

**The Massey Centre for Women**

Financial Statements

March 31, 2012



**Koster, Spinks & Koster,**  
Chartered Accountants

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## Auditors' Report

To the Directors of  
The Massey Centre for Women

### Report on the financial statements

We have audited the accompanying financial statements of The Massey Centre for Women, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and changes in fund balances, 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Massey Centre for Women as at March 31, 2012, and its financial performance and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

*Koster, Spinks & Koster*

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 19, 2012

Paul Koster CA      Jeffrey D. Spinks CA, CBV      Michael Koster CA      Gyan P. Sharma CA      Graeme R. Duff CA  
Blair D. Kennedy Professional Corporation      Mark Humphrey Professional Corporation      John P. Quilty Professional Corporation

# The Massey Centre for Women

Statement of Financial Position  
March 31, 2012

	2012	2011
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 179,440	\$ 90,563
Accounts Receivable	48,410	81,555
Grants receivable	131,847	188,285
Prepaid expenses	21,533	24,003
	<u>381,230</u>	<u>384,406</u>
<b>Investments (note 3)</b>	827,568	884,865
<b>Capital reserve investments (note 3)</b>	541,236	513,845
<b>Capital assets (note 4)</b>	<u>5,197,196</u>	<u>5,471,874</u>
	<u>\$ 6,947,230</u>	<u>\$ 7,254,990</u>
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 161,198	\$ 370,584
Deferred operating grants and income	173,645	119,073
Mortgages payable (note 5)	155,306	150,503
	<u>490,149</u>	<u>640,160</u>
<b>Deferred capital contributions (note 6)</b>	937,350	1,036,960
<b>Mortgages payable, net of current portion (note 5)</b>	<u>4,784,204</u>	<u>4,939,509</u>
	<u>6,211,703</u>	<u>6,616,629</u>
<b>Fund balances</b>		
Program operations	(229,880)	(288,781)
Externally restricted (note 9)	25,983	26,086
Restricted capital reserve (note 7)	541,236	513,845
Board restricted (note 8)	398,188	387,211
	<u>735,527</u>	<u>638,361</u>
	<u>\$ 6,947,230</u>	<u>\$ 7,254,990</u>

On behalf of the Board

Director

*Jan Cadore*

Director



Koster, Spinks & Koster  
Chartered Accountants

## The Massey Centre for Women

### Statement of Operations and Changes in Fund Balances For The Year Ended March 31, 2012

	Operations	Externally Restricted	Board Restricted	Restricted Capital Reserve	Total	
					2012	2011
<b>Revenues</b>						
Grants (note 10)	\$ 3,271,924	\$ -	\$ -	\$ 12,708	\$ 3,284,632	\$ 3,033,527
Fundraising income (note 11)	274,575	-	-	-	274,575	184,866
Residents' rent and parents' child care fees	173,393	-	-	-	173,393	90,607
Amortization of deferred capital contributions	146,690	-	-	-	146,690	157,938
Special projects (note 12)	108,494	-	-	-	108,494	67,442
Interest income	2,088	909	13,602	18,287	34,886	37,463
Other income	754	-	-	-	754	576
	<u>3,977,918</u>	<u>909</u>	<u>13,602</u>	<u>30,995</u>	<u>4,023,424</u>	<u>3,572,419</u>
<b>Expenses</b>						
Salaries and benefits	2,663,245	-	-	-	2,663,245	2,148,404
Occupancy expenses	358,902	-	-	-	358,902	313,409
Amortization	321,759	-	-	-	321,759	314,683
Client needs	185,099	822	-	-	185,921	207,303
Administration	161,109	-	-	-	161,109	189,497
Special projects (note 12)	108,494	-	-	-	108,494	67,442
Interest and bank charges	89,919	-	-	-	89,919	135,736
Training, recruitment and travel	26,502	-	-	-	26,502	34,717
	<u>3,915,029</u>	<u>822</u>	<u>-</u>	<u>-</u>	<u>3,915,851</u>	<u>3,411,191</u>
<b>Excess of revenues over expenses for the year</b>	62,889	87	13,602	30,995	107,573	161,228
<b>Unrealized (loss) gain on equities</b>	(3,988)	(190)	(2,625)	(3,604)	(10,407)	17,818
<b>Fund balance, beginning of year</b>	(288,781)	26,086	387,211	513,845	638,361	459,315
<b>Fund balance, end of year</b>	<u>\$ (229,880)</u>	<u>\$ 25,983</u>	<u>\$ 398,188</u>	<u>\$ 541,236</u>	<u>\$ 735,527</u>	<u>\$ 638,361</u>

