



HIATUS HOUSE
Financial Statements
Year ended March 31, 2018



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, 2018 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, 2018 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

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
June 28, 2018



HIATUS HOUSE

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 339,159	\$ 306,332
Investments (note 2)	1,129,674	1,475,462
Accounts receivable (note 3)	81,095	56,626
Prepaid expenses	84,949	42,926
	<u>1,634,877</u>	<u>1,881,346</u>
Investments (note 2)	732,624	464,234
Capital assets (note 4):	6,140,428	5,915,765
Less: accumulated amortization	<u>(3,684,599)</u>	<u>(3,577,564)</u>
	2,455,829	2,338,201
	<u>\$ 4,823,330</u>	<u>\$ 4,683,781</u>

2018

2017

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (note 5)	\$	316,445	\$	301,986
Current portion of mortgage payable (note 6)		92,439		90,416
		<u>408,884</u>		<u>392,402</u>

Mortgage payable (note 6)		537,858		630,297
---------------------------	--	---------	--	---------

Deferred contributions (note 7):

Expenses of future periods		117,909		55,951
Capital assets		1,872,526		1,857,692
		<u>1,990,435</u>		<u>1,913,643</u>

Fund balances:

Invested in capital assets (note 8)		259,770		184,016
Restricted for endowments (note 9)		1,094,629		1,073,115
Internally restricted (note 10)		281,558		277,562
Unrestricted		250,196		212,746
		<u>1,886,153</u>		<u>1,747,439</u>

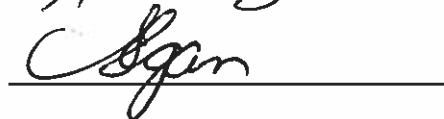
Contingent liability and commitments (notes 11 & 12)

	\$	4,823,330	\$	4,683,781
--	----	-----------	----	-----------

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director



HIATUS HOUSE

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Ministry and grant revenue:		
Ontario Ministry of Community and Social Services (note 15)	\$ 2,512,445	\$ 2,475,102
Ontario Ministry of Community and Social Services - Dedicated Supportive Housing	154,848	152,648
Ontario Ministry of the Attorney General - Family Court Support Worker Program (Schedule 2)	65,000	65,000
Human Resources and Skills Development Canada	2,689	10,497
City of Windsor	208,938	49,414
Other grant revenue	29,625	5,000
	<hr/>	<hr/>
	2,973,545	2,757,661
Fresh Start fees	19,490	18,433
	<hr/>	<hr/>
	2,993,035	2,776,094
Expenses:		
Salaries, benefits and training	2,381,683	2,448,953
Purchased materials and services	225,695	203,895
Food and client needs	351,806	198,119
Building maintenance, utilities and insurance	147,268	131,522
Promotion	52,867	84,718
	<hr/>	<hr/>
	3,159,319	3,067,207
Shortfall of revenues over expenses from unrestricted funds before undernoted items		
	(166,284)	(291,113)
Estate bequest (note 10)	1,185	10,278
Donations & fundraising (net of related expenses of \$30,020; 2017 - \$20,896)	182,151	243,722
Interest and miscellaneous	41,912	68,011
	<hr/>	<hr/>
Excess revenues over expenses from unrestricted fund	58,964	30,898
Excess of revenues over expenses from capital fund (Schedule 1)	75,754	80,710
Excess of revenues over expenses from internally restricted fund (Schedule 1)	3,996	5,190
	<hr/>	<hr/>
Excess revenues over expenses	\$ 138,714	116,798

See accompanying notes to financial statements.



HIATUS HOUSE

Statement of Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	Invested in Capital Assets	Restricted for Endowments	Internally Restricted	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 184,016	\$ 1,073,115	\$ 277,562	\$ 212,746	\$ 1,747,439	\$ 1,630,641
Excess revenues over expenses	75,754	-	3,996	58,964	138,714	116,798
Internally restricted interfund transfer	-	21,514	-	(21,514)	-	-
Balance, end of year	\$ 259,770	\$ 1,094,629	\$ 281,558	\$ 250,196	\$ 1,886,153	\$ 1,747,439

See accompanying notes to financial statements.



HIATUS HOUSE

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	138,714	116,798
Items not involving cash:		
Loss on disposal of capital assets	-	22,098
Amortization of capital assets	144,930	121,083
Amortization of deferred contributions related to capital assets	(130,101)	(135,290)
Change in non-cash operating working capital:		
Increase in accounts receivable	(24,469)	(2,785)
Increase in prepaid expenses	(42,023)	(8,078)
Increase (decrease) in accounts payable and accrued liabilities	14,459	(14,518)
Increase in deferred contributions related to expenses of future periods	61,958	16,940
	<u>163,468</u>	<u>116,248</u>
Investing activities		
Capital assets acquired	(262,558)	(61,504)
Contributions received related to capital assets	144,935	55,395
Increase in investments	77,398	(34,268)
	<u>(40,225)</u>	<u>(40,377)</u>
Financing activities:		
Mortgage principal repayment	(90,416)	(88,437)
	<u>(90,416)</u>	<u>(88,437)</u>
Increase (decrease) in cash	32,827	(12,566)
Cash, beginning of year	306,332	318,898
Cash, end of year	<u>339,159</u>	<u>306,332</u>

See accompanying notes to financial statements.



HIATUS HOUSE

Notes to Financial Statements
Year ended March 31, 2018

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, 2018.

