

**The Massey Centre for Women**

Financial Statements

March 31, 2014



# Koster, Spinks & Koster LLP

Chartered Professional 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 financial position as at March 31, 2014, 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 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 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 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 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, 2014, 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.

Chartered Professional Accountants  
Licensed Public Accountants


Toronto, Ontario  
June 17, 2014


# The Massey Centre for Women

## Statement of Financial Position March 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 305,602	\$ 262,762
Accounts receivable	85,302	108,973
Prepaid expenses	29,732	17,472
Grants receivable	141,871	108,907
	<u>562,507</u>	<u>498,114</u>
Investments (note 2)	1,044,130	1,146,857
Capital assets (note 3)	5,040,553	5,055,198
Capital reserve investments (note 2)	617,395	579,179
	<u>\$ 7,264,585</u>	<u>\$ 7,279,348</u>
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 6)	\$ 480,826	\$ 664,334
Deferred operating grants and revenue	109,480	102,310
Mortgages payable (note 4)	165,469	424,840
	<u>755,775</u>	<u>1,191,484</u>
Deferred capital contributions (note 5)	1,162,257	974,739
Mortgages payable, net of current portion (note 4)	4,458,462	4,359,361
	<u>6,376,494</u>	<u>6,525,584</u>
<b>Fund balances</b>		
Program operations	(191,371)	(268,491)
Externally restricted (note 9)	27,708	26,563
Restricted capital reserve (note 7)	617,395	579,179
Internally restricted (note 8)	434,359	416,513
	<u>888,091</u>	<u>753,764</u>
	<u>\$ 7,264,585</u>	<u>\$ 7,279,348</u>

On behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



## The Massey Centre for Women

### Statement of Operations and Changes in Fund Balances For The Year Ended March 31, 2014

	Operations	Externally Restricted	Internally Restricted	Restricted Capital Reserve	Total	
					2014	2013
<b>Revenues</b>						
Grants (note 10)	\$ 3,275,859	\$ -	\$ -	\$ 12,708	\$ 3,288,567	\$ 3,461,575
Fundraising income (note 11)	276,122	-	-	-	276,122	241,341
Residents' rent and parents' child care fees	167,443	-	-	-	167,443	167,256
Amortization of deferred capital contributions	141,417	-	-	-	141,417	139,828
Special projects (note 12)	53,707	-	-	-	53,707	137,034
Investment income	12,116	530	8,199	11,531	32,376	38,409
Other income	2,848	-	-	-	2,848	7,662
	3,929,512	530	8,199	24,239	3,962,480	4,193,105
<b>Expenses</b>						
Salaries and benefits	2,541,657	-	-	-	2,541,657	2,777,371
Occupancy expenses	394,874	-	-	-	394,874	442,751
Amortization	325,258	-	-	-	325,258	319,216
Client needs	240,879	-	-	-	240,879	238,947
Administration	202,626	-	-	-	202,626	185,126
Mortgage interest	80,089	-	-	-	80,089	85,113
Special projects (note 12)	60,661	-	-	-	60,661	137,034
Training, recruitment and travel	18,791	-	-	-	18,791	18,102
	3,864,835	-	-	-	3,864,835	4,203,660
<b>Excess (deficiency) of revenues over expenses before undernoted item</b>	64,677	530	8,199	24,239	97,645	(10,555)
<b>Unrealized gain on equities</b>	12,443	615	9,647	13,977	36,682	28,792
<b>Excess of revenues over expenses for the year</b>	77,120	1,145	17,846	38,216	134,327	18,237
<b>Fund balance, beginning of year</b>	(268,491)	26,563	416,513	579,179	753,764	735,527
<b>Fund balance, end of year</b>	\$ (191,371)	\$ 27,708	\$ 434,359	\$ 617,395	\$ 888,091	\$ 753,764



