

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Financial Statements
Year Ended March 31, 2018

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
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Year Ended March 31, 2018

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Alice House (Second Stage Housing Association of Dartmouth)

We have audited the accompanying financial statements of Alice House, (Second Stage Housing Association of Dartmouth), which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Alice House, (Second Stage Housing Association of Dartmouth), derives revenue from donations and fundraising 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 Alice House, (Second Stage Housing Association of Dartmouth).

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

Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2017 and March 31, 2018, current assets and net assets as at March 31, 2017 and March 31, 2018.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Alice House, (Second Stage Housing Association of Dartmouth), as at March 31, 2018 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.

A handwritten signature in black ink that reads "Lyle Tilley Davidson". The signature is written in a cursive, flowing style.

Halifax, Nova Scotia
July 18, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Financial Position
March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 75,677	\$ 120,620
Accounts receivable (Note 3)	21,079	7,255
Prepaid expenses	71	606
	96,827	128,481
CASH - RESTRICTED		
Replacement reserve (Note 4)	14,139	12,653
Security deposits	4,396	4,688
Operating reserve (Notes 4, 5)	297,881	214,426
	316,416	231,767
CAPITAL ASSETS (Note 6)	534,647	471,188
INVESTMENT FUND (Notes 5, 7)	35,521	34,810
COPYRIGHT AND TRADEMARK (Note 8)	4,926	4,926
	\$ 988,337	\$ 871,172
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 46,048	\$ 19,364
Deferred revenue (Note 9)	58,575	26,724
Security deposits	4,088	4,373
Current portion of long term debt	-	4,362
	108,711	54,823
LONG TERM DEBT	-	57,799
LONG TERM DEFERRED GOVERNMENT GRANTS (Note 10)	199,625	141,107
	308,336	253,729
NET ASSETS		
Unrestricted	38,783	122,444
Replacement Reserve	14,139	12,653
Operating Reserve	297,881	214,426
Invested in Capital Assets	329,198	267,920
	680,001	617,443
	\$ 988,337	\$ 871,172

LEASE COMMITMENTS (Note 11)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Revenues and Expenditures
Year Ended March 31, 2018

	2018	2017
REVENUE (Schedule 1)	\$ 105,478	\$ 115,249
EXPENDITURES (Schedule 1)	141,338	148,374
	(35,860)	(33,125)
OTHER INCOME		
Province of Nova Scotia	210,642	210,642
Donations and fundraising	336,725	212,269
United Way	53,433	56,142
Investments and investment fund (Note 5)	1,188	9,219
Criminal Injuries Justice Fund	2,650	7,885
	604,638	496,157
EXPENSES		
Administration	36,496	30,230
Fundraising expenses	19,440	6,650
Professional fees	7,810	7,939
Program	13,517	16,142
Public relations	17,562	806
Repairs and maintenance	2,555	7,472
Salaries and wages	386,549	328,851
Telephone	11,349	8,532
Travel	4,348	3,880
Utilities	6,594	8,838
	506,220	419,340
EXCESS OF REVENUE OVER EXPENSES	\$ 62,558	\$ 43,692

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Changes in Net Assets
Year Ended March 31, 2018

	Unrestricted	Replacement Reserve	Operating Reserve	Invested in Capital Assets	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 122,444	\$ 12,653	\$ 214,426	\$ 267,920	\$ 617,443	\$ 573,751
Excess of revenue over expenses	62,558	-	-	-	62,558	43,692
Transfer to replacement reserve	(1,486)	1,486	-	-	-	-
Amortization	22,264	-	-	(22,264)	-	-
Repayment of mortgages	(62,161)	-	-	62,161	-	-
Amortization of deferred government grants	(8,792)	-	-	8,792	-	-
Changes in investments	(83,455)	-	83,455	-	-	-
Purchase of capital assets	(85,724)	-	-	85,724	-	-
Forgiveable loan received	73,135	-	-	(73,135)	-	-
NET ASSETS - END OF YEAR	\$ 38,783	\$ 14,139	\$ 297,881	\$ 329,198	\$ 680,001	\$ 617,443

