

WAYSIDE HOUSE OF HAMILTON
Financial Statements
Year Ended March 31, 2019

WAYSIDE HOUSE OF HAMILTON
Index to Financial Statements
Year Ended March 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Statement of Revenues over Expenses - Operating and Community Fund (<i>Schedule 1</i>)	11
Statement of Revenues over Expenses - Capital Fund (<i>Schedule 2</i>)	12
Statement of Revenues over Expenses - Reserve Fund (<i>Schedule 3</i>)	13
Statement of Financial Position - Operating and Community Fund (<i>Schedule 4</i>)	14
Statement of Financial Position - Capital Fund (<i>Schedule 5</i>)	15
Statement of Financial Position - Reserve Fund (<i>Schedule 6</i>)	16

INDEPENDENT AUDITOR'S REPORT

To the Members of Wayside House of Hamilton

Qualified Opinion

We have audited the financial statements of Wayside House of Hamilton (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising and donation activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to other revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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

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 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.

Independent Auditor's Report to the Members of Wayside House of Hamilton *(continued)*

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

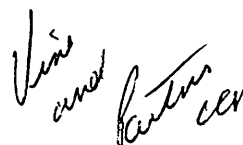
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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.



Hamilton, Ontario
June 3, 2019

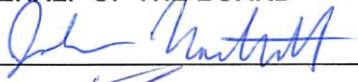
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS




WAYSIDE HOUSE OF HAMILTON
Statement of Financial Position
March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 148,932	\$ 110,343
Short term investments (Note 4)	406,726	403,400
Accounts receivable	47,809	44,617
Prepaid expenses	-	4,080
	<u>603,467</u>	<u>562,440</u>
CAPITAL ASSETS (Note 5)	<u>210,515</u>	<u>163,719</u>
	<u>\$ 813,982</u>	<u>\$ 726,159</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 114,952	\$ 69,829
Demand loan (Note 7)	116,327	134,743
Deferred income (Note 8)	60,451	-
	<u>291,730</u>	<u>204,572</u>
NET ASSETS		
Operating and community fund	106,817	106,265
Capital fund	159,649	163,719
Reserve fund	255,786	251,603
	<u>522,252</u>	<u>521,587</u>
	<u>\$ 813,982</u>	<u>\$ 726,159</u>

ON BEHALF OF THE BOARD



Director



Director

See Accompanying Notes to the Financial Statements

WAYSIDE HOUSE OF HAMILTON
Statement of Changes in Net Assets
Year Ended March 31, 2019

	Operating and Community Fund	Capital Fund	Reserve Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 106,265	\$ 163,719	\$ 251,603	\$ 521,587	\$ 513,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	552	(4,070)	4,183	665	7,970
NET ASSETS - END OF YEAR	\$ 106,817	\$ 159,649	\$ 255,786	\$ 522,252	\$ 521,587

See Accompanying Notes to the Financial Statements

WAYSIDE HOUSE OF HAMILTON
Statement of Operations
Year Ended March 31, 2019

	2019	2018
REVENUES		
Local Health Integration Network operating grants	\$ 628,830	\$ 597,967
Ministry of Health Hepatitis C Secretariat fund	390,632	384,828
Local Health Integration Network supportive housing	312,768	312,768
Other	93,680	64,515
Ministry of Health medical and dental reimbursement	39,830	62,955
Guests' room and board	17,504	23,686
	<u>1,483,244</u>	<u>1,446,719</u>
EXPENSES		
Amortization of capital assets	4,070	4,631
Bank charges	283	302
Communications	29,578	30,252
Dues and memberships	2,482	2,244
Food and medical	122,772	116,665
Hepatitis C program expenses	47,223	43,793
Insurance	13,103	12,752
Interest on demand loan	5,990	6,215
Office and general	16,433	19,429
Personal needs, medical and dental	39,257	69,036
Print and promotion	5,061	4,483
Professional and consulting	19,913	16,479
Program	30,820	24,962
Repairs and maintenance	48,786	29,801
Salaries and benefits	1,051,053	1,009,897
Special projects	-	960
Training and development	6,999	7,516
Transportation	13,288	14,056
Travel and meals	9,270	8,565
Utilities	16,198	16,711
	<u>1,482,579</u>	<u>1,438,749</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 665	\$ 7,970