# The Massey Centre for Women

## Statement of Cash Flows For The Year Ended March 31, 2014

	2014	2013
<b>Cash flow from operating activities</b>		
Cash received from grants	\$ 3,309,310	\$ 3,621,549
Cash received from fundraising and other	285,995	198,250
Cash received from residents' rent and parents' child care fees	167,443	167,256
Investment income received	49,022	28,599
Cash paid for salaries and benefits	(2,649,336)	(2,617,947)
Cash paid for materials and services	(669,815)	(568,305)
Mortgage interest paid	(80,089)	(85,113)
	<u>412,530</u>	<u>744,289</u>
<b>Cash flow from financing and investing activities</b>		
Acquisition of capital assets	(310,613)	(177,217)
Sales (purchases) of investments	101,193	(328,441)
Mortgage principal repayments	(160,270)	(155,309)
	<u>(369,690)</u>	<u>(660,967)</u>
Change in cash during the year	42,840	83,322
Cash, beginning of year	262,762	179,440
<b>Cash, end of year</b>	<u>\$ 305,602</u>	<u>\$ 262,762</u>



# The Massey Centre for Women

Notes to Financial Statements

March 31, 2014

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## 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.

## 1. Significant accounting policies

These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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).

Revenues and expenses related to the Internally 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 Internally Restricted Fund should be made available for the operations of the Centre, the amount is recorded as a transfer between the Internally Restricted Fund and the Centre's Program Operations.

### b) Financial instruments

#### *Measurement of financial instruments*

The Centre initially measures its financial assets and liabilities at fair value. The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in statement of operations.



# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2014

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Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, government bonds, other fixed income investments and grants receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgages payable. Financial assets measured at fair value include investments in equity instruments presented as equities included in investments on the statement of financial position.

## *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 statement of operations.

## *Transaction costs*

The Centre recognizes its transaction costs in the excess of revenues over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

## 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, 2014

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 accounting standards for not-for-profit organizations 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.

## 2. Investments

Investments consist of the following:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 746,370	\$ 605,491
Government bonds	-	106,857
Other fixed income (market value: \$305,426)	300,000	487,000
Equities (book value: \$542,270)	615,155	526,688
	1,661,525	1,726,036
Allocation to Capital reserve investments (note 7)	(617,395)	(579,179)
	<u>\$ 1,044,130</u>	<u>\$ 1,146,857</u>

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





# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2014

### 3. Capital assets

Capital assets consist of the following:

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 5,243,146	\$ 2,911,837	\$ 2,331,309	\$ 2,539,395
Building improvements	1,373,229	662,188	711,041	509,371
Furniture and equipment	41,144	32,916	8,228	16,457
Land	1,989,975	-	1,989,975	1,989,975
	<u>\$ 8,647,494</u>	<u>\$ 3,606,941</u>	<u>\$ 5,040,553</u>	<u>\$ 5,055,198</u>

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

	2014	2013
Buildings	\$ 2,860,660	\$ 2,860,660
Less: accumulated amortization	1,516,273	1,367,749
	<u>1,344,387</u>	<u>1,492,911</u>
Land	839,974	839,974
	<u>\$ 2,184,361</u>	<u>\$ 2,332,885</u>



# The Massey Centre for Women

Notes to Financial Statements  
March 31, 2014

## 4. Mortgages payable

The mortgages payable are comprised as follows:

	<u>2014</u>	<u>2013</u>
Mortgage with Toronto United Church Council, bearing interest at 3.99% per annum, maturing January 1, 2017 and secured by a third charge on the land and buildings located at 1102 Broadview Avenue, Toronto.	\$ 264,570	\$ 276,316
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.	2,184,361	2,332,885
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
	<u>4,623,931</u>	<u>4,784,201</u>
Current portion	(165,469)	(424,840)
	<u>\$ 4,458,462</u>	<u>\$ 4,359,361</u>
Future principal payment obligations:		
2015	\$ 165,469	
2016	170,672	
2017	2,112,790	
No fixed term	<u>2,175,000</u>	
	<u>\$ 4,623,931</u>	

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 \$4,400,000 that may be payable has not been accrued in these financial statements.

The mortgage held by TD Canada Trust 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.



