



HIATUS HOUSE
Financial Statements
Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hiatus House

Opinion

We have audited the financial statements of the Hiatus House (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor Canada

July 2, 2019



HIATUS HOUSE

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 398,120	\$ 339,159
Investments (note 2)	698,159	1,129,674
Accounts receivable (note 3)	58,249	81,095
Prepaid expenses	40,245	84,949
	<u>1,194,773</u>	<u>1,634,877</u>
Investments (note 2)	637,695	732,624
Capital assets (note 4):	6,764,797	6,140,428
Less: accumulated amortization	<u>(3,822,813)</u>	<u>(3,684,599)</u>
	2,941,984	2,455,829
	<u>\$ 4,774,452</u>	<u>\$ 4,823,330</u>

	2019	2018
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 320,315	\$ 316,445
Current portion of mortgage payable (note 6)	537,858	92,439
	<u>858,173</u>	<u>408,884</u>
Mortgage payable (note 6)	-	537,858
Deferred contributions (note 7):		
Expenses of future periods	102,178	117,909
Capital assets	1,783,903	1,872,526
	<u>1,886,081</u>	<u>1,990,435</u>
Fund balances:		
Invested in capital assets (note 8)	331,605	259,770
Restricted for endowments (note 9)	1,143,898	1,094,629
Internally restricted (note 10)	287,205	281,558
Unrestricted	267,490	250,196
	<u>2,030,198</u>	<u>1,886,153</u>
Contingent liability and commitments (notes 11 and 12)		
	<u>\$ 4,774,452</u>	<u>\$ 4,823,330</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director



HIATUS HOUSE

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenues:		
Ministry and grant revenue:		
Ontario Ministry of Community and Social Services (note 15)	\$ 2,666,249	\$ 2,512,445
Ontario Ministry of Community and Social Services - Dedicated Supportive Housing	152,648	154,848
Ontario Ministry of the Attorney General - Family Court Support Worker Program (Schedule 2)	65,000	65,000
City of Windsor	60,518	208,938
Human Resources and Skills Development Canada	-	2,689
Other grant revenue	38,593	29,625
	<hr/>	<hr/>
	2,983,008	2,973,545
Fresh Start fees	7,670	19,490
	<hr/>	<hr/>
	2,990,678	2,993,035
Expenses:		
Salaries, benefits and training	2,492,808	2,373,441
Purchased materials and services	250,232	233,937
Food and client needs	227,458	351,806
Building maintenance, utilities and insurance	132,736	147,268
Promotion	52,666	52,867
	<hr/>	<hr/>
	3,155,900	3,159,319
Shortfall of revenues over expenses from unrestricted funds before undernoted items	(165,222)	(166,284)
Estate bequest (note 10)	33,990	1,185
Donations and fundraising (net of related expenses of \$21,272; 2018 - \$30,020)	174,957	182,151
Interest and miscellaneous	22,838	41,912
	<hr/>	<hr/>
Excess revenues over expenses from unrestricted fund	66,563	58,964
Excess of revenues over expenses from capital fund (Schedule 1)	71,835	75,754
Excess of revenues over expenses from internally restricted fund (Schedule 1)	5,647	3,996
	<hr/>	<hr/>
Excess revenues over expenses	\$ 144,045	138,714

See accompanying notes to financial statements.



HIATUS HOUSE

Statement of Changes in Fund Balances

Year ended March 31, 2019, with comparative information for 2018

	Invested in Capital Assets	Restricted for Endowments	Internally Restricted	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	\$ 259,770	\$ 1,094,629	\$ 281,558	\$ 250,196	\$ 1,886,153	\$ 1,747,439
Excess revenues over expenses	71,835	-	5,647	66,563	144,045	138,714
Internally restricted interfund transfer	-	49,269	-	(49,269)	-	-
Balance, end of year	\$ 331,605	\$ 1,143,898	\$ 287,205	\$ 267,490	\$ 2,030,198	\$ 1,886,153

See accompanying notes to financial statements.



HIATUS HOUSE

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 144,045	\$ 138,714
Items not involving cash:		
Loss on disposal of capital assets	46,239	-
Amortization of capital assets	169,816	144,930
Amortization of deferred contributions related to capital assets	(195,281)	(130,101)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	22,846	(24,469)
Decrease (increase) in prepaid expenses	44,704	(42,023)
Increase in accounts payable and accrued liabilities	3,870	14,459
Increase (decrease) in deferred contributions related to expenses of future periods	(15,731)	61,958
	<u>220,508</u>	<u>163,468</u>
Investing activities		
Capital assets acquired	(702,210)	(262,558)
Contributions received related to capital assets	106,658	144,935
Decrease in investments	526,444	77,398
	<u>(69,108)</u>	<u>(40,225)</u>
Financing activities:		
Mortgage principal repayment	(92,439)	(90,416)
	<u>(92,439)</u>	<u>(90,416)</u>
Increase in cash	58,961	32,827
Cash, beginning of year	339,159	306,332
Cash, end of year	<u>\$ 398,120</u>	<u>\$ 339,159</u>

See accompanying notes to financial statements.



