

OUR PLACE (PEEL)

FINANCIAL STATEMENTS

MARCH 31, 2016



INDEPENDENT AUDITORS' REPORT, continued

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 Our Place (Peel) as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Emphasis of Matter

We draw attention to Note 13 to the financial statements which describes an adjustment to correct a prior period error.

Other Matter

The statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, were audited by other accountants who expressed an unqualified opinion on those statements on June 12, 2015.

Mississauga, Ontario
June 21, 2016



CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Our Place (Peel)

Report on the Financial Statements

We have audited the accompanying financial statements of Our Place (Peel), which comprise the statement of financial position as at March 31, 2016, 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.

Auditors' 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 Organization'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.

Basis for Qualified Opinion

Our Place (Peel) derives part of its revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from donations and fundraising was limited to the amounts recorded in the records of the Organization and we were unable to determine whether any adjustments might be necessary to donations and fundraising income, excess of revenue over expenditures, assets and net assets.

OUR PLACE (PEEL)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

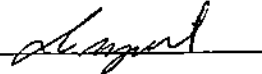
| | 2016 | 2015 (Notes 13 & 14) |
|--|---------------------|-------------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents (Note 3) | \$ 1,027,673 | \$ 747,209 |
| Accounts receivable | 2,718 | 2,730 |
| HST rebate recoverable | 11,160 | 32,457 |
| Prepaid expenses and deposits | <u>30,364</u> | <u>10,285</u> |
| | 1,071,915 | 792,681 |
| Property and equipment (Note 4) | <u>1,403,676</u> | <u>1,424,776</u> |
| | <u>\$ 2,475,591</u> | <u>\$ 2,217,457</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 48,090 | \$ 137,927 |
| Deferred revenue (Note 5) | <u>214,069</u> | <u>37,416</u> |
| | 262,159 | 175,343 |
| Forgivable capital loans (Note 6) | 56,436 | 179,848 |
| Restricted contributions (Note 7) | <u>184,320</u> | <u>192,000</u> |
| | <u>502,915</u> | <u>547,191</u> |
| COMMITMENTS (Note 11) | | |
| NET ASSETS | | |
| Invested in property and equipment (Note 8) | 1,162,920 | 1,052,928 |
| Internally restricted for specific purposes (Note 9) | 90,000 | 90,000 |
| Unrestricted funds | <u>719,756</u> | <u>527,338</u> |
| | <u>1,972,676</u> | <u>1,670,266</u> |
| | <u>\$ 2,475,591</u> | <u>\$ 2,217,457</u> |

Approved on behalf of the board

Director



Director



See accompanying notes to the financial statements



OUR PLACE (PEEL)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

| | 2016 | 2015 (Note 13) |
|--|-------------------|-------------------|
| Revenue | | |
| Grants: | | |
| Region of Peel | \$ 845,679 | \$ 785,751 |
| United Way | 305,020 | 302,000 |
| Ontario Ministries (Note 10) | 50,342 | 50,342 |
| Donations | 214,608 | 179,312 |
| Fundraising | 28,350 | 21,494 |
| Rent recovery | 16,093 | 8,849 |
| Interest | 7,467 | 7,001 |
| Forgiveness of capital loans (Notes 6 & 8) | 123,412 | 123,412 |
| Recognition of restricted contribution (Notes 7 & 8) | 7,680 | 8,000 |
| | <u>1,598,651</u> | <u>1,486,161</u> |
| Expenditures | | |
| Salaries and subcontract | 832,856 | 705,604 |
| Employee benefits | 95,211 | 92,309 |
| Youth program support | 77,758 | 72,325 |
| Occupancy | 68,807 | 56,600 |
| Amortization | 56,131 | 59,026 |
| Professional fees | 49,126 | 23,340 |
| Technology | 35,540 | 21,828 |
| Staff travel and training | 32,040 | 17,496 |
| Community outreach | 19,028 | 17,037 |
| Office and general | 15,692 | 18,376 |
| Insurance | 14,052 | 13,608 |
| | <u>1,296,241</u> | <u>1,097,549</u> |
| Excess of revenue over expenditures | <u>\$ 302,410</u> | <u>\$ 388,612</u> |

