

**REGINA TRANSITION HOUSE INC.**

**Financial Statements**

**Year Ended March 31, 2017**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

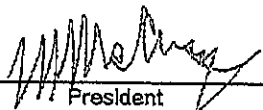
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The financial statements of Regina Transition House Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

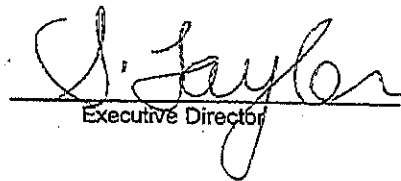
The integrity and reliability of Regina Transition House Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee. The Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



\_\_\_\_\_  
President



\_\_\_\_\_  
Executive Director

Regina, SK  
June 15, 2017



Chartered Professional  
Accountants LLP

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Regina Transition House Inc.

We have audited the accompanying financial statements of Regina Transition House Inc., which comprise the statement of financial position as at March 31, 2017 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 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.

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*An asset to our clients, not an expense*

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**Basis for Qualified Opinion**

In common with many charitable organizations, the Corporation is unable to economically implement controls that will offer assurance on the completeness of donations and fundraising revenue and we are unable to satisfy ourselves on amounts reported using other procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues (expenses), current assets and net assets.

**Qualified Opinion**

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Regina Transition House Inc. as at March 31, 2017 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.

*MWC LLP*

Chartered Professional Accountants

Regina, Saskatchewan  
June 15, 2017

# REGINA TRANSITION HOUSE INC.



## Statement of Financial Position

March 31, 2017

	Operating	Restricted	2017	2016
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 158,929	\$ -	\$ 158,929	\$ 346,557
Accounts receivable (Note 3)	1,907	-	1,907	5,733
Prepaid expenses	12,620	-	12,620	13,546
	<u>173,456</u>	<u>-</u>	<u>173,456</u>	<u>365,836</u>
<b>CAPITAL ASSETS (Note 4)</b>	1,446,771	-	1,446,771	1,541,872
<b>INVESTMENTS (Note 5)</b>	163,960	465,000	628,960	471,364
	<u>\$ 1,784,187</u>	<u>\$ 465,000</u>	<u>\$ 2,249,187</u>	<u>\$ 2,379,072</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ 13,294	\$ -	\$ 13,294	\$ 51,215
Current portion of long term debt (Note 6)	11,769	-	11,769	9,777
Wages payable	59,077	-	59,077	60,314
Deferred revenue (Note 7)	7,000	-	7,000	2,000
Employee education and wellness	3,429	-	3,429	3,956
	<u>94,569</u>	<u>-</u>	<u>94,569</u>	<u>127,262</u>
<b>LONG TERM DEBT (Note 6)</b>	33,880	-	33,880	46,154
	<u>128,449</u>	<u>-</u>	<u>128,449</u>	<u>173,416</u>
<b>NET ASSETS</b>				
Unrestricted	254,616	-	254,616	254,715
Invested in capital assets	1,401,122	-	1,401,122	1,485,941
Future costs	-	300,000	300,000	300,000
Building fund	-	165,000	165,000	165,000
	<u>1,655,738</u>	<u>465,000</u>	<u>2,120,738</u>	<u>2,205,656</u>
	<u>\$ 1,784,187</u>	<u>\$ 465,000</u>	<u>\$ 2,249,187</u>	<u>\$ 2,379,072</u>

CONTINGENT LIABILITY (Note 10)

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

See notes to financial statements

# REGINA TRANSITION HOUSE INC.

## Statement of Operations Year Ended March 31, 2017

	Budget	2017	2016
<b>REVENUES</b>			
<u>Grant funding</u>			
Ministry of Justice	\$ 823,352	\$ 823,350	\$ 823,350
United Way Regina	75,877	75,877	75,877
City of Regina	27,000	27,000	27,000
Saskatchewan Housing Corporation - mortgage subsidies	4,552	1,897	4,552
Project grants	13,739	9,423	34,647
<u>Other sources</u>			
Donations	100,000	73,283	96,870
Fundraising	106,000	103,306	148,340
Memberships	300	210	195
Investment income	5,000	7,749	4,170
Other income	-	8,026	4,045
	<u>1,155,820</u>	<u>1,130,121</u>	<u>1,219,046</u>
<b>EXPENSES</b>			
Salaries	735,487	726,082	738,995
Employee benefits	115,108	106,999	109,084
Training and professional development	12,000	11,545	19,843
Building occupancy (Schedule 1)	157,981	161,248	169,984
Administrative (Schedule 2)	101,500	91,348	96,962
Client supplies and services (Schedule 3)	112,000	117,817	105,331
	<u>1,234,076</u>	<u>1,215,039</u>	<u>1,240,199</u>
<b>EXCESS OF REVENUES (EXPENSES)</b>	<u>\$ (78,256)</u>	<u>\$ (84,918)</u>	<u>\$ (21,153)</u>