HIATUS HOUSE

Notes to Financial Statements
Year ended March 31, 2019

Hiatus House (the "Organization") is incorporated without share capital under the Ontario Corporations Act. The Organization provides a variety of services to abused women, child witnesses of domestic violence and male abusers in Windsor and Essex County. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

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

1. Significant accounting policies:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions, which include government grants and donations.

The Organization is funded by the Province of Ontario in accordance with budget arrangements established with various ministries.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is externally restricted to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministries with respect to the year ended March 31, 2019.

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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related assets.

Endowment contributions are recognized as direct increases in the endowment fund balance.

Revenue from fees are recognized when the services are provided.

Pursuant to a Board of Directors' policy, memorial and estate donations are allocated from the unrestricted fund to the endowment fund.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

1. Significant accounting policies (continued):

(b) Interest income:

Interest income earned on unrestricted and internally restricted resources is recorded in the statement of operations. Interest income earned on endowments subject to external restrictions is recorded as an increase in the fund balance restricted for endowments and is included in endowment contributions in the statement of changes in fund balances. Interest income earned on externally restricted resources is deferred and recognized as revenue in the year in which the related expense is recognized.

(c) Contributed materials and services:

The Organization periodically receives toys and miscellaneous items which are immediately passed on to residents. Contributed materials of this nature are not recognized in the financial statements.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When an asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Building	4%
Computer equipment	33%
Furniture and equipment	20%
Automobiles	20%

(e) Use of estimates:

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates include the carrying amount of capital assets.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Allocated expenses:

The Organization incurs expenditures related to administration that are not directly attributable to one aspect of the Organization's operations. These expenditures are allocated to each program based on the program's total funding and other related expenditures.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

2. Investments:

Investments are recorded at cost and are summarized as follows:

	2019	2018
Guaranteed Investment Certificates, with interest rates varying between 2.00% and 3.25%, maturing before December 8, 2022	\$ 1,326,963	\$ 1,712,176
Equities – Dividend Fund	2,525	-
Cash with an interest rate less than 0.1%	6,366	150,122
	1,335,854	1,862,298
Less: amounts maturing within one year	(698,159)	(1,129,674)
	\$ 637,695	\$ 732,624

3. Accounts receivable:

	2019	2018
Ministry of Community and Social Services	\$ (5,432)	\$ (2,619)
Ministry of Community and Social Services - Dedicated Supportive Housing	24,628	22,216
HST Receivable	22,360	27,214
Legal Assistance of Windsor	15,093	-
Children's Aid Society	1,600	2,340
City of Windsor	-	23,544
Ontario Trillium Foundation	-	8,400
	\$ 58,249	\$ 81,095



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

4. Capital assets:

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Land	\$ 1,542,115	\$ -	\$ 1,542,115	\$ 898,570
Building	4,252,562	3,099,213	1,153,349	1,229,836
Computer Equipment	391,328	390,884	444	6,784
Furniture and Equipment	535,106	301,556	233,550	304,534
Automobiles	43,686	31,160	12,526	16,105
	<u>\$ 6,764,797</u>	<u>\$ 3,822,813</u>	<u>\$ 2,941,984</u>	<u>\$ 2,455,829</u>

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$15,593 (2018 - \$10,443), which includes amounts payable for payroll related taxes.

6. Mortgage payable:

(a) Mortgage details:

	2019	2018
Mortgage Payable to the Royal Bank of Canada \$8,788, repayable monthly including interest at 2.225% secured by the property at 250 Louis Ave. Windsor, ON, a general security agreement and an assignment of insurance. Matures July 31, 2019.	\$ 537,858	\$ 630,297
Less current portion	(537,858)	(92,439)
	<u>\$ -</u>	<u>\$ 537,858</u>



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

6. Mortgage payable (continued):

(b) Mortgage repayment schedule:

The minimum principle payments required over the next year is as follows:

2020	\$	537,858
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7. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for programs.

	2019	2018
Balance, beginning of year	\$ 117,909	\$ 55,951
Less: amount recognized as revenue in the year	(34,344)	(26,263)
Add: amount received related to future periods	18,613	88,221
	<hr/> \$ 102,178	<hr/> \$ 117,909



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

7. Deferred contributions (continued):

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in Schedule 1.