# The Massey Centre for Women

Notes to Financial Statements

March 31, 2014

## 5. 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:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 974,739	\$ 937,350
Capital assets contributions received for:		
Prenatal and Postnatal Programs / Housing	303,559	177,217
Ontario Early Years Centre	25,376	-
	<u>1,303,674</u>	<u>1,114,567</u>
Amortization of deferred capital contributions	<u>(141,417)</u>	<u>(139,828)</u>
Balance, end of year	<u>\$ 1,162,257</u>	<u>\$ 974,739</u>

## 6. Government remittances

Included in accounts payable and accrued liabilities are payroll withholdings payable of \$35,406 (2013: \$55,907) and employer health tax payable of \$2,182 (2013: \$4,091).

## 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, 2014

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## 8. Internally restricted funds

The internally restricted funds were established by the Board of Directors to enable the Centre to respond to its specific needs that may arise from time to time. These funds may be available for unrestricted purposes only with the approval of the Board of Directors.

## 9. Externally restricted funds

	<b>The Gregory Peters Memorial Fund</b>	<b>Barbara King Rea Endowment Fund</b>	<b>Total</b>
Balance, beginning of year	\$ 13,771	\$ 12,792	\$ 26,563
Investment income earned	270	260	530
Unrealized gain	319	296	615
Balance, end of year	<u>\$ 14,360</u>	<u>\$ 13,348</u>	<u>\$ 27,708</u>

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

The investment income 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

March 31, 2014

## 10. Grants

	<u>2014</u>	<u>2013</u>
<b>Province of Ontario</b>		
Ministry of Children and Youth Services	\$ 1,913,711	\$ 2,017,558
Ministry of Community and Social Services	413,709	432,604
Restricted capital reserve	12,708	12,708
	<u>2,340,128</u>	<u>2,462,870</u>
<b>City of Toronto</b>		
Toronto Children's Services		
Day care subsidy fees	661,080	674,386
Wage subsidy	102,215	102,215
Pay equity prior to 1998	4,849	4,849
Wage improvement	19,208	19,208
Pay equity	14,444	14,444
Special Needs	676	556
Health and Safety	13,173	5,405
	<u>815,645</u>	<u>821,063</u>
Community Homelessness Prevention Initiative (CHPI)/Homeless Initiative Fund (HIF)	59,520	55,239
Community Service Partnerships Program (CSP)	25,725	24,735
Investing in Neighbourhoods	38,062	81,585
	<u>938,952</u>	<u>982,622</u>
<b>Government of Canada</b>		
Canada Revenue Agency, Children's Special Allowances	4,656	10,914
Human Resources & Skills Development - Canada Summer Job	4,831	5,169
	<u>9,487</u>	<u>16,083</u>
	<u>\$ 3,288,567</u>	<u>\$ 3,461,575</u>



# The Massey Centre for Women

Notes to Financial Statements

March 31, 2014

## 11. Fundraising income

	<u>2014</u>	<u>2013</u>
Donations from United Church	\$ 50,947	\$ 35,218
Donations from United Church Women	20,109	16,794
Donations from foundations	44,200	56,392
Donations from others	123,041	99,606
Fundraising events	37,825	33,331
	<u>\$ 276,122</u>	<u>\$ 241,341</u>

## 12. Special projects

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

- United Church of Canada - Toronto Southeast Presbytery and an anonymous donor to support clinical consulting services provided by Dr. Jean Wittenberg;
- The Ontario Trillium Foundation and The United Church Foundation for the Women Supporting Women mentoring initiative; and
- The United Church Foundation for Youth Engagement Community Circle.

## 13. Toronto Children's Services Wage Subsidies

Toronto Children's Services Wage subsidies are as follows:

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



# The Massey Centre for Women

Notes to Financial Statements

March 31, 2014

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## 14. Financial instruments

### Risk and concentrations

The Centre is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Centre's risk exposure and concentrations at March 31, 2014:

#### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre's main credit risks relate to its accounts receivable and grants receivable. The Centre's primary debtors are government agencies which are considered low risk.

#### b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to the risk mainly in respect to its accounts payable, accrued liabilities and mortgages payable.

#### 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 Centre is mainly exposed to interest rate risk and other price risk.

#### d) 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 Centre is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Centre to a fair value risk while the floating rate instruments subject it to a cash flow risk.

#### e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Centre is not subject to significant currency risk.

#### f) 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 and currency 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 Centre is exposed to other price risk through its investments in quoted shares.