# The Massey Centre for Women

## Statement of Cash Flows For The Year Ended March 31, 2012

	2012	2011
<b>Cash flow from operating activities</b>		
Cash received from grants	\$ 3,449,564	\$ 2,954,036
Cash received from fundraising and other	312,554	162,574
Cash received from residents' rent and parents' child care fees	173,393	90,607
Investment income received	30,806	37,244
Cash paid for salaries and benefits	(2,643,047)	(2,090,757)
Cash paid for materials and services	(966,390)	(409,239)
Mortgage interest paid	(89,919)	(135,736)
	<u>266,961</u>	<u>608,729</u>
<b>Cash flow from financing and investing activities</b>		
Acquisition of capital assets	(47,080)	(307,674)
Sales (purchases) of investments	19,499	(287,118)
Mortgage principal repayments	(150,503)	(129,751)
	<u>(178,084)</u>	<u>(724,543)</u>
Change in cash during the year	88,877	(115,814)
Cash, beginning of year	90,563	206,377
<b>Cash, end of year</b>	<u>\$ 179,440</u>	<u>\$ 90,563</u>

# The Massey Centre for Women

Notes to Financial Statements

March 31, 2012

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## 1. Organization

The Massey Centre for Women ("Centre") is a community-based organization which nurtures empowerment, independence and growth for young pregnant women, children and families in a non-judgmental, inclusive environment. The Centre does this by working collaboratively as a multi-disciplinary team and with community partners to provide holistic programs and support that respond to mental health, education and transition needs.

The Centre is incorporated under the laws of Ontario as a non-profit organization without share capital. It is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

## 2. Significant accounting policies

These statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

### a) Fund accounting

The Centre maintains its accounts in accordance with the principles of fund accounting. Revenue and expenses related to program delivery and administrative activities are reported in the Program Operations Fund. This fund also includes the assets, liabilities, revenues and expenses related to the Centre's capital assets.

The Restricted Capital Reserve Fund is used for the purchase of replacements of capital assets that are utilized by the Dedicated Supportive Housing project (see note 7).

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Centre's capital assets.

Revenues and expenses related to the Board Restricted Fund include amounts that have been internally restricted by the Board of Directors to help ensure the long-term financial security of the Centre. If the Board of Directors determines that an amount from the Board Restricted Fund should be made available for the operations of the Centre, the amount is recorded as a transfer between the Board Restricted Fund and the Centre's Program Operations.

### b) Financial instruments

The Centre has classified its cash as held-for-trading. The accounts and grants receivables are classified as loans and receivables. The accounts payable and accrued liabilities and mortgages payable are classified as other liabilities.

Held-for-trading financial assets are measured at fair market value at the balance sheet date. Loans and receivables and other liabilities are accounted for at amortized cost using the effective interest rate method.

# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2012

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Investments include government bonds which have been classified as held-to-maturity assets, as they have fixed payments and a fixed maturity date, and the Centre has the intention and ability to hold them to maturity. These investments are reported at amortized cost using the effective interest method. Investments also include equity investments which are classified as available-for-sale and are recorded at market value. The market value is based on the quoted market price. The unrealized gains or losses are recorded in the fund balances until the investment is sold, at which time the cumulative gain or loss is recognized in the statement of operations. Realized gains (losses) are calculated using the average cost of the securities on disposition.

CICA issued Section 3862, Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation, which were applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. However, Not-for-Profit organizations may choose not to adopt these sections. Therefore, the Centre will continue to apply Section 3861, Financial Statements - Disclosure and Presentation as applicable.

## c) Capital assets

Capital assets are recorded at cost. Amortization is provided at the following rates:

- i) Buildings and furnishings and equipment for the Dedicated Supportive Housing Project - equivalent to the principal repayment for the year of the related mortgage as required by the Ministry of Community and Social Services and the Ministry of Children's Services guideline.
- ii) Furniture and equipment - 5 years straight-line basis.
- iii) Buildings - 40 years straight-line basis.
- iv) Buildings improvements - 10 years straight-line basis.

## d) Revenue recognition

The Centre follows the deferral method of accounting for contributions.

Contributions, including operating grants, are included in revenue in the year in which they are received or receivable. Contributions to fund a specific future period's operating expenses are included in deferred revenue and will be recognized as revenue in a subsequent period.

## e) Deferred capital contributions

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted capital asset contributions that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2012

f) Donated materials and services

Volunteers contribute significant amounts of time to assist the Centre in carrying out its service delivery activities. The Centre also receives donated goods. Because of the difficulty in determining their fair value, donated materials and services are not recognized in these financial statements.

g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results will differ from such estimates.

h) Impairment of long-lived assets

In the event that facts and circumstances indicate that the Centre's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows the long-lived assets are expected to generate through its direct use and eventual disposition to the carrying amount to determine if a write down to market value or undiscounted cash flow value is required. The Centre considers that no circumstances exist that would require such an evaluation.

