



HIATUS HOUSE

Financial Statements
Year ended March 31, 2016



KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, Ontario N8W 5K8
Canada
Telephone (519) 251-3500
Fax (519) 251-3530

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hiatus House

We have audited the accompanying financial statements of Hiatus House which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 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 our 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, we consider 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 Hiatus House as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2016
Windsor, Canada



HIATUS HOUSE

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 318,898	\$ 219,057
Investments (note 2)	1,243,280	965,330
Accounts receivable (note 3)	53,841	50,717
Prepaid expenses	34,848	26,811
	<u>1,650,867</u>	<u>1,261,915</u>
Investments (note 2)	662,148	904,998
Capital assets (note 4):	5,948,460	5,919,564
Less: accumulated amortization	<u>(3,528,582)</u>	<u>(3,413,855)</u>
	2,419,878	2,505,709
	<u>\$ 4,732,893</u>	<u>\$ 4,672,622</u>

	2016	2015
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 316,504	\$ 195,675
Current portion of mortgage payable (note 6)	88,437	85,392
	<u>404,941</u>	<u>281,067</u>
Mortgage payable (note 6)	720,713	810,259
Deferred contributions (note 7):		
Expenses of future periods	39,011	66,258
Capital assets	1,937,587	1,985,644
	<u>1,976,598</u>	<u>2,051,902</u>
Fund balances:		
Invested in capital assets (note 8)	103,306	20,450
Restricted for endowments (note 9)	1,041,540	1,016,437
Internally restricted (note 10)	272,372	266,872
Unrestricted	213,423	225,635
	<u>1,630,641</u>	<u>1,529,394</u>
Contingent liability and commitments (notes 11 & 12)		
	<u>\$ 4,732,893</u>	<u>\$ 4,672,622</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director



HIATUS HOUSE

Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Ministry and grant revenue:		
Ontario Ministry of Community and Social Services (note 15)	\$ 2,467,514	\$ 2,380,318
Ontario Ministry of the Attorney General - Partner Assault Response Program (Schedule 2)	344,970	344,970
Ontario Ministry of Community and Social Services - Dedicated Supportive Housing	152,648	153,087
Ontario Trillium Foundation	3,537	12,809
Ontario Ministry of the Attorney General - Family Court Support Worker Program (Schedule 3)	65,000	65,000
Ontario Ministry of the Attorney General - interpreter fees	4,465	5,071
Ontario Ministry of Community and Social Services - interpreter fees	448	-
Human Resources and Skills Development Canada	4,620	4,692
	<hr/>	<hr/>
	3,043,202	2,965,947
Fresh Start fees	51,435	54,974
	<hr/>	<hr/>
	3,094,637	3,020,921
Expenses:		
Salaries, benefits and training	2,640,571	2,531,049
Purchased materials and services	242,620	247,790
Food and client needs	176,969	173,174
Building maintenance, utilities and insurance	155,709	142,268
Promotion	27,028	41,500
	<hr/>	<hr/>
	3,242,897	3,135,781
Shortfall of revenues over expenses from unrestricted funds before undernoted items	(148,260)	(114,860)
Estate bequest (note 10)	3,226	58,124
Donations & fundraising (net of related expenses of \$26,570; 2015 - \$11,854)	121,472	104,466
Interest and miscellaneous	36,453	46,338
	<hr/>	<hr/>
Excess revenues over expenses from unrestricted fund	12,891	94,068
Excess of revenues over expenses from capital fund (Schedule 1)	82,856	62,037
Excess of revenues over expenses from internally restricted fund (Schedule 1)	5,500	5,591
	<hr/>	<hr/>
Excess revenues over expenses	\$ 101,247	\$ 161,696

See accompanying notes to financial statements.



HIATUS HOUSE

Statement of Changes in Fund Balances

Year ended March 31, 2016, with comparative information for 2015

	Invested in Capital Assets	Restricted for Endowments	Internally Restricted	Unrestricted	2016 Total	2015 Total
Balance, beginning of year	\$ 20,450	\$ 1,016,437	\$ 266,872	\$ 225,635	\$ 1,529,394	\$ 1,367,698
Excess revenues over expenses	82,856	-	5,500	12,891	101,247	161,696
Internally restricted interfund transfer	-	25,103	-	(25,103)	-	-
Balance, end of year	\$ 103,306	\$ 1,041,540	\$ 272,372	\$ 213,423	\$ 1,630,641	\$ 1,529,394

See accompanying notes to financial statements.