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, 2018

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, 2018

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, 2018

2. Investments:

Investments are recorded at cost and are summarized as follows:

	2018	2017
Corporate bonds and Guaranteed Investment Certificates, with interest rates varying between 1.2% and 2.76%, maturing before December 8, 2022	\$ 1,712,176	\$ 1,656,910
Cash with an interest rate less than 0.1%	150,122	282,786
	1,862,298	1,939,696
Less: amounts maturing within one year	(1,129,674)	(1,475,462)
	\$ 732,624	\$ 464,234

3. Accounts receivable:

	2018	2017
Ministry of Community and Social Services	\$ (2,619)	\$ (1,958)
Ministry of Community and Social Services - Dedicated Supportive Housing	22,216	(94)
HST Receivable	27,214	27,077
City of Windsor	23,544	24,501
Children's Aid Society	2,340	7,100
Ontario Trillium Foundation	8,400	-
	\$ 81,095	\$ 56,626



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2018

4. Capital assets:

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Land	\$ 898,570	\$ -	\$ 898,570	\$ 898,570
Building	4,270,557	3,040,721	1,229,836	1,307,909
Computer Equipment	398,277	391,493	6,784	15,875
Furniture and Equipment	529,338	224,804	304,534	115,847
Automobiles	43,686	27,581	16,105	-
	<u>\$ 6,140,428</u>	<u>\$ 3,684,599</u>	<u>\$ 2,455,829</u>	<u>\$ 2,338,201</u>

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$10,443 (2017 - \$11,625), which includes amounts payable for payroll related taxes.

6. Mortgage payable:

(a) Mortgage details:

	2018	2017
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.	\$ 630,297	\$ 720,713
Less current portion	(92,439)	(90,416)
	<u>\$ 537,858</u>	<u>\$ 630,297</u>



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2018

6. Mortgage payable (continued):

(b) Mortgage repayment schedule:

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

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.

	2018	2017
Balance, beginning of year	\$ 55,951	\$ 39,011
Less: amount recognized as revenue in the year	(26,263)	(3,510)
Less: amounts returned to funders	-	-
Add: amount received related to future periods	88,221	20,450
	\$ 117,909	\$ 55,951



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2018

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.

	2018	2017
Balance, beginning of the year	\$ 1,857,692	\$ 1,937,587
Less: amount amortized to revenue	(130,101)	(135,290)
Add: additional contributions received	144,935	55,395
	<u>\$ 1,872,526</u>	<u>\$ 1,857,692</u>

8. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2018	2017
Capital assets, net of amortization	\$ 2,455,829	\$ 2,338,201
Amounts financed by:		
Due to other funds	136,084	266,089
Accounts payable	(1,163)	(1,330)
Deferred contributions, net of related accounts receivable and investments	(1,700,683)	(1,698,231)
Mortgage payable	(630,297)	(720,713)
	<u>\$ 259,770</u>	<u>\$ 184,016</u>

9. Restrictions on fund balances:

Of the fund balance restricted for endowment purposes, \$33,210 (2017 - \$32,594) is subject to externally imposed restrictions stipulating that the principal be maintained permanently. The balance of \$1,061,419 (2017 - \$1,040,521) has been internally restricted for endowment purposes by the Board of Directors.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2018

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	\$ 136,084	\$ 101,382	\$ (45,807)	\$ -
Invested in capital assets	-	-	-	(136,084)
Endowments	-	-	-	(101,382)
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 2018, the Organization's Board of Directors transferred excess revenue over expenses of \$21,514 (2017 - \$31,576) to the endowment fund. Included in this amount were memorial and estate donations of \$1,185 (2017 - \$10,278). 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, 2018

12. Commitments:

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

	Commitments
2019	\$9,210
2020	9,210
2021	9,210
2022	6,907

13. Public Sector Disclosure Act:

In the calendar year 2017, 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:

	2017	2016
Income earned on unrestricted resources	\$ 9,223	\$ 10,045
Income earned on resources restricted for the purchase of capital assets	3,997	5,191
Income earned on resources held for endowment:		
Unrestricted	20,329	21,298
	\$33,549	\$36,534

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, 2018.



HIATUS HOUSE

Notes to Financial Statements, continued
Year ended March 31, 2018

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 2017.

(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 of Revenue and Expenses - Other Funds

Year ended March 31, 2018, with comparative information for 2017

Schedule 1

	2018	2017
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	130,101	135,290
Loss on disposal of capital assets	-	(22,098)
	<u>235,565</u>	<u>218,656</u>
Expenses:		
Amortization of capital assets	144,930	121,083
Mortgage interest	14,881	16,863
	<u>159,811</u>	<u>137,946</u>
Excess of revenues over expenses from capital fund	\$ 75,754	\$ 80,710

Internally Restricted Funds

Revenue:		
Interest	\$ 3,996	\$ 5,190
	<u>3,996</u>	<u>5,190</u>
Excess of revenue over expenses from internally restricted fund	\$ 3,996	\$ 5,190



HIATUS HOUSE

Schedule of Revenue and Expenses

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

Year ended March 31, 2018

Schedule 2

	Budget	Actual
	(Unaudited)	
Revenue:		
Ministry revenue	\$ 65,000	\$ 65,000
Other revenue	34	-
	<u>65,034</u>	<u>65,000</u>
Expenses:		
Salaries and benefits	59,508	59,375
Training & staff development	900	1,243
Client expenses	910	664
Materials -Including service-related office supplies	3,080	3,389
Promotion/public education	924	628
Professional fees - audit and legal	380	445
Telephone	390	312
Insurance	440	453
Other expenses	2,860	2,824
	<u>69,392</u>	<u>69,333</u>
Shortfall of revenue over expenses	\$ (4,358)	\$ (4,333)