See notes to financial statements

# REGINA TRANSITION HOUSE INC.

## Statement of Changes in Net Assets

Year Ended March 31, 2017

	2016 Balance	Excess of revenues (expenses)	Interfund transfers (Note 8)	2017 Balance
<b><u>Operating</u></b>				
Unrestricted	\$ 254,715	\$ 11,899	\$ (11,998)	\$ 254,616
Invested in capital assets	1,485,941	(96,817)	11,998	1,401,122
	<u>1,740,656</u>	<u>(84,918)</u>	<u>-</u>	<u>1,655,738</u>
<b><u>Internally Restricted</u></b>				
Future costs	300,000	-	-	300,000
Building fund	165,000	-	-	165,000
	<u>465,000</u>	<u>-</u>	<u>-</u>	<u>465,000</u>
	<u>\$ 2,205,656</u>	<u>\$ (84,918)</u>	<u>\$ -</u>	<u>\$ 2,120,738</u>

See notes to financial statements

# REGINA TRANSITION HOUSE INC.

## Statement of Cash Flows Year Ended March 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenues (expenses)	\$ (84,918)	\$ (21,153)
Item not affecting cash:		
Amortization	96,817	108,418
	<u>11,899</u>	<u>87,265</u>
Changes in non-cash working capital:		
Accounts receivable	3,826	6,784
Accounts payable	(37,921)	39,865
Deferred revenue	5,000	2,000
Prepaid expenses	926	(2,356)
Wages payable	(1,237)	3,363
Employee education and wellness	(527)	(546)
	<u>(29,933)</u>	<u>49,110</u>
Cash flow from operating activities	<u>(18,034)</u>	<u>136,375</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,716)	(39,945)
Net investment activity	-	-
Reinvested earnings and purchases of investments	(157,596)	(362)
Cash flow used by investing activities	<u>(159,312)</u>	<u>(40,307)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	(10,282)	(9,330)
Cash flow used by financing activity	<u>(10,282)</u>	<u>(9,330)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>(187,628)</u>	<u>86,738</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>346,557</u>	<u>259,819</u>
<b>CASH - END OF YEAR</b>	<u>\$ 158,929</u>	<u>\$ 346,557</u>

See notes to financial statements



# REGINA TRANSITION HOUSE INC.

## Notes to Financial Statements

Year Ended March 31, 2017

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### 1. NATURE OF THE ORGANIZATION

The Regina Transition House Inc. (the "Corporation") was created under the provisions of the Non-Profit Corporation Act and is a registered charity and as such, is exempt from income taxes.

The Corporation serves the needs of women and children through the provision of safe temporary shelter and support services. They also provide education and offer a voice to address family violence.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Fund accounting

A portion of the monies received by the Corporation may only be used for specific purposes and accordingly are accounted for in separate funds. Temporary transfers of monies between these funds are recorded as transfers in the net asset accounts.

The following major categories of funds include:

#### Unrestricted Operating fund

The operating fund reflects the primary operations of the Corporation including revenues received for the provision of services from the Ministry of Justice and Attorney General. Other revenue consists of grants, donations and fundraising revenue. Expenses are for the delivery of service.

#### Invested in Capital Assets fund

The invested in capital assets fund consists of the book value of capital assets less related debt.

#### Future Costs fund

The Future costs fund has been internally restricted by the Corporation. The future costs fund has been earmarked as an emergency fund to contain up to three months operating costs.

#### Building fund

The building fund has been internally restricted by the Corporation for the acquisition of new property and maintenance of the existing property.

#### Revenue recognition

The Corporation follows the restricted fund method of accounting for contributions, which include grants, and donations. Restricted contributions are recognized as revenue in appropriate fund in the year received. 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.

Fundraising revenue and investment income are recognized in the period earned. Membership revenue is recognized when received.

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# REGINA TRANSITION HOUSE INC.

## Notes to Financial Statements

Year Ended March 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives. A full year of amortization is taken in the year of addition. Donated capital assets are recorded at their fair value at the date of contribution (if fair value can be reasonably determined.)

Land		non-depreciable
Buildings	25 years	straight-line method
Household equipment & security system	10 years	straight-line method
Playground equipment	10 years	straight-line method
Automotive	3 years	straight-line method
Computer equipment	3 years	straight-line method

#### Financial instruments policy

Financial instruments are classified at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Financial assets including cash and accounts receivable are reported at amortized cost. Investments are reported at fair value.

Financial liabilities including accounts payable, accrued liabilities and long term debt are measured at amortized cost.

### 3. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Goods and services tax rebate	\$ 1,907	\$ 2,607
Grants receivable	-	2,440
Other trade receivables	-	686
	<u>\$ 1,907</u>	<u>\$ 5,733</u>

# REGINA TRANSITION HOUSE INC.

## Notes to Financial Statements

Year Ended March 31, 2017

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 31,737	\$ -	\$ 31,737	\$ 31,737
Buildings	1,941,448	567,091	1,374,357	1,442,704
Household equipment & security system	100,176	68,986	31,189	43,602
Playground equipment	9,587	4,793	4,794	5,752
Automotive	33,621	30,259	3,362	13,448
Computer equipment	26,281	24,949	1,332	4,629
	<u>\$ 2,142,850</u>	<u>\$ 696,078</u>	<u>\$ 1,446,771</u>	<u>\$ 1,541,872</u>

