

**ST. MATTHEW'S BRACONDALE HOUSE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018**

ST. MATTHEW'S BRACONDALE HOUSE
Financial Statements
December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of St. Matthew's Bracondale House

Opinion

We have audited the financial statements of St. Matthew's Bracondale House, which comprise the statement of financial position as at December 31, 2018, and the statements of capital reserve fund, operating fund, shelter revenues and expenditures, non-shelter revenues and expenditures 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 December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto.

Basis for Opinion

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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Directors of St. Matthew's Bracondale House to comply with the financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of St. Matthew's Bracondale House and should not be used by parties other than the Directors of St. Matthew's Bracondale House. Our opinion is not modified in respect of this matter.

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 the financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto, 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

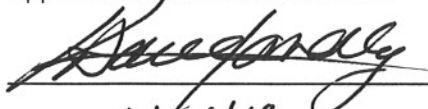
Akler Browning LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
April 23, 2019

ST. MATTHEW'S BRACONDALE HOUSE**Statement of Financial Position****December 31, 2018**

	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 354,402	\$ 271,224
Short term investments (note 2)	98,438	-
Accounts receivable (note 3)	14,369	19,710
Sundry receivable	25,261	-
HST rebate receivable	31,809	50,210
Prepays and deposits	53,883	42,526
Grant receivable from St. Matthew's Bracondale Trust Fund (note 7)	29,344	35,601
Total Current	607,506	419,271
Property and equipment (note 4)	1	1
Capital reserve fund (note 5)	1,843,082	1,644,713
Total Assets	\$ 2,450,589	\$ 2,063,985
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 90,758	\$ 95,039
Payable to City of Toronto	33,642	88,492
Rental deposits	104,630	99,576
Deferred revenue	-	30,095
Total Liabilities	229,030	313,202
Fund Balances		
Capital Reserve Fund	1,843,082	1,644,713
Operating Fund	378,477	106,070
Total Fund Balances	2,221,559	1,750,783
Total Liabilities and Fund Balances	\$ 2,450,589	\$ 2,063,985

Approved on behalf of the Board:


 23/04/19

Director

Date



Director

ST. MATTHEW'S BRACONDALE HOUSE**Statement of Capital Reserve Fund****Year ended December 31, 2018**

	2018	2017
Balance, beginning of year	\$ 1,644,713	\$ 2,307,939
Add (deduct)		
Allocation from operations	303,015	258,176
Investment income	72,148	66,668
Expenditures	(61,199)	(1,023,172)
Adjustment of fund assets to fair value at end of year	(115,595)	35,102
Balance, end of year	\$ 1,843,082	\$ 1,644,713

Statement of Operating Fund
Year ended December 31, 2018

	2018	2017
Balance, beginning of year	\$ 106,070	\$ 261,260
Add (deduct)		
Excess (deficiency) of revenues over expenditures	272,407	(155,190)
Balance, end of year	\$ 378,477	\$ 106,070

ST. MATTHEW'S BRACONDALE HOUSE
Statement of Shelter Revenues and Expenditures
Year ended December 31, 2018

	2018	2017
Revenues		
Rental	\$ 1,244,217	\$ 1,189,131
Toronto Rent Supplement Program	488,394	482,200
Cable	53,475	48,013
Parking	11,145	11,349
Administrative fee - Toronto Rent Supplement Program	4,541	4,599
Laundry	1,913	5,789
Investment income	1,098	20,080
	1,804,783	1,761,161
Expenditures		
Allocation to capital reserve fund	303,015	258,176
Repairs and maintenance	286,444	277,145
Property taxes	277,788	273,283
Hydro	155,982	193,289
Administration	153,044	142,418
Janitorial services	114,090	107,450
Water	59,464	55,952
Professional fees	55,606	8,614
Cable	52,913	49,288
Insurance	36,454	35,742
Gas	32,189	33,186
Memberships and staff development	4,473	9,237
Interest on rental deposits	914	1,918
Amortization	-	297,846
Amortization - residual value of property and equipment	-	170,450
Mortgage interest	-	2,356
	1,532,376	1,916,350
Excess (deficiency) of revenues over expenditures	\$ 272,407	\$ (155,189)

ST. MATTHEW'S BRACONDALE HOUSE
Statements of Non-Shelter Revenues and Expenditures