WAYSIDE HOUSE OF HAMILTON
Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 665	\$ 7,970
Item not affecting cash:		
Amortization of capital assets	4,070	4,631
	<u>4,735</u>	<u>12,601</u>
Changes in non-cash working capital:		
Accounts receivable	(3,192)	(16,526)
Accounts payable and accrued liabilities	45,123	13,411
Deferred income	60,451	-
Prepaid expenses	4,080	(4,080)
	<u>106,462</u>	<u>(7,195)</u>
Cash flow from operating activities	<u>111,197</u>	<u>5,406</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(50,866)	-
Short term investments	(3,326)	(2,863)
Cash flow used by investing activities	<u>(54,192)</u>	<u>(2,863)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(18,416)	(18,181)
INCREASE (DECREASE) IN CASH FLOW	38,589	(15,638)
Cash - beginning of year	<u>110,343</u>	<u>125,981</u>
CASH - END OF YEAR	<u>\$ 148,932</u>	<u>\$ 110,343</u>

See Accompanying Notes to the Financial Statements

WAYSIDE HOUSE OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

1. PURPOSE OF ORGANIZATION

Wayside House of Hamilton (the "Organization") is a not-for-profit community based charitable organization dedicated to empowering the alcohol/drug dependent male to accept and sustain a purposeful life of sobriety. The Organization is a registered charity under the Income Tax Act and therefore exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets carried at amortized cost include cash, short term investments and accounts receivable. Financial liabilities carried at amortized cost include accounts payable and accrued liabilities and the demand loan.

Fund accounting

Wayside House of Hamilton follows the restricted fund method of accounting for contributions.

The Operating and Community Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to Wayside House of Hamilton's capital assets.

The Reserve Fund reports resources internally restricted as follows:

Building Reserve Fund for future purchases, new construction and renovation of existing or new buildings and equipment.

Bursary Fund allocated from interest earned or external donations in support of annual disbursement of bursary awards.

Financial Development Fund to help support future operational losses, research and development costs and to provide funding for new ventures.

(continues)

WAYSIDE HOUSE OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Revenue recognition

Restricted contributions are recognized as revenue of the Operating and Community Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue when of the Operating and Community Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed capital asset are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	25 years	straight-line method
Computer equipment	5 years	straight-line method
Equipment	5 years	straight-line method

Amortization expense is reported in the Capital Fund.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. **FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as at March 31, 2019.

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 the market interest rates. The Organization is exposed to interest rate risk on its demand loan (Note 7), which bear interest at floating rates. The exposure to this risk also fluctuates as the debt changes from year to year.

WAYSIDE HOUSE OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

4. SHORT TERM INVESTMENTS

Short term investments consists of several guaranteed investment certificates ranging in interest rates from 0.40% - 1.55% per annum with maturity dates ranging from May 2019 to June 2020.

5. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 91,587	\$ -	\$ 91,587	\$ -
Buildings	325,296	257,233	325,296	253,164
Computer equipment	93,125	69,088	69,088	69,088
Equipment	89,392	62,564	62,564	62,564
	\$ 599,400	\$ 388,885	\$ 548,535	\$ 384,816
Net book value	\$ 210,515		\$ 163,719	

The Organization has determined that there was no impairment of capital assets as at March 31, 2019.

During the period, there were additions of \$26,828 and \$24,038 added to the Equipment and Computer equipment balances that were not amortized as the assets were not ready for use.

6. GOVERNMENT LIABILITIES

As at March 31, 2019 and March 31, 2018, there are no amounts payables in respect of government remittances.

7. DEMAND LOAN

Toronto Dominion Bank loan bearing interest at prime plus 1% per annum, repayable in monthly blended payments of \$2,034. The loan is due on demand and is secured by the property at 15 Charlton Ave West.

Amounts payable within one year

	2019	2018
	\$ 116,327	\$ 134,743
	(116,327)	(134,743)
	\$ -	\$ -

WAYSIDE HOUSE OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

8. DEFERRED INCOME

During the period the Organization received one-time funding to support residential addiction treatment programs. The funding was externally restricted for equipment and furniture upgrades for the program to enhance program sustainability and improve client experiences.