### 5. INVESTMENTS

	2017	2016
<b>Total Investments</b>		
Cash	\$ -	\$ 146,984
Guaranteed investment certificates	519,333	318,016
Market linked guaranteed investment certificates	102,028	-
Bank of Montreal shares	2,980	2,366
Cash surrender value of life insurance	4,619	3,998
	<u>\$ 628,960</u>	<u>\$ 471,364</u>
<b>Invested on behalf of the following funds:</b>		
Operating fund investments	\$ 163,960	\$ 6,364
Restricted fund investments	465,000	465,000
	<u>\$ 628,960</u>	<u>\$ 471,364</u>

Guaranteed investment certificates bear interest between 0.85% and 1.6% and mature between February 9, 2018 and August 10, 2020. Market linked guaranteed investment certificates - potential maximum return on investment between 22% and 32%, minimum is 0% and mature November 8, 2021.

The prior year's investments included an apportionment of the Operating fund's bank account because a separate bank is not maintained for the Restricted fund. In the current year, no apportionment was required as investments exceeded the balance required in the Restricted fund.

# REGINA TRANSITION HOUSE INC.

## Notes to Financial Statements

Year Ended March 31, 2017

### 6. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
SHC loan bearing interest at 1.05% per annum, repayable in monthly blended payments of \$1,016. The loan matures on May 1, 2021 and is secured by a mortgage on land and building which has a carrying value of \$1,406,094.	\$ 45,649	\$ 55,931
Amounts payable within one year	<u>(11,769)</u>	<u>(9,777)</u>
	<u>\$ 33,880</u>	<u>\$ 46,154</u>

Principal repayment terms are approximately:

2018	\$ 11,769
2019	11,893
2020	12,019
2021	<u>9,968</u>
	<u>\$ 45,649</u>

### 7. DEFERRED REVENUE

Deferred revenue consists of funding received for improvements to the living quarters which were not completed in the year. The improvements will be completed by December 2017.

### 8. INTERFUND TRANSFERS

Transfers from the Unrestricted Fund to the Invested in Capital Asset Fund of \$11,998 include \$10,282 for the scheduled repayment of the mortgage and \$1,716 for the acquisition of capital assets.

### 9. PENSION

Employees participate in the Public Employee Pension Plan (PEPP), which is a multi-employer defined contribution plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to \$29,179 (2016 - \$28,868).

# REGINA TRANSITION HOUSE INC.

## Notes to Financial Statements

Year Ended March 31, 2017

### 10. CONTINGENT LIABILITY

The Corporation has contingent liabilities related to special funding received from Saskatchewan Housing Corporation (SHC). The Corporation would be required to repay the funding to SHC if they do not meet the requirements of the funding agreement. The terms and balance remaining at year end are as follows :

	<u>2017</u>	<u>2016</u>
Saskatchewan repair and adaptation program forgivable at \$12,491 per year over 15 years. Unforgiven amount payable on demand at principal plus accrued interest at 6.75%.	\$ 142,601	\$ 155,092
Shelter enhancement program forgivable at \$36,667 per year over 3 years. Unforgiven amount payable on demand at principal plus accrued interest at 4.00%. Loan was forgiven in August 2016.	-	55,000
	<u>\$ 142,601</u>	<u>\$ 210,092</u>

### 11. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2017.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, contributions to the pension plan, and accounts payable.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Corporation is exposed to interest rate risk primarily through its fixed rate mortgage.

### 12. BUDGET

Budgeted figures are presented for information purposes and are not subject to audit.

# REGINA TRANSITION HOUSE INC.

## Building Occupancy

(Schedule 1)

Year Ended March 31, 2017

	Budget	2017	2016
Amortization	\$ 96,381	\$ 96,817	\$ 108,418
Insurance	10,500	9,895	10,243
Interest expense	2,700	1,373	2,862
Maintenance	28,000	33,536	28,843
Utilities	20,400	19,627	19,618
	<u>\$ 157,981</u>	<u>\$ 161,248</u>	<u>\$ 169,984</u>

## Administrative Expenses

(Schedule 2)

Year Ended March 31, 2017

	Budget	2017	2016
AGM and Board	\$ 6,000	\$ 4,976	\$ 6,715
Audit and legal fees	15,000	10,179	13,292
Bank service charges	1,500	2,222	1,471
Fundraising	10,000	6,280	12,751
Promotion and publicity	30,000	35,437	17,654
Service contracts	14,500	12,816	13,507
Supplies	10,000	6,639	17,760
Telephone and fax	14,500	12,799	13,812
	<u>\$ 101,500</u>	<u>\$ 91,348</u>	<u>\$ 96,962</u>

## Client Supplies and Services

(Schedule 3)

Year Ended March 31, 2017

	Budget	2017	2016
Client personal/medical supplies	\$ 2,000	\$ 969	\$ 1,522
Food and household supplies	75,000	76,497	71,280
Programming	15,000	20,920	10,882
Transportation	20,000	19,431	21,647
	<u>\$ 112,000</u>	<u>\$ 117,817</u>	<u>\$ 105,331</u>

See notes to financial statements