013 - Not held)	36,585	-
Guaranteed Investment Certificate, bearing interest at 1.00%, maturing on April 5, 2014 (2013 - Not held)	<u>350,815</u>	<u>-</u>
	<u>\$ 615,736</u>	<u>\$ 677,532</u>



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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2014

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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

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.

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

#### Revenue recognition

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

Grants and contributions 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.

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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2014

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### 2. Significant accounting policies (continued)

#### Donated material 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.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit in chartered banks and Guaranteed Investment Certificates (GICs) with maturities of three months or less.

#### Property and equipment

Property and equipment purchased by Red Door is recorded at cost less amortization. Contributed property and equipment is 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:

<i>Tangible</i>	
Building	20 years
Furniture and fixtures	5 years
Leasehold improvements	2 - 5 years
Office equipment	5 years
Kitchen equipment	5 years
Computer equipment	3 years
Vehicles	5 years
 <i>Intangible</i>	
HR software system	5 years

#### Financial instruments

Red Door considers any contract creating a financial asset, liability or equity instrument 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 and financial assets or liabilities obtained in related party transactions are measured at their exchange amount. Red Door subsequently measures all of its financial assets and financial liabilities at amortized cost.

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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2014

### 3. Property and equipment

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Tangible				
Land	\$ 147,001	\$ -	\$ 147,001	\$ 147,001
Building	2,129,027	985,759	1,143,268	1,117,373
Furniture and fixtures	235,847	232,140	3,707	9,023
Leasehold improvements	163,370	157,824	5,546	-
Office equipment	86,127	82,686	3,441	4,621
Kitchen equipment	65,744	62,107	3,637	10,407
Computer equipment	64,518	64,518	-	2,621
Vehicles	52,626	52,626	-	-
Intangible				
HR software system	37,277	37,277	-	1,637
	<u>\$ 2,981,537</u>	<u>\$ 1,674,937</u>	<u>\$ 1,306,600</u>	<u>\$ 1,292,683</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, 2014. The facility bears interest at prime plus 1% (2013 - 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>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 60,442	\$ 453,492	\$ 513,934	\$ 688,227
Funds received	-	124,320	124,320	58,048
Less: revenue recognized	(58,046)	(30,068)	(88,114)	(232,341)
Balance, end of year	<u>\$ 2,396</u>	<u>\$ 547,744</u>	<u>\$ 550,140</u>	<u>\$ 513,934</u>

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

March 31, 2014

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### 6. Mortgage payable

	<u>2014</u>	<u>2013</u>
Mortgage payable, repayable in blended monthly payments of interest and principal in the amount of \$3,127, bearing interest at 3.740%, due May 1, 2018, secured by the land and building	\$ 291,189	\$ -
Mortgage payable, repayable in blended monthly payments of interest and principal in the amount of \$3,206, bearing interest at 4.279%, due May 1, 2013, secured by the land and building	-	317,256
Less: current portion	<u>(27,095)</u>	<u>(317,256)</u>
	<u>\$ 264,094</u>	<u>\$ -</u>
The future principal obligations are as follows:		
2015	\$ 27,095	
2016	28,125	
2017	29,195	
2018	30,306	
2019	<u>176,468</u>	
	<u>\$ 291,189</u>	

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### 7. Queen Street location redevelopment costs

In 2012, Red Door entered into a purchase and sale agreement for the land and building it leases for its Queen Street location and then subsequently assigned this right to a third party. In exchange, the third party had agreed to provide Red Door a turnkey shelter for it to purchase. The deposit and professional fees incurred related to this transaction had been capitalized and recorded in prepaid expenses and deposits, and, at the end of fiscal 2013 totaled approximately \$141,000. Once Red Door became aware the third party would not be able to fulfil its commitment, these transactions costs were written off in fiscal 2014. Red Door continues to incur professional fees with respect to this situation which are also reflected in this other expense category.

Red Door has a lease for the Queen Street location to June 30, 2014 and has requested an extension to March 31, 2015 while it finds an alternative location to operate from.

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# WoodGreen Red Door Family Shelter

## Notes to the Financial Statements

March 31, 2014

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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 and credit 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 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 by 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 accounts receivable is \$Nil (2013 - \$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 to repay creditors.

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### 9. Commitments

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

2015	\$	95,000
2016		76,000
2017		34,000
2018		2,000

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

Year ended March 31, 2014

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.

	2014		2013	
	Queen Street	Housing & Outreach	Queen Street	Housing & Outreach
<b>Revenue</b>				
City of Toronto	\$ 2,462,778	\$ -	\$ 2,473,549	\$ -
City of Toronto Personal Needs Allowance	-	-	105,679	-
City of Toronto Housing Help Fund	-	232,184	-	232,184
Miscellaneous	3,544	-	3,763	-
	<u>2,466,322</u>	<u>232,184</u>	<u>2,582,991</u>	<u>232,184</u>
<b>Expenses</b>				
Salaries and benefits	1,793,546	245,927	1,748,564	238,249
Food services	238,627	-	238,929	-
Materials and services	141,488	-	160,908	-
Building maintenance and services	121,581	-	115,701	-
Personal Needs Allowance	-	-	105,679	-
Resident personal needs	55,483	-	59,780	-
Property management	100,275	-	99,424	-
Utilities	81,455	-	69,386	-
Transportation and communications	15,746	300	11,293	-
	<u>2,548,201</u>	<u>246,227</u>	<u>2,609,664</u>	<u>238,249</u>
Excess (deficiency) of revenue over expenses for the year before amortization	(81,879)	(14,043)	(26,673)	(6,065)
Amortization	12,327	-	14,208	-
Excess (deficiency) of revenue over expenses	<u>\$ (94,206)</u>	<u>\$ (14,043)</u>	<u>\$ (40,881)</u>	<u>\$ (6,065)</u>