

**FINANCIAL STATEMENTS  
MARCH 31, 2017**

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**CONTENTS**

Management's Responsibility for the Financial Statements .....	1
Independent Auditor's Report. ....	2 - 3
Statement of Financial Position.....	4
Statement of Operations and Fund Balances.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 12
Schedule 1 ▶ Schedule of Operations - Ministry of Attorney General Funding .....	13
Schedule 2 ▶ Schedule of Operations - Fundraising and Donations.....	13
Schedule 3 ▶ Schedule of Operations - As Good As New Shop.....	14

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**Lanark County Interval House  
Financial Statements  
March 31, 2017**

## **Management's Responsibility for the Financial Statements**

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The accompanying financial statements of the Lanark County Internal House are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian Accounting Standards for Not-For-Profit Organization (ASNPO). A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Corporation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

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Erin Lee,  
Executive Director

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Jennifer Greaves,  
Financial Coordinator



## INDEPENDENT AUDITOR'S REPORT

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### To the Members of the Board of Lanark County Interval House:

We have audited the accompanying financial statements of Lanark County Interval House which comprise the statement of financial position as at March 31, 2017, and the statements of operations and 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 Organization, 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 the 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 an 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 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 charitable Corporations, the Corporation derives revenue from donation and fundraising revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses and cash flow from operations for the year ended, March 31, 2017, current assets as at March 31, 2017 and fund balances as at March 31, 2017.

Note 2 to the financial statements describes the departure from Canadian Accounting Standards for Not-For-Profit Organizations and the related impact on operations and net capital assets which pertain to the capital funded projects.

### **Qualified Opinion**

In our opinion, except for the possible effects of matters described in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Lanark County Interval House as at March 31, 2017, and the results of operations and cash flows for the year ended March 31, 2017 and comparative information in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



Allan and Partners LLP  
Chartered Professional Accountants  
Licenced Public Accountants

Perth, Ontario,  
May 15, 2017.

**Lanark County Interval House  
Statement of Financial Position**

March 31	2017	2016
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	191,448	123,868
Accounts receivable	12,760	23,611
Prepaid expense	15,633	17,146
	<b>219,841</b>	164,625
<b>Restricted Cash</b>	<b>33,819</b>	32,439
<b>Capital Assets</b> (note 3)	<b>193,136</b>	202,098
	<b>446,796</b>	399,162
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	67,811	65,339
Deferred revenues	7,762	22,006
Current portion of long term debt (note 4)	10,377	10,267
	<b>85,950</b>	97,612
<b>Long Term Debt</b> (note 4)	<b>27,397</b>	37,774
<b>Fund Balances</b>		
Unrestricted	119,268	77,280
Internally restricted	25,000	---
Invested in capital assets	155,362	154,057
Replacement reserve fund (note 5)	33,819	32,439
	<b>333,449</b>	263,776
<b>Total Liabilities and Fund Balances</b>	<b>446,796</b>	399,162

On Behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements.