See accompanying notes to the financial statements



OUR PLACE (PEEL)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2016

| | <i>Invested in property and equipment</i> | <i>Internally restricted for specific purposes</i> | <i>Unrestricted</i> | <i>2016 Total (Note 13)</i> | <i>2015 Total</i> |
|--------------------------------------|---|--|---------------------|---------------------------------|---------------------|
| Net assets, beginning of year | \$ 1,052,928 | \$ 90,000 | \$ 527,338 | \$ 1,670,266 | \$ 1,281,654 |
| Revenue over expenditures | 74,961 | - | 227,449 | 302,410 | 388,612 |
| Investment in property and equipment | 35,031 | - | (35,031) | - | - |
| Net assets, end of year | \$ 1,162,920 | \$ 90,000 | \$ 719,756 | \$ 1,972,676 | \$ 1,670,266 |



OUR PLACE (PEEL)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

| | 2016 | 2015 <i>(Notes 13 & 14)</i> |
|---|---------------------|------------------------------------|
| Cash flows from operating activities | | |
| Cash received from grants and other | \$ 1,658,042 | \$ 1,284,890 |
| Cash paid to suppliers and employees | (1,350,026) | (927,376) |
| Interest received | 7,479 | 7,044 |
| | <u>315,495</u> | <u>364,558</u> |
| Cash flows from investing activities | | |
| Purchase of property and equipment | <u>(35,031)</u> | <u>(320,457)</u> |
| Cash flows from financing activities | | |
| Receipt of capital loan proceeds | <u>-</u> | <u>82,360</u> |
| Increase in cash and cash equivalents | 280,464 | 126,461 |
| Cash and cash equivalents, beginning of year | <u>747,209</u> | <u>620,748</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,027,673</u> | <u>\$ 747,209</u> |
| Represented by: | | |
| Cash on hand and balance with banks | \$ 233,951 | \$ 277,966 |
| Guaranteed investment certificates and savings | 793,722 | 469,243 |
| | <u>\$ 1,027,673</u> | <u>\$ 747,209</u> |

See accompanying notes to the financial statements



OUR PLACE (PEEL)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

1. DESCRIPTION

Our Place (Peel) is incorporated without share capital, by Letters Patent of the Province of Ontario. The Organization qualifies as a tax exempt not-for-profit organization and a registered charity under provisions of The Income Tax Act (Canada).

The Organization was formed to provide community leadership to address the needs of youth aged 16 to 21 within the Region of Peel. It exists to provide advocacy, education, residential and support services to disadvantaged and homeless youth. Through programs designed to empower youth, the organization strives to instill hope and enhance lives by providing counselling and resources along with the basic necessities of life.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies adopted by the Organization are as follows:

(a) Fund accounting

These financial statements reflect the assets, liabilities, revenues and expenses of the following funds:

Unrestricted funds

The directors utilize funds to fulfil their mandate, including the continuing operation of a residential facility for youth in Mississauga with fourteen beds for emergency shelter and six beds for longer-term transitional occupancy, and related support programs.

Property and equipment fund

The property and equipment fund reports the assets, liabilities, revenues and expenses related to capital expenditures and improvements.

Internally restricted capital reserve

A board designated reserve has been internally restricted to set aside funds to meet anticipated future repairs, replacements and improvements that are capital in nature for the existing shelter, as well as the capital costs associated with the development of future shelter facilities.

(b) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted grants and donations are recognized as revenue in the year in which the related expenditures are incurred, or if received for the purchase of property and equipment, are deferred and recognized as revenue on the same amortization basis as the asset for which it was received. Unrestricted grants and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fundraising revenues are recognized once the event has occurred. Rent recovery is recognized on occupancy and when collection is reasonably assured.



OUR PLACE (PEEL)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Cash equivalents

The Organization considers all highly liquid investments that can be readily converted to known amounts of cash at any point during the investment term without penalty to be cash equivalents.