	2019	2018
<u>Residential Addiction Treatment Funding</u>		
Opening balance	\$ -	\$ -
Additions during the period	75,914	-
less:	75,914	-
Amounts amortized to revenue	(10,032)	-
	\$ 65,882	\$ -

The deferred income is restricted externally in the amount of \$14,968 to the Operating and Community Fund and restricted internally in the amount of \$45,483 to the Capital Fund.

WAYSIDE HOUSE OF HAMILTON

**Statement of Revenues over Expenses - Operating and Community Fund (Schedule 1)
Year Ended March 31, 2019**

	2019	2018
REVENUES		
Local Health Integration Network operating grants	\$ 628,830	\$ 597,967
Ministry of Health Hepatitis C Secretariat Fund	390,632	384,828
Local Health Integration Network supportive housing grant	312,768	312,768
Other	89,497	61,762
Ministry of Health medical and dental reimbursements	39,830	62,955
Guests' room and board	17,504	23,686
	<u>1,479,061</u>	<u>1,443,966</u>
EXPENSES		
Advertising and promotion	5,061	4,483
Bank charges and interest	283	302
Communication	29,578	30,252
Dues and memberships	2,482	2,244
Food and medical	122,772	116,665
Hepatitis C program	47,223	43,793
Insurance	13,103	12,752
Interest on demand loan (Note 7)	5,990	6,215
Office and general	16,433	19,428
Personal needs, medical and dental	39,257	69,036
Professional and consulting	19,913	16,479
Program	30,820	24,962
Repairs and maintenance	48,786	29,801
Salaries, wages and employee benefits	1,051,053	1,009,897
Special projects	-	960
Training and development	6,999	7,516
Transportation	13,288	14,056
Travel and meals	9,270	8,565
Utilities	16,198	16,711
	<u>1,478,509</u>	<u>1,434,117</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 552	\$ 9,849

WAYSIDE HOUSE OF HAMILTON
Statement of Revenues over Expenses - Capital Fund (Schedule 2)
Year Ended March 31, 2019

	2019	2018
EXPENSES		
Amortization of capital assets	<u>\$ 4,070</u>	<u>\$ 4,631</u>

WAYSIDE HOUSE OF HAMILTON
Statement of Revenues over Expenses - Reserve Fund (Schedule 3)
Year Ended March 31, 2019

	2019	2018
REVENUES		
Interest	<u>\$ 4,183</u>	<u>\$ 2,753</u>

WAYSIDE HOUSE OF HAMILTON
Statement of Financial Position - Operating and Community Fund (Schedule 4)
Year Ended March 31, 2019

	2019	2018
ASSETS		
Cash	\$ 148,932	\$ 110,343
Accounts receivable	47,809	44,617
Prepaid expenses	-	4,080
Interfund balances	156,324	151,797
	\$ 353,065	\$ 310,837
LIABILITIES AND FUND BALANCES		
Demand loan (Note 7)	\$ 116,327	\$ 134,743
Accounts payable and accrued liabilities (Note 6)	114,953	69,829
Deferred income (Note 8)	14,968	-
	246,248	204,572
Net assets	106,817	106,265
	\$ 353,065	\$ 310,837

See Accompanying Notes to the Financial Statements

WAYSIDE HOUSE OF HAMILTON
Statement of Financial Position - Capital Fund **(Schedule 5)**
Year Ended March 31, 2019

	2019	2018
ASSETS		
Capital assets <i>(Note 5)</i>	\$ 210,515	\$ 163,719
 FUND BALANCES		
Deferred income <i>(Note 8)</i>	\$ 45,482	\$ -
Interfund balance	5,384	-
Net assets	159,649	163,719
	\$ 210,515	\$ 163,719

See Accompanying Notes to the Financial Statements

WAYSIDE HOUSE OF HAMILTON
Statement of Financial Position - Reserve Fund **(Schedule 6)**
Year Ended March 31, 2019

	2019	2018
ASSETS		
Short term investments <i>(Note 4)</i>	\$ 406,726	\$ 403,400
 LIABILITIES AND FUND BALANCES		
	\$ -	
Interfund balance	150,940	151,797
Net assets	255,786	251,603
	\$ 406,726	\$ 403,400