HIATUS HOUSE

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	101,247	161,696
Items not involving cash:		
Gain on sale of capital assets	-	(3,024)
Amortization of capital assets	114,727	135,814
Amortization of deferred contributions related to capital assets	(110,921)	(111,149)
Change in non-cash operating working capital:		
Increase in accounts receivable	(3,124)	(4,251)
Decrease (increase) in prepaid expenses	(8,037)	6,050
Increase (decrease) in accounts payable and accrued liabilities	120,829	(90,142)
Increase (decrease) in deferred contributions related to expenses of future periods	(27,247)	27,759
	187,474	122,753
Investing activities		
Capital assets acquired	(28,896)	(133,822)
Proceeds of disposition of capital assets	-	6,579
Contributions received related to capital assets	62,864	144,149
Increase in investments	(35,100)	(35,684)
	(1,132)	(18,778)
Financing activities:		
Mortgage principal repayment	(86,501)	(82,669)
	(86,501)	(82,669)
Increase in cash	99,841	21,306
Cash, beginning of year	219,057	197,751
Cash, end of year	318,898	219,057

See accompanying notes to financial statements.



HIATUS HOUSE

Notes to Financial Statements
Year ended March 31, 2016

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, 2016.

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, 2016

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, 2016

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, 2016

2. Investments:

Investments are recorded at cost and are summarized as follows:

	2016	2015
Corporate bonds and Guaranteed Investment Certificates, with interest rates varying between 0.7% and 3.1%, maturing before May 1, 2018	\$ 1,844,843	\$ 1,846,390
Cash with an interest rate at 0.1%	60,585	23,938
	1,905,428	1,870,328
Less: amounts maturing within one year	(1,243,280)	(965,330)
	\$ 662,148	\$ 904,998

3. Accounts receivable:

	2016	2015
Ministry of Community and Social Services	\$ (2,619)	\$ (2,619)
Ministry of the Attorney General	220	1,145
Ministry of Community and Social Services - Dedicated Supportive Housing	25,776	19,391
HST Receivable	29,414	27,481
Other	1,050	5,319
	\$ 53,841	\$ 50,717



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Notes to Financial Statements, continued
Year ended March 31, 2016

4. Capital assets:

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Land	\$ 898,570	\$ -	\$ 898,570	\$ 898,570
Building	4,308,904	2,898,836	1,410,068	1,487,629
Computer Equipment	447,276	422,370	24,906	17,010
Furniture and Equipment	267,919	181,585	86,334	102,500
Automobiles	25,791	25,791	-	-
	<u>\$ 5,948,460</u>	<u>\$ 3,528,582</u>	<u>\$ 2,419,878</u>	<u>\$ 2,505,709</u>

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,995 (2015 - \$20,034), which includes amounts payable for payroll related taxes.

6. Mortgage payable:

(a) Mortgage details:

	2016	2015
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.	\$ 809,150	\$ 895,651
Less current portion	(88,437)	(85,392)
	<u>\$ 720,713</u>	<u>\$ 810,259</u>



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2016

6. Mortgage payable (continued):

(b) Mortgage repayment schedule:

The minimum principle payments required over the next four years are as follows:

2017	\$	88,437
2018		90,416
2019		92,439
2020		537,858

7. Deferred contributions:

(a) Expenses of future periods:

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

	2016	2015
Balance, beginning of year	\$ 66,258	\$ 38,499
Less: amount recognized as revenue in the year	(8,537)	(28,727)
Less: amounts returned to funders	(29,140)	-
Add: amount received related to future periods	10,430	56,486
	<hr/> \$ 39,011	<hr/> \$ 66,258



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2016

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.