### 3. Investments

Investments consist of the following:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 824,396	\$ 510,665
Government bonds (market value: \$258,238)	257,607	694,754
Equities (book value: \$279,390)	286,801	193,291
	1,368,804	1,398,710
Allocation to Capital reserve investments (note 7)	<u>(541,236)</u>	<u>(513,845)</u>
	<u>\$ 827,568</u>	<u>\$ 884,865</u>

Cash equivalents include highly liquid investments, such as a money market fund.



## The Massey Centre for Women

Notes to Financial Statements  
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#### 4. Capital assets

Capital assets consist of the following:

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 5,243,146	\$ 2,500,118	\$ 2,743,028	\$ 2,942,342
Building improvements	1,175,638	736,131	439,507	506,642
Furniture and equipment	41,144	16,458	24,686	32,915
Land	1,989,975	-	1,989,975	1,989,975
	\$ 8,449,903	\$ 3,252,707	\$ 5,197,196	\$ 5,471,874

Included in the above totals are land and buildings for the Dedicated Supportive Housing project as follows:

	2012	2011
Buildings	\$ 2,860,660	\$ 2,860,660
Less: accumulated amortization	1,223,678	1,083,927
	1,636,982	1,776,733
Land	839,974	839,974
	\$ 2,476,956	\$ 2,616,707

## The Massey Centre for Women

Notes to Financial Statements  
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### 5. Mortgages payable

The mortgages payable are comprised as follows:

	2012	2011
Mortgage with Toronto United Church Council, bearing interest at 4.15% per annum, maturing January 1, 2014 and secured by a third charge on the land and buildings located at 1102 Broadview Avenue, Toronto.	\$ 287,554	\$ 298,305
Mortgage with TD Canada Trust Corporation, bearing interest at 3.067% per annum, maturing April 1, 2016 and secured by a first charge on the land and buildings located at 1102 Broadview Avenue, Toronto.	2,476,956	2,616,707
Mortgage with Toronto United Church Council secured by a second charge on the land and buildings located at 1102 Broadview Avenue, Toronto.	2,175,000	2,175,000
	4,939,510	5,090,012
Current portion	(155,306)	(150,503)
	\$ 4,784,204	\$ 4,939,509
Future principal payment obligations:		
2013	\$ 155,306	
2014	424,842	
2015	153,114	
2016	157,846	
2017	1,873,402	
No fixed term	2,175,000	
	\$ 4,939,510	

The mortgage payable owing to the Toronto United Church Council in the amount of \$2,175,000 was provided for the purchase of land and the existing residential building at 1102 Broadview Avenue, Toronto. The mortgage bears interest at 5% compounded annually and the interest and principal is repayable at the time the property is sold or the Centre ceases to carry on its operations as a designated mission for the United Church of Canada. The accrued interest of approximately \$4,000,000 that may be payable has not been accrued in these financial statements.

# The Massey Centre for Women

Notes to Financial Statements  
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The mortgage held by the Scotia Mortgage Corporation pertains to the land, buildings and furniture and equipment for the Dedicated Supportive Housing project. The mortgage repayment obligations are fully funded by the Province of Ontario for the duration of the term of the mortgage.

## 6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The change in deferred contributions balances are as follows:

	2012	2011
Balance, beginning of year	\$ 1,036,960	\$ 887,224
Capital assets contributions received for:		
Prenatal and Postnatal Programs / Housing	47,080	307,674
	1,084,040	1,194,898
Amortization of deferred capital contributions	(146,690)	(157,938)
Balance, end of year	\$ 937,350	\$ 1,036,960

## 7. Restricted Capital Reserve Fund

Pursuant to the Ministry of Community and Social Services ("MCSS") requirements, the Centre must maintain a Capital Reserve Fund. Funds received from the MCSS for future capital expenditures related to dedicated supportive housing are recorded in this fund. The cash and investments of the Capital Reserve Fund are restricted and may only be used for specific capital expenditures. The cash and investments in the Fund must be accounted for separately from the Centre's other cash and investments and maintained in certain financial instruments. All income earned by the cash and investments of the Fund is accrued to the Fund.

The Centre may not sell, lease or otherwise dispose of any part or whole of the dedicated supportive housing without prior consent from MCSS and the Capital Reserve Fund will be transferred to the purchaser or leasee.

## The Massey Centre for Women

Notes to Financial Statements  
March 31, 2012

### 8. Board Restricted funds

The funds that have been internally restricted by the Board are as follows:

	Centennial Fund	McCormick Fund	Other	Total
Balance, beginning of year	\$ 147,392	\$ 160,233	\$ 79,586	\$ 387,211
Interest earned	5,177	5,629	2,796	13,602
Unrealized gain	(999)	(1,087)	(539)	(2,625)
Balance, end of year	\$ 151,570	\$ 164,775	\$ 81,843	\$ 398,188

These funds may be used at the discretion of the Board.

