

**ST. MATTHEW'S BRACONDALE HOUSE
(DIVISIONAL FINANCIAL STATEMENTS)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019**

**ST. MATTHEW'S BRACONDALE HOUSE
(DIVISIONAL FINANCIAL STATEMENTS)**

**Financial Statements
December 31, 2019**

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Capital Reserve Fund	4
Statement of Operating Fund	4
Statement of Shelter Revenues and Expenditures	5
Statements of Non-Shelter Revenues and Expenditures	6 - 7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 13

INDEPENDENT AUDITOR'S REPORT

To the Directors of St. Matthew's Bracondale House
(Housing Division)

Opinion

We have audited the financial statements of St. Matthew's Bracondale House (Housing Division), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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

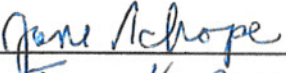

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
June 16, 2020

ST. MATTHEW'S BRACONDALE HOUSE

**Statement of Financial Position
December 31, 2019**

	2019	2018
Assets		
Current		
Cash and cash equivalents	\$ 680,013	\$ 354,402
Short term investments (note 2)	140,849	98,438
Accounts receivable (note 3)	48,541	30,795
Sundry receivable	-	25,261
HST rebate receivable	199,068	31,809
Prepays and deposits	43,834	37,456
Grant receivable from St. Matthew's Bracondale Trust Fund (note 7)	10,164	29,344
Total Current	1,122,469	607,505
Property and equipment (note 4)	1	1
Capital reserve fund (note 5)	1,049,172	1,843,082
Total Assets	\$ 2,171,642	\$ 2,450,588
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 357,189	\$ 90,757
Payable to City of Toronto	47,336	33,642
Payable to Toronto Central LHIN	43,921	-
Rental deposits	104,945	104,630
Total Liabilities	553,391	229,029
Fund Balances		
Capital Reserve Fund	1,049,172	1,843,082
Operating Fund	569,079	378,477
Total Fund Balances	1,618,251	2,221,559
Total Liabilities and Fund Balances	\$ 2,171,642	\$ 2,450,588

Approved on behalf of the Board:

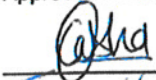
 Director _____ Director
 Date

ST. MATTHEW'S BRACONDALÉ HOUSE

**Statement of Financial Position
December 31, 2019**

	2019	2018
Assets		
Current		
Cash and cash equivalents	\$ 680,013	\$ 354,402
Short term investments (note 2)	140,849	98,438
Accounts receivable (note 3)	48,541	30,795
Sundry receivable	-	25,261
HST rebate receivable	199,068	31,809
Prepays and deposits	43,834	37,456
Grant receivable from St. Matthew's Bracondale Trust Fund (note 7)	10,164	29,344
Total Current	1,122,469	607,505
Property and equipment (note 4)	1	1
Capital reserve fund (note 5)	1,049,172	1,843,082
Total Assets	\$ 2,171,642	\$ 2,450,588
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 357,189	\$ 90,757
Payable to City of Toronto	47,336	33,642
Payable to Toronto Central LHIN	43,921	-
Rental deposits	104,945	104,630
Total Liabilities	553,391	229,029
Fund Balances		
Capital Reserve Fund	1,049,172	1,843,082
Operating Fund	569,079	378,477
Total Fund Balances	1,618,251	2,221,559
Total Liabilities and Fund Balances	\$ 2,171,642	\$ 2,450,588

Approved on behalf of the Board:

 Director _____ Director
June 16, 2020 Date

ST. MATTHEW'S BRACONDALE HOUSE

Statement of Capital Reserve Fund Year ended December 31, 2019

	2019	2018
Balance, beginning of year	\$ 1,843,082	\$ 1,644,713
Add (deduct)		
Allocation from operations	316,650	303,015
Investment income	67,657	72,148
Adjustment of fund assets to fair value at end of year	34,341	(115,595)
Expenditures	(1,212,558)	(61,199)
Balance, end of year	\$ 1,049,172	\$ 1,843,082

Statement of Operating Fund Year ended December 31, 2019

	2019	2018
Balance, beginning of year	\$ 378,477	\$ 106,070
Add		
Excess of revenues over expenditures	190,602	272,407
Balance, end of year	\$ 569,079	\$ 378,477

ST. MATTHEW'S BRACONDALE HOUSE

Statement of Shelter Revenues and Expenditures Year ended December 31, 2019

	2019	2018
Revenues		
Rental	\$ 1,284,422	\$ 1,244,217
Toronto Rent Supplement Program	473,982	488,394
Cable	55,770	53,475
Parking	11,385	11,145
Laundry	6,695	1,913
Investment income	5,037	1,098
Administrative fee - Toronto Rent Supplement Program	4,382	4,541
	1,841,673	1,804,783
Expenditures		
Repairs and maintenance	321,262	286,445
Allocation to capital reserve fund	316,650	303,014
Property taxes	281,363	277,788
Hydro	172,075	155,982
Administration	149,324	153,044
Janitorial services	128,707	114,090
Professional fees	67,940	55,606
Water	56,585	59,464
Cable	54,496	52,913
Insurance	41,149	36,454
Gas	33,726	32,189
Memberships and staff development	1,484	4,473
Interest on rental deposits	1,049	914
	1,625,810	1,532,376
Excess of revenues over expenditures	\$ 215,863	\$ 272,407