	2016	2015
Balance, beginning of the year	\$ 1,985,644	\$ 1,952,644
Less: amount amortized to revenue	(110,921)	(111,149)
Add: additional contributions received	62,864	144,149
	\$ 1,937,587	\$ 1,985,644

8. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2016	2015
Capital assets, net of amortization	\$ 2,419,879	\$ 2,505,709
Amounts financed by:		
Due to other funds	274,965	236,956
Accounts payable	(1,493)	(1,653)
Deferred contributions, net of related accounts receivable and investments	(1,780,895)	(1,824,911)
Mortgage payable	(809,150)	(895,651)
	\$ 103,306	\$ 20,450

9. Restrictions on fund balances:

Of the fund balance restricted for endowment purposes, \$31,947 (2015 - \$31,276) is subject to externally imposed restrictions stipulating that the principal be maintained permanently. The balance of \$1,009,593 (2015 - \$985,161) has been internally restricted for endowment purposes by the Board of Directors.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2016

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	\$ 274,965	\$ 87,400	\$ (45,807)	\$ -
Invested in capital assets	-	-	-	(274,965)
Endowments	-	-	-	(87,400)
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 2016, the Organization's Board of Directors transferred excess revenue over expenses of \$25,103 (2015 - \$80,414) to the endowment fund. Included in this amount were memorial and estate donations of \$3,226 (2015 - \$58,124). 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, 2016

12. Commitments:

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

	Commitments
2017	\$ 15,786
2018	10,323

13. Public Sector Disclosure Act:

In the calendar year 2015, no employees were 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:

	2016	2015
Income earned on unrestricted resources	\$ 10,127	\$ 10,247
Income earned on resources restricted for the purchase of capital assets	5,500	5,591
Income earned on resources held for endowment: Unrestricted	21,876	22,290
	\$ 37,503	\$ 38,128

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, 2016.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2016

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 2015.

(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.

17. Comparative information:

Certain prior period information has been reclassified to conform with the current year's presentation.



HIATUS HOUSE

Schedule 1

Schedule of Revenue and Expenses - Other Funds

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Capital Asset Fund		
Revenue:		
Ontario Ministry of Community and Social Services - Dedicated Supportive Housing	\$ 105,464	\$ 107,739
Amortization of deferred contributions related to capital assets	110,921	111,149
Gain on sale of capital assets	-	3,024
	<u>216,385</u>	<u>221,912</u>
Expenses:		
Amortization of capital assets	114,727	135,814
Mortgage interest	18,802	24,061
	<u>133,529</u>	<u>159,875</u>
Excess of revenues over expenses from capital fund	<u>\$ 82,856</u>	<u>\$ 62,037</u>

Internally Restricted Funds

Revenue:		
Interest Revenue	\$ 5,500	\$ 5,591
	<u>5,500</u>	<u>5,591</u>
Excess of revenues over expenses from internally restricted fund	<u>\$ 5,500</u>	<u>\$ 5,591</u>



HIATUS HOUSE

Schedule 2

Schedule of Revenue and Expenses

Ontario Ministry of the Attorney General - Partner Assault Response Program

Year ended March 31, 2016

	Budget	Actual
	(Unaudited)	
Revenue:		
Ministry revenue	\$ 344,970	\$ 344,970
Fresh Start fees	47,030	40,234
	<u>392,000</u>	<u>385,204</u>
Expenses:		
Salaries and benefits	316,300	315,634
Utilities, building maintenance and rent	40,200	39,796
Office/program equipment and furnishings	12,000	12,154
Office/program supplies and services	4,000	4,587
Staff recruitment, training and travel	5,300	4,738
Insurance	3,600	2,882
Telephone	1,800	2,217
Promotion/public education	3,500	3,292
Professional fees - audit and legal	2,000	1,091
Translation	700	8
Board volunteer expenses	100	227
Other expenses	2,500	461
	<u>392,000</u>	<u>387,085</u>
Shortfall of revenues over expenses	\$ -	\$ (1,882)



HIATUS HOUSE

Schedule 3

Schedule of Revenue and Expenses

Ontario Ministry of the Attorney General - Family Court Support Worker Program
Year ended March 31, 2016

	Budget	Actual
	(Unaudited)	
Revenue:		
Ministry revenue	\$ 65,000	\$ 65,000
	65,000	65,000
Expenses:		
Salaries and benefits	60,000	63,686
Training & staff development	1,400	1,481
Client expenses	100	122
Materials -Including service-related office supplies	1,200	1,856
Promotion/public education	200	175
Professional fees - audit and legal	200	81
Telephone	200	134
Insurance	100	116
Other expenses	1,600	1,414
	65,000	69,065
Shortfall of revenues over expenses	\$ -	\$ (4,065)