

**SCARBOROUGH HOUSING HELP CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**SCARBOROUGH HOUSING HELP CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

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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, 2011 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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**McGOVERN, HURLEY, CUNNINGHAM, LLP**



**Chartered Accountants  
Licensed Chartered Accountants**

TORONTO, Canada  
June 26, 2012

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SCARBOROUGH HOUSING HELP CENTRE  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2011

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|  | 2011<br>\$     | 2010<br>\$     |
|--|----------------|----------------|
| <b>ASSETS</b>                            |                |                |
| <b>CURRENT</b>                           |                |                |
| Cash                                     | 123,108        | 132,453        |
| Accounts receivable and prepaid expenses | 52,769         | 50,530         |
| Term deposit                             | <u>15,000</u>  | <u>15,000</u>  |
|  | <u>190,877</u> | <u>197,983</u> |
| <b>LIABILITIES</b>                       |                |                |
| <b>CURRENT</b>                           |                |                |
| Accounts payable and accrued liabilities | 36,012         | 9,577          |
| Deferred revenue (Note 4)                | <u>45,807</u>  | <u>73,027</u>  |
|  | <u>81,819</u>  | <u>82,604</u>  |
| <b>NET ASSETS</b>                        |                |                |
| <b>OPERATING FUND</b>                    | (942)          | 5,379          |
| <b>RESERVE FUND</b>                      | <u>110,000</u> | <u>110,000</u> |
|  | <u>109,058</u> | <u>115,379</u> |
|  | <u>190,877</u> | <u>197,983</u> |
| <b>COMMITMENTS (Note 6)</b>              |                |                |

APPROVED ON BEHALF OF THE BOARD:

Signed (C. John Hardy) \_\_\_\_\_, Director

Signed (Ray Persaud) \_\_\_\_\_, 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, 2011

|  | 2011<br>\$     | 2010<br>\$     |
|--|----------------|----------------|
| <b>REVENUE</b>                                       |                |                |
| City of Toronto (Note 5)                             | 502,769        | 491,481        |
| Federal  | 102,097        | 113,061        |
| Foundations  | 116,200        | 34,500         |
| Community donations                                  | 29,308         | 10,358         |
| United Way   | 37,696         | 5,000          |
| Miscellaneous  | 2,777          | 1,988          |
| Bank interest  | <u>872</u>     | <u>390</u>     |
|  | <u>791,719</u> | <u>656,778</u> |
| <b>EXPENSES</b>                                      |                |                |
| Salaries and benefits                                | 582,806        | 496,779        |
| Building occupancy                                   | 56,280         | 49,559         |
| Other  | 55,194         | 50,899         |
| Building capacity                                    | 43,361         | -              |
| Office expenses                                      | 37,886         | 32,514         |
| Equipment purchases                                  | 12,770         | 8,895          |
| Accounting and auditing                              | 7,158          | 7,036          |
| Printing and publicity                               | <u>2,585</u>   | <u>1,494</u>   |
|  | <u>798,040</u> | <u>647,176</u> |
| <b>EXCESS OF REVENUES OVER EXPENSES</b> for the year | (6,321)        | 9,602          |
| <b>NET ASSETS</b> , beginning of the year            | <u>5,379</u>   | <u>5,777</u>   |
|  | (942)          | 15,379         |
| <b>TRANSFER TO RESERVE FUND</b>                      | <u>-</u>       | <u>10,000</u>  |
| <b>NET ASSETS</b> , end of the year                  | <u>(942)</u>   | <u>5,379</u>   |

SCARBOROUGH HOUSING HELP CENTRE  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**RESERVE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2011

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|   | 2011<br>\$     | 2010<br>\$     |
|---|----------------|----------------|
| <b>NET ASSETS</b> , beginning of the year | 110,000        | 100,000        |
| <b>TRANSFER FROM OPERATING FUND</b>       | <u>-</u>       | <u>10,000</u>  |
| <b>NET ASSETS</b> , end of the year       | <u>110,000</u> | <u>110,000</u> |

See accompanying notes to the financial statements

SCARBOROUGH HOUSING HELP CENTRE  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED DECEMBER 31, 2011

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|  | 2011            | 2010           |
|--|-----------------|----------------|
|  | \$              | \$             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                 |                |
| Excess of revenues over expenses for the year                      | (6,321)         | 9,602          |
| Changes in non-cash working capital:                               |                 |                |
| (Increase) in accounts receivable and<br>prepaid expenses          | (2,239)         | (6,264)        |
| Increase (decrease) in accounts payable and<br>accrued liabilities | 26,435          | (4,140)        |
| (Decrease) increase in deferred revenue                            | <u>(27,220)</u> | <u>6,732</u>   |
|  | <u>(9,345)</u>  | <u>5,930</u>   |
| <br>   |                 |                |
| Change in cash   | (9,345)         | 5,930          |
| <br>   |                 |                |
| Cash, beginning of the year  | <u>132,453</u>  | <u>126,523</u> |
| <br>   |                 |                |
| Cash, end of the year  | <u>123,108</u>  | <u>132,453</u> |

See accompanying notes to the financial statements

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**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 2011, approximately \$12,770 (2010 - \$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 2012, 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. SHHC is currently assessing these alternate standards and expects to adopt ASPE.

**4. DEFERRED REVENUE**

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

|                                  | <u>2011</u>   | <u>2010</u>   |
|----------------------------------|---------------|---------------|
|                                  | \$            | \$            |
| Streets to Homes                 | 18,807        | 16,627        |
| Foundations                      | 27,000        | 31,400        |
| New Horizons for Seniors Program | -             | 25,000        |
|                                  | <u>45,807</u> | <u>73,027</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 (2011 - 64%; 2010 -75%). The ongoing operations of SHHC are dependent on funding from the City of Toronto.

|                  | <u>2011</u>    | <u>2010</u>    |
|------------------|----------------|----------------|
|                  | \$             | \$             |
| Housing Help     | 279,604        | 279,604        |
| Rent Bank        | 52,020         | 52,020         |
| Streets to Homes | 121,098        | 121,252        |
| Other projects   | 50,047         | 38,605         |
|                  | <u>502,769</u> | <u>491,481</u> |

Continued...

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**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:

|      |    |                      |
|------|----|----------------------|
| 2012 | \$ | 28,000               |
| 2013 |    | <u>5,000</u>         |
|      | \$ | <u><u>33,000</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:

|      |    |                     |
|------|----|---------------------|
| 2012 | \$ | 4,000               |
| 2013 |    | <u>1,000</u>        |
|      | \$ | <u><u>5,000</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 it's ability to continue to provide services as described in Note 1. SHHC is not subject to any externally imposed capital requirements other than those related to deferred revenue amounts (Note 4).

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**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, 2011, SHHC's financial instruments that are carried at fair value, consisting of investments, have been classified as Level 2 within the fair value hierarchy.