Bracondale Community Centre
Year ended December 31, 2018

	2018	2017
Revenues		
Meal program (net of expenses of \$44,353; 2017 - \$38,853)	\$ 37,026	\$ 29,685
Amenity fees and memberships	32,865	32,412
St. Matthew's Bracondale Trust Fund	31,344	36,601
Rentals and miscellaneous	22,414	18,988
Grants (note 6)	18,855	15,474
	142,504	133,160
Expenditures		
Wages	96,814	81,901
Program costs	20,213	25,251
Benefits	10,747	10,681
Share of utilities	8,640	9,164
Administration	6,090	6,163
	142,504	133,160
Excess of revenues over expenditures	\$ -	\$ -

Supportive Housing
Year ended December 31, 2018

	2018	2017
Revenue		
Government funding - Toronto Central LHIN	\$ 395,115	\$ 381,405
Expenditures		
Wages	306,265	289,700
Benefits	57,039	60,188
Other expenses	20,698	19,045
Office and general	11,113	12,472
	395,115	381,405
Excess of revenues over expenditures	\$ -	\$ -

ST. MATTHEW'S BRACONDALE HOUSE**Statement of Cash Flows****Year ended December 31, 2018**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures for the year	\$ 272,407	\$ (155,190)
Adjustments for non-cash items		
Amortization	-	297,846
Amortization - residual value of property and equipment	-	170,451
	272,407	313,107
Net change in non-cash working capital items		
Short term investments	(98,438)	117,920
Accounts receivable	5,341	(9,365)
Sundry receivable	(25,261)	-
HST rebate receivable	18,401	(6,774)
Prepays and deposits	(11,357)	4,061
Grant receivable from St. Matthew's Bracondale Trust Fund	6,257	6,031
Accounts payable and accrued liabilities	(4,281)	(28,198)
Payable to City of Toronto	(54,850)	80,606
Rental deposits	5,054	7,020
Deferred revenue	(30,095)	7,083
	(189,229)	178,384
Cash Provided by Operating Activities	83,178	491,491
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage payable	-	(297,846)
Cash Used in Financing Activities	-	(297,846)
Net increase in cash and cash equivalents	83,178	193,645
Cash and cash equivalents, beginning of year	271,224	77,579
Cash and cash equivalents, end of year	\$ 354,402	\$ 271,224

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements

December 31, 2018

NATURE OF OPERATIONS

The organization was incorporated as a non-profit corporation without share capital with the objectives to build, maintain and operate low-cost housing accommodation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the financial reporting provisions of the Ontario Housing Services Act as administered by the City of Toronto. The significant accounting policies are detailed as follows:

(a) Basis of accounting

The basis of accounting used in these financial statements differs from Part III of the CICA Accounting Handbook – Accounting Standards for Not-for-Profit Organizations in the following ways:

- (i) Allocations to the capital reserve fund are made through the statement of operations rather than the statement of funds.
- (ii) Property and equipment are recorded at cost and are amortized annually in an amount equivalent to the annual mortgage principal repayment rather than the useful life of the related asset. Consequently the related assets are not tested for impairment. The unamortized balance of the property and equipment at the time the mortgage was repaid has been written off to amortization expense.
- (iii) Major repairs, upgrades and expenditures and replacement of property are funded as an allocation from the capital reserve fund.

(b) Fund accounting

The accounts of the organization are maintained in accordance with the principles of fund accounting by which resources for various purposes are classified for accounting and reporting purposes into funds relating to the specific activities and operations. These funds are as follows:

(i) Capital reserve fund

The organization has chosen to maintain a capital reserve fund. The cash and investments in the fund are restricted by the Board of Directors and can only be used for capital expenditures.

(ii) Operating fund

The operating fund accounts for the organization's rental and administrative activities. This fund reports unrestricted resources.

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements

December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Consolidation

St. Matthew's Bracondale Trust Fund (Fund) is a non-profit corporation controlled by the organization. The Fund was established to help raise funds for the organization and the resources raised by the Fund are used for the organization's benefit. The Fund is not consolidated in the organization's financial statements. The organization has chosen to disclose the Fund's total assets, liabilities and net assets at its year end as well as the revenues, expenditures and cash flows from operating, financing and investing activities for the period.

(d) Revenue recognition

Grants, government funding, rental subsidy revenue, rentals and other revenues are recognized on an accrual basis. The funder provides subsidies to assist the organization's operations. The annual subsidy is subject to revision upon filing of the Annual Information Return for private non-profit housing corporations.

Investment income is recognized as it is earned in the appropriate fund.