(d) Property and equipment

Purchased property and equipment are recorded in the property and equipment fund at cost. Amortization is provided on the declining balance basis over the estimated useful life of the asset as follows:

| | | |
|-------------------------|-------------------|-----|
| Building | Declining balance | 4% |
| Furniture and equipment | Declining balance | 20% |

(e) Contributed goods and services

Due to the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

(f) Financial instruments

The Organization's financial instruments are measured at fair value when issued or acquired. Subsequent to initial recognition, financial instruments are measured at fair value, cost or amortized cost.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Accounts specifically affected by estimates in these financial statements are certain accounts receivable, property and equipment, accounts payable and accrued liabilities and deferred revenue.

3. CASH EQUIVALENTS

Cash equivalents consist of Canadian money market mutual funds with interest paid monthly and cashable guaranteed investment certificates of up to \$100,000 with interest at 0.75% to 2.07% (2015 - 1.55% to 1.85%). Accrued interest to year-end is included in accounts receivable.



OUR PLACE (PEEL)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

4. PROPERTY AND EQUIPMENT

| | 2016 Cost | 2016 Accumulated amortization | 2016 Net | 2015 Net (Note 13) |
|-------------------------|---------------------|-------------------------------------|---------------------|--------------------------|
| Land | \$ 250,000 | \$ - | \$ 250,000 | \$ 250,000 |
| Building | 1,674,844 | 559,861 | 1,114,983 | 1,126,410 |
| Furniture and equipment | 74,930 | 36,237 | 38,693 | 48,366 |
| | <u>\$ 1,999,774</u> | <u>\$ 596,098</u> | <u>\$ 1,403,676</u> | <u>\$ 1,424,776</u> |

5. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted grants for specific future costs and programs, and is comprised as follows:

| | 2016 | 2015 |
|-------------------------------------|-------------------|------------------|
| Region of Peel: | | |
| Emergency Youth Shelter | \$ 73,150 | \$ - |
| Employment resource room | 17,506 | - |
| Youth support coordinator | 14,893 | - |
| Core operational | 38,476 | - |
| Fundraising reduction support | 29,070 | - |
| Youth caseworker | 16,575 | - |
| Program consultant | 12,732 | 37,416 |
| Community Foundation of Mississauga | 11,667 | - |
| | <u>\$ 214,069</u> | <u>\$ 37,416</u> |

Changes in deferred revenue are as follows:

| | | |
|---|-------------------|------------------|
| Balance, beginning of year | \$ 37,416 | \$ 84,095 |
| Less amount recognized as revenue during the year | (24,683) | (84,095) |
| Add amount received related to next year | 201,336 | 37,416 |
| | <u>\$ 214,069</u> | <u>\$ 37,416</u> |

6. FORGIVABLE CAPITAL LOANS

In prior years, the Organization entered into two agreements with the Regional Municipality of Peel in connection with the federal government's Homelessness Partnering Initiative to provide support to communities.

The Phase I agreement provided funding to renovate the shelter residence to accommodate six additional beds for transitional housing and to make necessary fire, safety and electrical upgrades. The grant was in the form of a \$523,000 interest-free forgivable loan to be forgiven at 20% per year to March 31, 2016.

The Phase II agreement provided funding to further renovate the shelter's program, administration and resource space to improve safety and confidentiality of service delivery. The grant was in the form of a \$94,060 interest-free forgivable loan to be forgiven at 20% per year to March 31, 2019.



OUR PLACE (PEEL)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

6. FORGIVABLE CAPITAL LOANS, continued

To ensure forgiveness, the Organization must continue to operate for its intended purpose of providing shelter housing for people in transition who have experienced homelessness. The agreements provide that the shelter may be sold if the proceeds of disposition are immediately committed towards a project to establish a facility to provide similar services for the homeless.

The Organization has been in compliance with all significant terms and conditions of the contracts during the year and to date, and has been eligible for forgiveness of \$560,624 of the loans to March, 31, 2016.

