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# The Fredericton Homeless Shelters Inc.

**Financial Statements**

**December 31, 2015**

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# The Fredericton Homeless Shelters Inc.

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December 31, 2015

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## **Independent Auditor's Report**

To: The Directors of The Fredericton Homeless Shelters Inc.

We have audited the accompanying financial statements of The Fredericton Homeless Shelters Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditor's Responsibility*

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

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

The Fredericton Homeless Shelters Inc., in common with many charitable organizations, derives revenue from donations and fundraising from the general public, and rent from residents, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of The Fredericton Homeless Shelters Inc. and were not able to determine whether any adjustments to revenues, deficiency of revenues over expenditures, and unrestricted net assets were necessary.



**Bringloe Feeney LLP**  
*Chartered Professional Accountants*

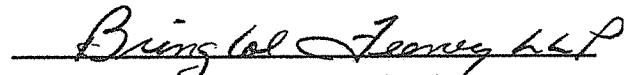
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## **Independent Auditor's Report, continued**

### *Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
Chartered Professional Accountants

Fredericton, New Brunswick  
June 14, 2016

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# The Fredericton Homeless Shelters Inc.

Statement of Financial Position

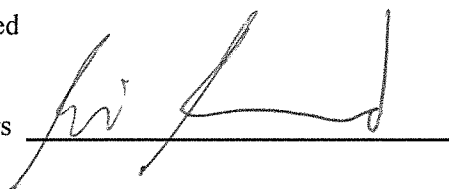
As at December 31, 2015

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	2015	2014
<b>ASSETS</b>		
Current		
Cash (note 3)	\$ 46,756	\$ 66,601
Accounts receivable	12,813	-
Restricted cash (note 7)	46,350	-
HST receivable	<u>6,539</u>	<u>6,920</u>
	112,458	73,521
Investments (note 4)	78,951	125,115
Capital assets (note 5)	<u>187,315</u>	<u>196,122</u>
	<u>\$ 378,724</u>	<u>\$ 394,758</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 25,727	\$ 16,687
Deferred donations (note 7)	<u>46,350</u>	<u>-</u>
	72,077	16,687
Deferred contributions (note 8)	<u>175,241</u>	<u>181,892</u>
	<u>247,318</u>	<u>198,579</u>
<b>NET ASSETS</b>		
Unrestricted	119,332	181,949
Invested in capital assets	<u>12,074</u>	<u>14,230</u>
	<u>131,406</u>	<u>196,179</u>
	<u>\$ 378,724</u>	<u>\$ 394,758</u>

Approved

Directors



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## The Fredericton Homeless Shelters Inc.

Statement of Changes in Net Assets

Year ended December 31, 2015

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	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Total 2015</u>	<u>Total 2014</u>
Balance, opening	\$ 181,949	\$ 14,230	\$ 196,179	\$ 371,234
Deficiency of revenues over expenditures	<u>(62,617)</u>	<u>(2,156)</u>	<u>(64,773)</u>	<u>(175,055)</u>
Balance, closing	<u>\$ 119,332</u>	<u>\$ 12,074</u>	<u>\$ 131,406</u>	<u>\$ 196,179</u>

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# The Fredericton Homeless Shelters Inc.

Statement of Operations  
Year ended December 31, 2015

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	2015	2014
<b>Revenues</b>		
Donations and fundraising - unrestricted	\$ 258,006	\$ 241,285
Province of NB Funding	114,397	114,397
Unrestricted grants	63,551	34,189
Guest rent	59,979	37,360
Amortization of deferred contributions	6,651	6,651
Other	2,699	47
Clinic rent	-	7,000
	<u>505,283</u>	<u>440,929</u>
<b>Expenditures</b>		
Salaries and related benefits	440,503	480,228
Fundraising	39,081	29,066
Repairs and maintenance	25,363	27,047
Telephone and utilities	18,954	17,085
Office	15,957	23,871
Amortization	8,807	8,807
Rent	7,668	7,668
Professional fees	6,316	12,730
Insurance	5,082	4,796
Interest and bank charges	1,780	2,253
Committee expenses	758	5,020
Miscellaneous	303	961
Conferences and training	269	3,871
	<u>570,841</u>	<u>623,403</u>
Deficiency of revenues over expenditures from operations	<u>(65,558)</u>	<u>(182,474)</u>
<b>Other income (expense)</b>		
Investment income	3,317	4,795
Gain on sale of investments	1,482	-
Market value adjustment for investments	(4,014)	2,624
	<u>785</u>	<u>7,419</u>
Deficiency of revenues over expenditures	<u>\$ (64,773)</u>	<u>\$ (175,055)</u>

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# The Fredericton Homeless Shelters Inc.