(e) Cash and cash equivalents

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

(f) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, HST rebate receivable, sundry receivable and grant receivable from St. Matthew's Bracondale Trust Fund.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and payable to City of Toronto.

Financial assets measured at fair value include investments in fixed income and equity securities included in short term investments and the capital reserve fund.

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements

December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial instruments, continued

Impairment

For financial assets measured at amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

(g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered. The main estimates relate to the impairment of financial assets, allowance for doubtful accounts and provision for the repayment of subsidies.

(h) Allocated expenses

The organization engages in housing and supportive services. The costs of each program include the cost of personnel and other expenses that are directly related to providing the services. The organization also incurs other expenditures that are common to the management and operations of the organization and each of its programs.

(i) Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

2. SHORT TERM INVESTMENTS

	2018	2017
Canadian fixed income securities	\$ 98,438	\$ -

ST. MATTHEW'S BRACONDALE HOUSE**Notes to the Financial Statements****December 31, 2018****3. ACCOUNTS RECEIVABLE**

	2018	2017
Rent receivable	\$ 15,619	\$ 19,598
Other receivable	250	1,612
Allowance for doubtful accounts	(1,500)	(1,500)
	\$ 14,369	\$ 19,710

4. PROPERTY AND EQUIPMENT

	2018	2017
	Cost	Accumulated amortization
	Net	Net
Land and building	\$ 6,373,767	\$ 6,373,766
	\$ 1	\$ 1

5. CAPITAL RESERVE FUND

	2018	2017
Cash and cash equivalents	\$ 675,340	\$ 473,816
Canadian fixed income securities	583,049	640,592
Canadian equity securities and equity funds	511,768	530,305
Foreign equity securities	72,925	-
	\$ 1,843,082	\$ 1,644,713

6. NON-SHELTER GRANTS

Non-shelter grants revenue is comprised of the following:

	2018	2017
City of Toronto - Community Service Partnership	\$ 15,495	\$ 15,475
Government of Canada	3,360	-
	\$ 18,855	\$ 15,475

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements

December 31, 2018

7. ST. MATTHEW'S BRACONDALE TRUST FUND

The Fund is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The Fund's objective is to provide support for seniors. The organization and the Fund share the same Board of Directors and the Fund was established to support the activities of the organization. As of December 31, 2018, the organization is owed \$29,344 (2017 - \$35,601) from the Fund.

St. Matthew's Bracondale Trust Fund's audited financial statements are summarized as follows:

Statement of Financial Position

	2018	2017
Total assets	\$ 216,649	\$ 202,834
Total liabilities	29,344	35,601
Net assets	187,305	167,233
Total liabilities and net assets	\$ 216,649	\$ 202,834

Statement of Operations

	2018	2017
Revenues		
Foundations	\$ 23,050	\$ 29,000
Individuals and companies	22,719	21,578
Fundraising	5,007	1,761
Interest	640	143
Total revenues	51,416	52,482
Disbursement to St. Matthew's Bracondale Community Centre - Activities	(31,344)	(36,601)
Excess of revenues over expenditures for the year	\$ 20,072	\$ 15,881

The Fund also generated \$13,815 (2017 - \$9,850) of cash from its operations. There were no cash flows from financing or investing activities.

8. CONTINGENT LIABILITIES

The organization has determined that significant repairs are required to the revenue producing property. The repairs relate to the replacement of in suite exhausts and hot water risers. Management estimates that these costs will be \$1,200,000 and that these expenditures will be funded through the capital reserve fund.

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements

December 31, 2018

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable and amounts due from government agencies. Accounts receivable represent rental charges that are at least one month past due. The credit risk associated with tenant receivables is mitigated by the organization holding rental deposits from some of its tenants.

(b) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its trade accounts payable. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of monthly subsidies from its funders.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization to risk of changes in fair value. The exposure to this risk also fluctuates as the debt changes from year to year.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in marketable securities for which the value fluctuates with the quoted market price.

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements

December 31, 2018

10. SUBSEQUENT EVENTS

Subsequent to the year end, the organization entered into a general conveyance agreement whereby Senior Adult Services-in the Annex-Toronto, an organization providing a wide range of recreational and social programs and services to promote the physical and social well-being of older adults in Toronto, transferred its operations and assets to the organization for nominal consideration. In connection with this conveyance, the organization entered into agreements with the Toronto Central Local Health Integration Network, the Province of Ontario and the City of Toronto to provide funding for these programs.

11. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