7. RESTRICTED CONTRIBUTIONS

In prior years, the Organization was the recipient of grants and donations to renovate the shelter's program, administration and resource space to improve confidentiality of service delivery and safety. The renovations were completed in the current year. Amortization of these restricted contributions is provided on a 4% declining balance basis beginning in the 2015 fiscal year and is reported in the property and equipment fund. Restricted contributions represent the unamortized balance of the \$200,000 of grants and donations received and is comprised as follows:

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Balance, beginning of year | \$ 192,000 | \$ 200,000 |
| Amount recognized as revenue in the year | <u>7,680</u> | <u>8,000</u> |
| Balance, end of year | <u>\$ 184,320</u> | <u>\$ 192,000</u> |

8. NET ASSETS INVESTED IN PROPERTY AND EQUIPMENT

| | 2016 | 2015 (Note 13) |
|---|---------------------|---------------------|
| Revenue | | |
| Forgiveness of capital loan | \$ 123,412 | \$ 123,412 |
| Recognition of restricted contributions | 7,680 | 8,000 |
| Region of Peel small capital funding | <u>-</u> | <u>2,305</u> |
| | 131,092 | 133,717 |
| Expenditure | | |
| Amortization of property and equipment | <u>(56,131)</u> | <u>(59,026)</u> |
| Excess of revenue over expenditure | 74,961 | 74,691 |
| Funded by unrestricted funds | 35,031 | 118,151 |
| Balance, beginning of year | <u>1,052,928</u> | <u>860,086</u> |
| Balance, end of year | <u>\$ 1,162,920</u> | <u>\$ 1,052,928</u> |
| Represented by: | | |
| Property and equipment, net | \$ 1,403,676 | \$ 1,424,776 |
| Forgivable capital loans | (56,436) | (179,848) |
| Restricted contributions | <u>(184,320)</u> | <u>(192,000)</u> |
| Invested in property and equipment | <u>\$ 1,162,920</u> | <u>\$ 1,052,928</u> |



OUR PLACE (PEEL)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

9. INTERNALLY RESTRICTED CAPITAL RESERVE

In prior years, the Board of Directors internally restricted resources of \$90,000 to be used for future capital expenditures. These amounts are not available for other purposes without prior approval of the Board.

10. CONTRACTS WITH ONTARIO MINISTRIES

The Organization has contracts with the Ontario Ministry of Community and Social Services and the Ministry of Children and Youth Services in support of pay equity costs. One requirement of the contracts is the production by management of a Broader Public Sector Annual Reconciliation report. This report summarizes by service detail code all revenues and expenditures, and identifies any resulting surplus or deficit that relates to the contracts.

Surplus amounts, if any, are reflected as a liability on the balance sheet. As at March 31, 2016, a review of these reports shows no surplus in the individual service codes.

11. COMMITMENTS

The Organization receives funding from the Region of Peel for certain programs such as the emergency-shelter, youth support workers and core operational funding. The Organization obtains confirmation of funding at the beginning of the calendar year and is committed to providing these services to December 2016.

The Organization receives funding from the United Way of Peel Region for operational expenditures for the shelter and outreach programs. The Organization is committed to providing these services to March 31, 2017.

The Organization leases office premises under an operating lease agreement. The future minimum payments under this lease are as follows:

| | | |
|------|----|---------------|
| 2017 | \$ | 24,428 |
| 2018 | | 24,805 |
| 2019 | | <u>10,448</u> |
| | \$ | <u>59,681</u> |

12. FINANCIAL INSTRUMENTS

It is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. Liquidity and funding risk is managed by the preparation of an approved annual budget, monthly monitoring of budget variances and maintenance of adequate cash reserves to fund existing program commitments and future contingencies.

There have been no changes to the assessed risks from the prior year.



OUR PLACE (PEEL)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

13. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect the correction of an error relating to the accrual of building renovations as at March 31, 2015. As a result, property and equipment was previously overstated by \$56,397, accounts payable and accrued liabilities was overstated by \$63,868 and the HST rebate recoverable was overstated by \$5,121. Amortization was recorded on the overstated amount of property and equipment, resulting in an understatement of the excess of revenue expenditure for \$2,350 for the year ended March 31, 2015.

The net impact on the changes in net assets was an increase of \$2,350, comprised of an increase in the unrestricted fund balance of \$58,747 and a decrease in the property and equipment fund of \$56,397. These adjustments have been reflected in the opening net assets as at March 31, 2016.

14. COMPARATIVE AMOUNTS

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.