Statement of Cash Flows  
Year ended December 31, 2015

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	2015	2014
Operating activities		
Cash received from donations	\$ 291,543	\$ 244,870
Cash received from grants	177,948	148,586
Cash received from client services	59,979	37,360
Cash received from investments and other activities	3,648	7,466
Cash received from clinic rental	-	7,000
Cash paid to employees and suppliers	<u>(552,613)</u>	<u>(610,876)</u>
	<u>(19,495)</u>	<u>(165,594)</u>
Investing activities		
Purchase of investments	-	(40,000)
Proceeds of investments	<u>46,000</u>	<u>199,681</u>
	<u>46,000</u>	<u>159,681</u>
Change in cash position	26,505	(5,913)
Cash, opening	<u>66,601</u>	<u>72,514</u>
Cash, closing	<u>\$ 93,106</u>	<u>\$ 66,601</u>
Cash consists of:		
Cash	\$ 46,756	\$ 66,601
Restricted cash	<u>46,350</u>	<u>-</u>
	<u>\$ 93,106</u>	<u>\$ 66,601</u>



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# The Fredericton Homeless Shelters Inc.

Notes to Financial Statements

December 31, 2015

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1. Nature of operations

The Fredericton Homeless Shelters Inc. is a registered charity incorporated under the New Brunswick Companies Act. The organization provides temporary refuge to individuals experiencing homelessness in Fredericton, NB and surrounding areas. The organization is exempt from income taxes by virtue of paragraph 149(1)(f) of the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions and grants. Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Rental income is recognized on a monthly basis upon completion of the rental period and when collectability is reasonably assured.

Investment income is recognized as revenue when earned.

(b) Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	40 years
Equipment	9 years
Leasehold improvements	40 years

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and rate the associated capital asset is amortized.

(c) Contributed services and materials

Volunteers contributed time and materials to assist the organization in carrying out its mandate. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the financial statements.

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# The Fredericton Homeless Shelters Inc.

Notes to Financial Statements

December 31, 2015

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## 2. Significant accounting policies, continued

### (d) Investments

Investments in interest-bearing instruments are carried at cost plus accrued interest. Investments in equities, mutual funds, and other market based instruments are carried at market value.

### (e) Financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### (f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

## 3. Cash

A demand operating loan has been authorized by the bank to a maximum of \$40,000 and bears interest at the bank's prime lending rate plus 0.5%. A general security agreement covering all assets of the organization has been pledged as security. No amount is outstanding on this operating loan as at the year end.

## 4. Investments

	<u>2015</u>	<u>2014</u>
Guaranteed Investment Certificate	\$ 40,265	\$ 40,415
Equity Investments and Mutual Funds	<u>38,686</u>	<u>84,700</u>
	<u>\$ 78,951</u>	<u>\$ 125,115</u>

# The Fredericton Homeless Shelters Inc.

Notes to Financial Statements

December 31, 2015

5. Capital assets

	2015		2014	
	Cost	Accumulated amortization	Net	Net
Land	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Building	196,167	62,878	133,289	138,193
Equipment	27,747	22,161	5,586	8,669
Leasehold improvements	32,797	4,357	28,440	29,260
	<u>\$ 276,711</u>	<u>\$ 89,396</u>	<u>\$ 187,315</u>	<u>\$ 196,122</u>

6. Accounts payable and accrued liabilities

	2015		2014	
Accounts payable	\$ 14,612		\$ 2,120	
Accrued liabilities	11,115		14,567	
	<u>\$ 25,727</u>		<u>\$ 16,687</u>	

7. Deferred donations

Donations received during the year for renovations to Grace House, which will occur in fiscal 2016, have been deferred and the cash has been restricted until the related expenses are incurred.

8. Deferred contributions

There were no contributions for the current or prior year.

	2015		2014	
Balance, beginning of the year	\$ 181,892		\$ 188,543	
Less: amounts amortized	(6,651)		(6,651)	
	<u>\$ 175,241</u>		<u>\$ 181,892</u>	

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# The Fredericton Homeless Shelters Inc.

Notes to Financial Statements

December 31, 2015

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## 9. Financial instruments

The organization is exposed to the following risks in respect of certain of the financial instruments held:

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to this risk in regard to its investment in equities and mutual funds.

### Credit risk

The organization is exposed to credit risk in relation to accounts receivable. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to this risk in regards to its guest rent.

### Interest rate risk

The organization is exposed to interest rate risk as its marketable securities are invested in fixed rate guaranteed investment certificates. The fair market value of these investments will fluctuate with changes in market interest rates.