### 9. Externally restricted funds

	The Gregory Peters Memorial Fund	Barbara King Rea Endowment Fund	Total
Balance, beginning of year	\$ 13,413	\$ 12,673	\$ 26,086
Interest earned	468	441	909
Expenses	(410)	(412)	(822)
Unrealized gain	(99)	(91)	(190)
Balance, end of year	\$ 13,372	\$ 12,611	\$ 25,983

Interest earned from The Gregory Peters Memorial Fund is to be used for theatre, music and art experiences for the Centre.

The interest earned from the Barbara King Rea Endowment Fund, up to a maximum of \$500, may be used for the purchase of books for English and Parenting subjects for the Centre and for educational outings.



# The Massey Centre for Women

Notes to Financial Statements  
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## 10. Grants

	2012	2011
<b>Province of Ontario</b>		
Ministry of Children and Youth Services	\$ 1,909,147	\$ 1,857,147
Ministry of Community and Social Services	389,025	418,482
Ministry of Training, Colleges and Universities	-	31,906
Restricted capital reserve	12,708	12,708
	<u>2,310,880</u>	<u>2,320,243</u>
<b>City of Toronto</b>		
Toronto Children's Services		
Day care subsidy fees	638,157	482,381
Wage subsidy	102,215	78,495
Pay equity prior to 1998	4,849	4,849
Wage improvement	19,208	19,208
Pay equity	14,444	14,444
Special Needs	1,440	947
Health and Safety	30,100	-
	<u>810,413</u>	<u>600,324</u>
Consolidated Homelessness Prevention Program (HIF)	55,239	55,239
Community Partnership & Investment Program (CSP)	24,735	24,735
Investing in Neighbourhood	64,643	14,430
Community Investment Program	10,000	-
	<u>965,030</u>	<u>694,728</u>
<b>Total City of Toronto</b>		
<b>Government of Canada</b>		
Children's Special Allowances	6,344	18,556
Summer Employment Program	2,378	-
	<u>8,722</u>	<u>18,556</u>
	<u>\$ 3,284,632</u>	<u>\$ 3,033,527</u>

# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2012

## 11. Fundraising income

	2012	2011
Donations from United Church	\$ 42,209	\$ 36,581
Donations from United Church Women	23,054	24,519
Donations from foundations	30,005	49,981
Donations from others	111,871	53,706
Fundraising	67,436	20,079
	<u>\$ 274,575</u>	<u>\$ 184,866</u>

## 12. Special projects

Grants were received for specific projects of the Centre from the following organizations:

- The Nixon Foundation for an organizational assessment;
- The Trillium Foundation for the new 3 year pilot project: Women Supporting Women mentoring initiative;
- City of Toronto, Drug Prevention Community Investment Program for the Arts for Life project; and
- The Ontario Centre of Excellence for Child and Youth Mental Health for planning evaluation activities for the Prenatal program.

## 13. Toronto Children's Services Wage Subsidies

Toronto Children's Services Wage subsidies are as follows:

	Wage subsidy	Pay equity prior 1998	Pay equity 1999-2005	Wage improvement
Received in this fiscal year	<u>\$ 102,215</u>	<u>\$ 4,849</u>	<u>\$ 14,444</u>	<u>\$ 19,208</u>
Wage subsidies expensed in this fiscal year/according to Day Nurseries Act, Ontario Regulation 262, Section 1	<u>\$ 102,215</u>	<u>\$ 4,849</u>	<u>\$ 14,444</u>	<u>\$ 19,208</u>

# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2012

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## 14. Financial instruments

### a) Fair value

The carrying value of cash, accounts receivable, grants receivable and accounts payable and accrued liabilities approximate their fair value due to their short term nature. The fair value of the mortgages payable approximate their carrying value due to the market rates of interest being paid.

A reasonable estimate of fair value of conditional mortgage payable could not be made as the timing of payments, if any, is not known.

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant financial risk with respect to its financial instruments.

## 15. Capital disclosures

Section 1535, Capital Disclosures requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Centre's objectives, policies and processes for managing capital. The Centre's objectives in managing capital are to safeguard the Centre's ability to continue as a going concern and to ensure that it has adequate capital to meet the Centre's mission. The capital structure of the Centre consists of cash, investments and fund balances. The Centre has externally imposed restrictions on a portion of its capital.

## 16. Comparative figures

Certain comparative figures have been reclassified for comparative purposes to conform with the current year's presentation.