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 62,558	\$ 43,692
Items not affecting cash:		
Amortization of capital assets	22,264	18,712
Unrealized loss (gain) on investments	2,394	(4,582)
Reinvested income	(1,180)	(4,637)
Donated shares	(64,465)	(11,118)
Realized loss on sale of investments	351	-
	<u>21,922</u>	<u>42,067</u>
Changes in non-cash working capital:		
Accounts receivable	(13,824)	5,223
Replacement reserve	(1,486)	(1,477)
Security deposits	292	231
Accounts payable and accrued liabilities	26,691	(26,550)
Deferred revenue	31,851	(8,200)
Prepaid expenses	535	973
Security deposits	(285)	590
	<u>43,774</u>	<u>(29,210)</u>
Cash flow from operating activities	<u>65,696</u>	<u>12,857</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(85,724)	(63,655)
Purchase of investments	(123,547)	-
Proceeds from sale of investments	102,275	-
Cash flow used by investing activities	<u>(106,996)</u>	<u>(63,655)</u>
FINANCING ACTIVITIES		
Long term deferred government grants	58,518	(5,879)
Repayment of long term debt	(62,161)	(3,999)
Cash flow used by financing activities	<u>(3,643)</u>	<u>(9,878)</u>
DECREASE IN CASH FLOW	(44,943)	(60,676)
Cash - beginning of year	<u>120,620</u>	<u>181,296</u>
CASH - END OF YEAR	\$ 75,677	\$ 120,620

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2018

PURPOSE OF THE ASSOCIATION

Alice House (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of Nova Scotia. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association operates to provide second stage housing and support counselling for women and children leaving domestic abuse.

1. 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).

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties which are recorded at the exchange amount. 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.

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. The most significant accounting estimates in these financial statements include allowance for doubtful accounts, the estimated useful lives of capital assets and deferred revenue.

Cash

Cash includes cash held in Canadian financial institutions, net of any outstanding cheques.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Contributed services and materials

Volunteers contribute many hours per year to assist the Association in carrying out its activities. As well, the Association accepts various household items, clothes and food as donations that the women are able to take. Due to the difficulty in determining their fair value, contributed services and materials are not recognized in the financial statements.

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ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Notes to Financial Statements
Year Ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Property and buildings	4%
Equipment	20%

Amortization is calculated at one-half of the normal annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

Impairment of long lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Long-term deferred government grant

The long-term deferred government grants are recorded at the cost of the Drop-in Centre/Office, building and equipment, which were fully funded by an HRDC grant. Amortization is recorded at an amount equal to amortization of the related capital assets

Government assistance

The Association receives shelter enhancement funding to cover the cost of the repairs on the rental properties. This funding is recorded in the year it is received and is included in grants revenue.

Revenue recognition

Alice House follows the deferral method of accounting for contributions.

Restricted contributions and government assistance are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

2. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Association's financial instruments consist of cash, accounts receivable, operating reserve investments, investment fund, accounts payable and accrued liabilities, and long-term deferred government grants. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2018.

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ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Notes to Financial Statements
Year Ended March 31, 2018

2. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

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 Association is mainly exposed to other price risk.

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 or 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 Association is exposed to other price risk through its investment in quoted shares.

3. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable	\$ 4,370	\$ 1,533
HST rebate receivable	16,709	5,722
	\$ 21,079	\$ 7,255

4. RESERVE FUNDS

Replacement Reserve

The Replacement Reserve is an annual allocation of funds to be used to cover repairs and capital cost replacements for Unit A and B. This reserve is required under the terms of a financing agreement with the Minister of Housing of the Province of Nova Scotia and the Halifax Regional Municipality.

Operating Reserve

The Operating Reserve was established in March 2009 and is to be used to cover any emergencies in the operations of Alice Housing. As at March 31, 2018 the balance is \$297,881 (2017 - \$214,426).

