

SCARBOROUGH HOUSING HELP CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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AUDITORS' REPORT

To the Members of
Scarborough Housing Help Centre

We have audited the accompanying financial statements of Scarborough Housing Help Centre ("SHHC"), which comprise the statement of financial position as at December 31, 2010 and the statements of operations and changes in net assets and statement of 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.

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 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 SHHC as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LL

**Chartered Accountants
Licensed Chartered Accountants**

TORONTO, Canada
May 31, 2011

SCARBOROUGH HOUSING HELP CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

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	2010 \$	2009 \$
ASSETS		
CURRENT		
Cash	132,453	126,523
Accounts receivable and prepaid expenses	<u>50,530</u>	<u>44,266</u>
	182,983	170,789
INVESTMENTS	<u>15,000</u>	<u>15,000</u>
	<u><u>197,983</u></u>	<u><u>185,789</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	9,577	13,717
Deferred revenue (Note 4)	<u>73,027</u>	<u>66,295</u>
	<u>82,604</u>	<u>80,012</u>
NET ASSETS		
OPERATING FUND	5,379	5,777
RESERVE FUND	<u>110,000</u>	<u>100,000</u>
	<u>115,379</u>	<u>105,777</u>
	<u><u>197,983</u></u>	<u><u>185,789</u></u>
COMMITMENTS (Note 6)		

APPROVED ON BEHALF OF THE BOARD:

Signed "ALLAN ALI" _____, Director

Signed "JOHN HARTY" _____, Director

See accompanying notes to the financial statements

SCARBOROUGH HOUSING HELP CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 \$	2009 \$
REVENUE		
City of Toronto (Note 5)	491,481	466,172
Federal	113,061	53,778
Foundations	34,500	27,500
Community donations	10,358	12,215
United Way	5,000	5,000
Miscellaneous	1,988	2,005
Bank interest	390	1,011
	<u>656,778</u>	<u>567,681</u>
EXPENSES		
Salaries and benefits	496,779	418,874
Other	50,899	33,694
Building occupancy	49,559	44,582
Office expenses	32,514	27,422
Equipment purchases	8,895	8,892
Accounting and auditing	7,036	5,468
Printing and publicity	1,494	1,726
Building capacity	-	24,315
	<u>647,176</u>	<u>564,973</u>
EXCESS OF REVENUES OVER EXPENSES for the year	9,602	2,708
NET ASSETS , beginning of the year	<u>5,777</u>	<u>3,069</u>
	15,379	5,777
TRANSFER TO RESERVE FUND	<u>10,000</u>	<u>-</u>
NET ASSETS , end of the year	<u><u>5,379</u></u>	<u><u>5,777</u></u>

See accompanying notes to the financial statements

SCARBOROUGH HOUSING HELP CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

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	2010 \$	2009 \$
NET ASSETS , beginning of the year	100,000	100,000
TRANSFER FROM OPERATING FUND	<u>10,000</u>	<u>-</u>
NET ASSETS , end of the year	<u>110,000</u>	<u>100,000</u>

See accompanying notes to the financial statements

SCARBOROUGH HOUSING HELP CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

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	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	9,602	2,708
Changes in non-cash working capital:		
(Increase) in accounts receivable and prepaid expenses	(6,264)	(35,191)
(Decrease) increase in accounts payable and accrued liabilities	(4,140)	1,286
Increase in deferred revenue	<u>6,732</u>	<u>61,973</u>
	<u>5,930</u>	<u>30,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	<u>-</u>	<u>(15,000)</u>
Increase in cash	5,930	15,776
Cash, beginning of the year	<u>126,523</u>	<u>110,747</u>
Cash, end of the year	<u>132,453</u>	<u>126,523</u>

See accompanying notes to the financial statements

1. PURPOSE OF SHHC

The purpose of Scarborough Housing Help Centre ("SHHC") is to provide a housing referral service of available, affordable housing to those who are homeless or at risk of becoming homeless. SHHC assists homeless persons obtain temporary, emergency shelter or secure permanent accommodations, and assists those at risk of becoming homeless maintain current housing or secure alternate housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year except as disclosed. Outlined below are those policies considered particularly significant.