## Lanark County Interval House Statement of Operations and Fund Balances

For the year ended March 31	(Note 9) Budget	2017	(Note 11) 2016
	\$	\$	\$
<b>Revenues</b>			
Provincial Funding			
Ministry of Community and Social Services	1,049,241	<b>1,076,641</b>	1,105,645
Ministry of Health	28,659	<b>33,759</b>	33,859
Miscellaneous Grants	29,375	<b>36,065</b>	21,144
	1,107,275	<b>1,146,465</b>	1,160,648
<b>Operating Expenditures</b>			
Amortization	---	<b>8,962</b>	11,272
Bank charges and interest	1,450	<b>1,579</b>	1,595
Community support	2,600	<b>3,860</b>	748
Fundraising and event costs	750	<b>856</b>	2,058
Groceries	19,000	<b>17,883</b>	15,290
Heat, light and power	17,975	<b>16,766</b>	16,666
Information technology	13,614	<b>16,218</b>	12,391
Insurance	15,000	<b>14,661</b>	13,988
Labour negotiations	5,262	<b>698</b>	---
Mortgage interest	5,522	<b>259</b>	369
Office	9,986	<b>12,274</b>	11,709
Professional fees	17,723	<b>20,490</b>	9,382
Promotions	4,997	<b>13,758</b>	7,423
Rent	43,536	<b>41,767</b>	41,455
Repairs and maintenance	32,750	<b>23,940</b>	80,165
Resource materials and program supplies	11,230	<b>16,100</b>	10,872
Security system	3,340	<b>2,912</b>	1,797
Supplies	4,650	<b>3,466</b>	2,794
Telephone	23,250	<b>17,776</b>	19,241
Training and staff development	19,538	<b>31,221</b>	19,354
Travel	24,614	<b>20,821</b>	17,829
Wages and benefits	1,011,968	<b>1,014,395</b>	1,017,145
	1,288,755	<b>1,300,662</b>	1,313,543
<b>Net Operating Expenditures for the Year</b>	(181,480)	<b>(154,197)</b>	(152,895)
<b>Other Revenues</b>			
Fundraising and donations (net) (Schedule 2)	117,662	<b>144,535</b>	122,084
As Good As New shop income (net) (Schedule 3)	70,845	<b>78,079</b>	82,532
Interest income	700	<b>1,256</b>	1,053
	189,207	<b>223,870</b>	205,669
<b>Net Revenues for the Year</b>	7,727	<b>69,673</b>	52,774
<b>Fund Balances, Beginning of Year</b>	263,776	<b>263,776</b>	211,002
<b>Fund Balances, End of Year</b>	271,503	<b>333,449</b>	263,776

The accompanying notes are an integral part of these financial statements.

## Lanark County Interval House Statement of Cash Flows

For the year ended March 31	2017	2016
	\$	\$
<b>Cash Flows Provided From:</b>		
<b>Operating Activities</b>		
Net revenues for the year	69,673	52,774
Add Items Not Involving Cash		
Amortization	8,962	11,272
	<b>78,635</b>	<b>64,046</b>
<b>Net Change in Non-Cash Working Capital</b>		
<b>Balances Related to Operations</b>		
Accounts receivable	10,851	3,129
Prepaid expense	1,513	55
Accounts payable and accrued liabilities	2,472	(26,852)
Deferred revenues	(14,244)	8,987
	<b>592</b>	<b>(14,681)</b>
<b>Financing Activities</b>		
Repayment of long term debt	(10,267)	(10,156)
Increase in restricted cash and deposits	(1,380)	(1,388)
	<b>(11,647)</b>	<b>(11,544)</b>
<b>Change in Cash, During the Year</b>	<b>67,580</b>	<b>37,821</b>
<b>Cash, Beginning of Year</b>	<b>123,868</b>	<b>86,047</b>
<b>Cash, End of Year</b>	<b>191,448</b>	<b>123,868</b>

The accompanying notes are an integral part of these financial statements.

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# Lanark County Interval House Notes to the Financial Statements

March 31, 2017

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## Nature of Operations

Lanark County Interval House is a shelter for abused women and their children. Services include residential accommodation and 24 hour crisis counselling, a community support program, advocacy and public education.

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## 1. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. Significant aspects of the accounting policies adopted by the Corporation are as follows:

### Revenue Recognition

The Corporation follows the deferral method of accounting for contributions for not-for-profit Corporations. Under the deferral method 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.

Restricted donations and grants are recognized as revenue in the year in which the related expenditure is incurred.

### Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### Expense Recognition

Expenditures are recognized according to the accrual basis of accounting in that the expenditures are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

### Deferred Revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

### Donated Services

No amounts are reflected in the statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Corporation and its fundraising activities.