ST. MATTHEW'S BRACONDALE HOUSE

Statements of Non-Shelter Revenues and Expenditures

Supportive Housing

Year ended December 31, 2019

	2019	2018
Revenue		
Government funding - Toronto Central LHIN	\$ 345,743	\$ 395,115
Expenditures		
Wages	270,758	306,265
Benefits	40,131	57,039
Other expenses	22,056	20,698
Office and general	12,798	11,113
	345,743	395,115
Excess of revenues over expenditures before other items	-	-
Adjustment to prior year's Government funding	25,261	-
Deficiency of revenues over expenditures	\$ (25,261)	\$ -

Congregate Dining

Year ended December 31, 2019

	2019	2018
Revenue		
Government Funding - Toronto Central LHIN	\$ 64,920	\$ -
Meal program	76,378	81,379
	141,298	81,379
Expenditures		
Program costs	64,330	49,605
Wages	61,388	25,154
Benefits	6,318	2,792
Administration	4,762	1,583
Share of utilities	4,500	2,245
	141,298	81,379
Excess of revenues over expenditures	\$ -	\$ -

ST. MATTHEW'S BRACONDALE HOUSE

Seniors Active Living Centres
Year ended December 31, 2019

	2019	2018
Revenue		
Grants (note 6)	\$ 101,804	\$ 18,854
Amenity fees and memberships	70,424	32,865
Rentals and miscellaneous	28,168	22,415
St. Matthew's Bracondale Trust Fund	19,149	31,344
	219,545	105,478
Expenditures		
Wages	129,192	71,659
Program costs	49,668	14,961
Benefits	20,218	7,955
Administration	11,827	4,508
Share of utilities	8,640	6,395
	219,545	105,478
Excess of revenues over expenditures	\$ -	\$ -

ST. MATTHEW'S BRACONDALE HOUSE

Statement of Cash Flows Year ended December 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 190,602	\$ 272,407
Net change in non-cash working capital items		
Short term investments	(42,411)	(98,438)
Accounts receivable	(17,746)	(1,751)
Sundry receivable	25,261	(25,261)
HST rebate receivable	(167,259)	18,401
Prepays and deposits	(6,378)	(4,264)
Grant receivable from St. Matthew's Bracondale Trust Fund	19,180	6,257
Accounts payable and accrued liabilities	266,432	(4,282)
Payable to City of Toronto	13,694	(54,850)
Payable to Toronto Central LHIN	43,921	(30,095)
Rental deposits	315	5,054
	135,009	(189,229)
Net increase in cash and cash equivalents	325,611	83,178
Cash and cash equivalents, beginning of year	354,402	271,224
Cash and cash equivalents, end of year	\$ 680,013	\$ 354,402

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements December 31, 2019

NATURE OF OPERATIONS

These financial statements reflect only the housing operations of St. Matthew's Bracondale House, which is a non-profit organization incorporated without share capital and is a registered charity under the Income Tax Act. The organization's objectives are to build, maintain and operate low-cost housing accommodation for seniors.

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 CPA Canada 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.
- (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, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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.

(d) 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.

(e) 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, payable to City of Toronto and payable to Toronto Central LHIN.

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

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.

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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.

(g) 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.

(h) 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

	2019	2018
Canadian fixed income securities	\$ 140,849	\$ 98,438

3. ACCOUNTS RECEIVABLE

	2019	2018
Rent receivable	\$ 50,041	\$ 15,619
Other receivable	-	16,676
Allowance for doubtful accounts	(1,500)	(1,500)
	\$ 48,541	\$ 30,795

4. PROPERTY AND EQUIPMENT

	2019		2018	
	Cost	Accumulated amortization	Net	Net
Land and building	\$ 6,373,767	\$ 6,373,766	\$ 1	\$ 1

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements
December 31, 2019

5. CAPITAL RESERVE FUND

	2019	2018
Canadian equity securities and equity funds	\$ 508,408	\$ 511,768
Canadian fixed income securities	466,457	583,049
Foreign equity securities	74,307	72,925
Cash and cash equivalents	-	675,340
	<u>\$ 1,049,172</u>	<u>\$ 1,843,082</u>

6. NON-SHELTER GRANTS

Non-shelter grants revenue is comprised of the following:

	2019	2018
City of Toronto - Community Service Partnership	\$ 51,675	\$ 15,495
Ministry for Seniors and Accessibility	42,289	-
Government of Canada	7,840	3,360
	<u>\$ 101,804</u>	<u>\$ 18,855</u>

7. GRANT RECEIVABLE FROM ST. MATTHEW'S BRACONDALE TRUST FUND

The amounts are receivable from the St. Matthew's Bracondale Trust Fund division, and are non-interest bearing with no fixed terms of repayment.

8. COMMITMENTS

At year end the organization has entered into an agreement to complete an office expansion project to the revenue producing property. The expected cost to complete the project is approximately \$94,575.

9. UNCERTAINTY DUE TO COVID-19

Many businesses and organizations across Canada have been negatively affected by the COVID-19 pandemic and the resulting downturn in the overall economy. The impact on the organization's operations and financial reporting are uncertain and cannot be determined at this time.

10. 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.

ST. MATTHEW'S BRACONDALE HOUSE

Notes to the Financial Statements December 31, 2019

10. FINANCIAL INSTRUMENTS, continued

(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 debts change 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.

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.