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2018

5. INVESTMENTS

	2018	2017
<u>Income (loss)</u>		
Interest Income	\$ 1,335	\$ 2,062
Investment income	1,887	1,408
Increase (decrease) in endowment fund value	711	1,167
Unrealized gain (loss)	(2,394)	4,582
Realized loss on sale of investments	(351)	-
	\$ 1,188	\$ 9,219
 <u>Holdings at market value</u>		
Cash and short-term investments	\$ 1,234	\$ 72,739
Mutual funds	205,761	81,034
Equities	90,886	60,653
	297,881	214,426
 Investment fund	35,521	34,810
	\$ 333,402	\$ 249,236

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Unit A	\$ 310,139	\$ 193,416	\$ 116,723	\$ 74,445
Unit B	111,744	98,327	13,417	686
Duplex 2	38,694	35,594	3,100	226
Duplex 1	42,387	38,071	4,316	294
Unit E 1	157,235	33,536	123,699	127,603
Unit E 2	170,414	34,689	135,725	126,827
Drop in centre/office	237,250	99,583	137,667	141,107
	\$ 1,067,863	\$ 533,216	\$ 534,647	\$ 471,188

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2018

7. INVESTMENT FUND (Alice Housing Fund)

In 2011, Alice Housing entered into an agreement with The Community Foundations of Canada (Foundation) to establish the The Alice Housing Fund (the "Fund") with an initial gift of \$25,000. Per their agreement, the Foundation will provide administrative, fund development, and grant making expertise and promotion of The Alice Housing Fund.

The Fund is invested by the Foundation and any investment income or donations received shall be disbursed on an annual basis to Alice Housing. At Alice Housing's discretion, the income may be paid to Alice Housing or reinvested in the Fund.

The Fund will be held permanently by the Foundation until the agreement is amended, or Alice Housing ceases to exist. In the event Alice Housing ceases to exist, the contribution will remain with the Foundation to support other charities or charitable causes as determined by Alice Housing. Should the Foundation cease to exist, Alice Housing would receive their proportionate share of the market value of the investments in the Foundation represented by the Fund.

8. COPYRIGHT AND TRADEMARK

The Association obtained the copyright and trademark of their Healing the Bruises Program. This is an internally developed children's program used to assist youth in their rehabilitation and recovery from abusive relationships. It is the intention of the Association to lend or licence the use of this program to other similar organizations.

9. DEFERRED REVENUE

	2018	2017
Deferred rent revenue	\$ 2,370	\$ 5,250
Deferred grants	56,205	21,474
	\$ 58,575	\$ 26,724

10. LONG TERM DEFERRED GOVERNMENT GRANTS

Included in long term deferred government grants is a forgivable loan received through Housing Nova Scotia's Shelter Improvement Program for various capital improvements to the Association's properties. The loan will be forgiven one year after the completion of the improvements.

11. LEASE COMMITMENTS

The Association has a long term lease with respect to its photocopier and mail machine. Future minimum lease payments as at March 31, 2018, are as follows:

2019	\$ 1,029
2020	1,029
2021	696
	\$ 2,754

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Schedule of Earnings from Operations
Year Ended March 31, 2018

(Schedule 1)

	Unit E 2018	Unit A 2018	Unit B 2018	Duplex 1 & 2 2018	Total 2018	Total 2017
REVENUE						
Rental revenue	\$ 12,325	\$ 39,288	\$ 26,515	\$ 26,075	\$ 104,203	\$ 106,491
Grants	-	-	-	-	-	8,000
Washers and dryers	-	595	320	360	1,275	758
	12,325	39,883	26,835	26,435	105,478	115,249
EXPENSES						
Amortization	7,777	5,453	137	104	13,471	12,833
Bad debts	-	-	-	-	-	9,657
Heat	409	8,225	3,795	6,746	19,175	17,402
Insurance	1,403	2,497	1,332	1,885	7,117	7,419
Interest on long term debt	2,490	-	-	-	2,490	2,205
Power	5,526	2,698	965	409	9,598	11,678
Property taxes	1,918	1,081	968	1,416	5,383	5,222
Repairs	3,496	28,370	7,720	27,060	66,646	66,190
Security	1,632	2,743	2,297	2,223	8,895	7,968
Water	2,354	1,818	898	3,493	8,563	7,800
	27,005	52,885	18,112	43,336	141,338	148,374
INCOME (LOSS) FROM OPERATIONS	\$ (14,680)	\$ (13,002)	\$ 8,723	\$ (16,901)	\$ (35,860)	\$ (33,125)