### Capital Assets

Capital assets are stated at cost. Amortization is taken on a straight line basis with the following useful lives:

Buildings	40 years
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# Lanark County Interval House Notes to the Financial Statements

March 31, 2017

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## 1. Significant Accounting Policies / continued

### Capital Reserve Fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve Fund account is to be credited in the amount of \$1,000 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

### Net Revenues (Expenditures)

The adjustment to any net revenues (expenditures) must be approved by the Ministry of Community and Social Services or the Ministry of Health and is reflected as an adjustment to the statement of changes in unrestricted fund balance in the year of approval by the Ministry.

### Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Corporation has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Corporation classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

### Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

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## 2. Departure from Canadian Accounting Standards for Not-For-Profit Organizations

Acquisition of capital assets which are funded by government transfers are not capitalized in these financial statements, rather, they were expensed in the year acquired. To the extent that these capital assets should have been included on the balance sheet together with annual amortization recorded as an expense is a departure from Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). The capital cost of the shelter that has been expensed as opposed to being capitalized was \$2,411,917, 2007/2008.

# Lanark County Interval House Notes to the Financial Statements

March 31, 2017

## 2. Departure from Canadian Generally Accounting Standards for Not-For-Profit Corporations / continued

Equipment and furnishings are expensed in the year of replacement and the financial information relating to the impact of these transfers are not available and as a result have not been included in these statements.

## 3. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	10,000	---	10,000	10,000
Building ▶ Moore Street	210,862	144,892	65,970	70,971
▶ Bridge Street	212,789	95,623	117,166	121,127
Vehicle	23,087	23,087	---	---
	<b>456,738</b>	<b>263,602</b>	<b>193,136</b>	<b>202,098</b>

## 4. Long Term Debt

	2017	2016
	\$	\$
Canada Mortgage and Housing Corporation, (2.11%), with blended monthly payments of \$460.13, secured by a first mortgage the property, due December 1, 2018.	9,478	14,741
Bank of Nova Scotia Mortgage (prime + 1.25%), with monthly principal payments of \$417, plus interest, second by a collateral mortgage on the property, due on demand.	28,296	33,300
	<b>37,774</b>	48,041
Less: current portion	<b>10,377</b>	10,267
	<b>27,397</b>	<b>37,774</b>

Principal payments fall due as follows:

	\$
2018	10,377
2019	9,109
2020	5,004
2021	5,004
2022 and thereafter	8,280
	<b>37,774</b>

**Lanark County Interval House  
Notes to the Financial Statements**

**March 31, 2017**

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**5. Capital Reserve Fund**

	<b>2017</b>	2016
	\$	\$
Reserve Funds set aside for specific purpose CMHC ▶ Replacement Reserve Fund	<b>33,819</b>	32,439

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**6. Commitments**

Lanark County Interval House has entered into several commercial rent agreements. The Commitment payments fall due as follows:

	<b>\$</b>
2018	<b>39,672</b>
2019	<b>24,936</b>

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**7. Public Education and Volunteer Assistance**

Lanark County Interval House has incurred the following expenditures which are included in the operating expenditures on the Statement of Operations and Fund Balances:

	<b>2017</b>	2016
	\$	\$
Public Education	<b>35,738</b>	25,541
Volunteer Assistance	<b>2,318</b>	2,760

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**8. Risk Management**

In the normal course of operations, the Corporation is exposed to a variety of financial risks which are actively managed by the Corporation.

The Corporation's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments, and accounts payable approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

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# Lanark County Interval House Notes to the Financial Statements

March 31, 2017

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## 8. Risk Management / continued

In the normal course of operations, the Corporation is exposed to a variety of financial risks which are actively managed by the Corporation.

The Corporation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Corporation's exposure to and management of risk has not changed materially from March 31, 2016.

### Credit Risk

Credit risk arises from the possibility that the entities to which the Corporation provides services to may experience difficulty and be unable to fulfill their obligations. The Corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Corporation does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Corporation is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Corporation's operating results.

### Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation requires working capital to meet day-to-day operating activities. Management expects that the Corporation's cash flows from operating activities will be sufficient to meet these requirements.

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## 9. Budget Figures

The budget established for the Operating Funds is set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budget reflected in the Schedule of Operating Funds is an annual budget only which have been adopted by the Corporation's Board. The budget figures are unaudited.

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## Lanark County Interval House Notes to the Financial Statements

**March 31, 2017**

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### **10. Capital Disclosures**

The Corporation defines capital as unrestricted fund balances, investment in capital assets and its replacement reserve fund. The Corporation's objective with respect to capital is to fund ongoing operations, capital assets and future projects.

The Corporation's overall strategy with respect to capital remains unchanged from the year ended March 31, 2017. The Corporation is not subject to any externally imposed capital requirements.

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### **11. Comparative Figures**

Some reclassification of prior year's figures was necessary in order to conform to this year's presentation.

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**Lanark County Interval House  
Schedule 1 ▶ Schedule of Operations  
Ministry of the Attorney General**

<b>For the year ended March 31</b>	(Note 9) Budget	<b>2017</b>	2016
	\$	\$	\$
<b>Revenues</b>			
Grant ▶ Ministry of the Attorney General	16,250	<b>16,250</b>	16,250
<b>Expenditures</b>			
Wages and benefits	13,998	<b>13,366</b>	14,295
Training and staff development	1,305	<b>1,090</b>	904
Travel	400	<b>692</b>	305
Professional fees	300	<b>400</b>	400
Promotions	72	---	72
Office	100	---	274
Resource materials and program supplies	75	<b>102</b>	---
Rent	---	<b>600</b>	---
	16,250	<b>16,250</b>	16,250
<b>Net Program Revenues for the Year</b>	---	---	---

**Lanark County Interval House  
Schedule 2 ▶ Schedule of Operations  
Fundraising and Donations**

<b>For the year ended March 31</b>	(Note 9) Budget	<b>2017</b>	(Note 11) 2016
	\$	\$	\$
<b>Revenues</b>			
Fundraising and donations	163,800	<b>196,133</b>	167,105
<b>Expenditures</b>			
Bank charges and interest	75	<b>5</b>	---
Fundraising and event costs	7,300	<b>13,584</b>	14,182
Office	3,000	<b>1,816</b>	1,921
Promotions	---	<b>863</b>	---
Telephone	---	---	199
Travel	---	<b>26</b>	135
Wages and benefits	35,763	<b>35,304</b>	28,584
	46,138	<b>51,598</b>	45,021
<b>Net Program Revenues for the Year</b>	117,662	<b>144,535</b>	122,084

**Lanark County Interval House  
Schedule 3 ▶ Schedule of Operations  
As Good As New Shop**

<b>For the year ended March 31</b>	(Note 9) Budget	<b>2017</b>	(Note 11) 2016
	\$	\$	\$
<b>Revenues</b>			
As Good As New Shop income	90,000	<b>88,338</b>	85,867
Residential Rent	8,520	<b>8,520</b>	8,450
	98,520	<b>96,858</b>	94,317
<b>Expenditures</b>			
Bank charges and interest	300	---	35
Heat, light and power	5,750	<b>5,315</b>	4,968
Insurance	1,500	<b>1,471</b>	1,385
Mortgage interest	7,200	<b>1,225</b>	1,444
Office	100	<b>109</b>	---
Promotions	175	<b>464</b>	---
Repairs and maintenance	10,950	<b>7,981</b>	2,224
Resource materials and program supplies	900	<b>508</b>	47
Supplies	---	<b>1,195</b>	1,088
Telephone	800	<b>511</b>	499
Travel	---	---	95
	27,675	<b>18,779</b>	11,785
<b>Net Program Revenues for the Year</b>	70,845	<b>78,079</b>	82,532