Fund Accounting:

Revenues and expense related to program delivery and administrative activities are reported in the operating fund.

The Reserve fund is internally established to ensure the continuation of SHHC and is estimated to be equal to minimum operating expenditures for three months.

Revenue Recognition:

SHHC follows the deferral method of accounting for contributions. Contributions externally restricted are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recorded as revenue when received.

Contributed Services:

Voluntary services are contributed to assist SHHC in carrying out its activities. The fair value of these contributed services cannot be reasonably estimated and have not been recognized in these financial statements.

Office Equipment:

The cost of office equipment is expensed when incurred. During 2010, approximately \$8,900 (2009 - \$8,900) of office equipment purchases were made and expensed.

Income Taxes:

SHHC is a non-profit entity under the Income Tax Act (Canada) and, as such, is exempt from income taxes under section 149 (1)(f).

Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. Actual results could differ from those estimates. The Board of Directors believes that the estimates are reasonable.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of a non-redeemable guaranteed investment certificate that matures in November 2011, bears interest at 1.75%, and is security for a SHHC credit card.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

The Accounting Standards Board ("AcSB") has approved a new framework of financial reporting for not-for-profit organizations that is based on Accounting Standards for Private Enterprises ("ASPE") and incorporates the 4400 series of standards. Not-for-profit organizations also have the option of adopting International Financial Reporting Standards ("IFRS"). The new standards are effective January 1, 2012 with early adoption permitted. An opening balance sheet will be required for the December 31, 2012 fiscal year. SHHC is currently assessing these alternate standards and does not expect to adopt IFRS.

4. DEFERRED REVENUE

Deferred revenue represents unspent resources externally restricted for the use in the following projects:

	<u>2010</u>	<u>2009</u>
	\$	\$
Streets to Homes	16,627	16,295
Foundations	31,400	-
New Horizons for Seniors Program	<u>25,000</u>	<u>50,000</u>
	<u><u>73,027</u></u>	<u><u>66,295</u></u>

5. REVENUE

The following table summarizes funding revenue from the City of Toronto. SHHC obtains a significant portion of its revenue from the City of Toronto (2010 - 75%; 2009 - 82%). The ongoing operations of SHHC are dependent on funding from the City of Toronto.

	<u>2010</u>	<u>2009</u>
	\$	\$
Housing Help	279,604	274,121
Rent Bank	52,020	51,000
Streets to Homes	121,252	114,075
Other projects	<u>38,605</u>	<u>26,976</u>
	<u><u>491,481</u></u>	<u><u>466,172</u></u>

Continued...

6. LEASE COMMITMENTS

SHHC is committed to minimum rental under lease for its premise which expires in 2013. The original lease agreement expired on February 28, 2011 and was renewed for an additional two years. Minimum rental commitments remaining under this lease approximate the following:

2011	\$	32,000
2012		28,000
2013		<u>5,000</u>
	\$	<u><u>65,000</u></u>

SHHC is committed to minimum rental under a photocopier lease which expires in 2013. Minimum rental commitments remaining under this lease approximate the following:

2011	\$	4,000
2012		4,000
2013		<u>1,000</u>
	\$	<u><u>9,000</u></u>

7. FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require that SHHC disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accounts receivable, investments and accounts payable on the balance sheet approximate fair value because of the limited term of these instruments.

Classification:

SHHC has classified financial instruments included in accounts receivable as loans and receivables and accounts payable as other financial liabilities. Investments have been classified as held-for-trading.

Capital Management:

Capital at SHHC is comprised of net assets. In order to maintain the capital structure, SHHC requires additional funding. SHHC's objectives when managing capital are to safeguard its ability to continue to provide services as described in Note 1. SHHC is not subject to any externally imposed capital requirements.

Continued...

7. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy:

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At December 31, 2010, SHHC's financial instruments that are carried at fair value, consisting of investments, have been classified as Level 2 within the fair value hierarchy.

8. SUBSEQUENT EVENTS

Refer to Note 6.