	2019	2018
Balance, beginning of the year	\$ 1,872,526	\$ 1,857,692
Less: amount amortized to revenue	(195,281)	(130,101)
Add: additional contributions received	106,658	144,935
	\$ 1,783,903	\$1,872,526

8. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2019	2018
Capital assets, net of amortization	\$ 2,941,984	\$ 2,455,829
Amounts financed by:		
Due to other funds	(465,061)	136,084
Accounts payable	(993)	(1,163)
Deferred contributions, net of related accounts receivable and investments	(1,606,467)	(1,700,683)
Mortgage payable	(537,858)	(630,297)
	\$ 331,605	\$ 259,770

9. Restrictions on fund balances:

Of the fund balance restricted for endowment purposes, \$33,660 (2018 - \$33,210) is subject to externally imposed restrictions stipulating that the principal be maintained permanently. The balance of \$1,110,238 (2018 - \$1,061,419) has been internally restricted for endowment purposes by the Board of Directors.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

10. Interfund balances, interfund transfers and internally restricted fund balances:

The following interfund balances have been eliminated in the financial statements and are presented from the perspective of the fund noted across the top:

	Invested in capital assets	Restricted for endowment	Internally restricted	Unrestricted
Due from (to):				
Unrestricted	\$ (465,061)	\$ 458,309	\$ (45,807)	\$ -
Invested in capital assets	-	-	-	465,061
Endowments	-	-	-	(458,309)
Internally restricted	-	-	-	45,807

These balances are non-interest bearing and have no definite repayment terms.

Internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors and are intended for future capital asset acquisitions.

In 2019, the Organization's Board of Directors transferred excess revenue over expenses of \$49,269 (2018 - \$21,514) to the endowment fund. Included in this amount were memorial and estate donations of \$33,990 (2018 - \$1,185). These internally restricted amounts are not available without approval of the Board of Directors.

11. Contingent liability:

A contingent liability exists to return portions of specific fund surpluses at the end of each year to certain of the funding organizations. This refund is made only at the request of the various funding organizations and the amount of the refund is not determinable until requested.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

12. Commitments:

The Organization leases copier equipment for which it is committed to payments to their maturity as follows:

	Commitments
2020	\$ 9,210
2021	9,210
2022	6,907

13. Public Sector Disclosure Act:

In the calendar year 2018, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, greater than \$100,000.

14. Investment income:

Investment income earned, recorded in the statement of operations, is calculated as follows:

	2019	2018
Income earned on unrestricted resources	\$ 6,203	\$ 9,223
Income earned on resources restricted for the purchase of capital assets	5,647	3,997
Income earned on resources held for endowment: Unrestricted	15,278	20,329
	\$ 27,128	\$ 33,549

15. Contract with the Ministry of Community and Social Services:

Hiatus House has a service contract with the Ministry of Community and Social Services. One requirement of the service contract is the production by management of a Transfer Payment Annual Reconciliation (TPAR) report. A review engagement is required on this report for the year ended March 31, 2019.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2019

16. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2018.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The Organization is not exposed to interest rate risk.



HIATUS HOUSE

Schedule 1

Schedule of Revenue and Expenses - Other Funds

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Capital Asset Fund		
Revenue:		
Ontario Ministry of Community and Social Services - Dedicated Supportive Housing	\$ 105,464	\$ 105,464
Amortization of deferred contributions related to capital assets	195,281	130,101
	<u>300,745</u>	<u>235,565</u>
Expenses:		
Amortization of capital assets	169,816	144,930
Mortgage interest	12,854	14,881
Loss on disposal of capital assets	46,239	
	<u>228,910</u>	<u>159,811</u>
Excess of revenues over expenses from capital fund	<u>\$ 71,835</u>	<u>\$ 75,754</u>

Internally Restricted Funds

Revenue:		
Interest revenue	\$ 5,647	\$ 3,996
	<u>5,647</u>	<u>3,996</u>
Excess of revenues over expenses from internally restricted fund	<u>\$ 5,647</u>	<u>\$ 3,996</u>



HIATUS HOUSE

Schedule 2

Schedule of Revenue and Expenses

Ontario Ministry of the Attorney General - Family Court Support Worker Program

Year ended March 31, 2019

	Budget	Actual
	(Unaudited)	
Revenue:		
Ministry revenue	\$ 65,000	\$ 65,000
	65,000	65,000
Expenses:		
Salaries and benefits	57,730	62,289
Training and staff development	1,120	1,667
Client expenses	650	707
Materials -Including service-related office supplies	3,087	2,945
Promotion/public education	530	404
Professional fees - audit and legal	420	263
Telephone	360	335
Insurance	520	510
Other expenses	2,560	2,380
	66,977	71,500
Shortfall of revenue over expenses	\$ (1,977)	\$ (6,500)