

REGINA TRANSITION HOUSE INC.

Financial Statements

Year Ended March 31, 2018

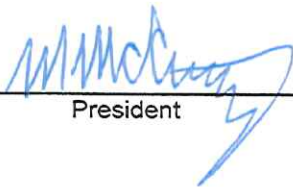
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 19, 2018



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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, 2018 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.

(continues)

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 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, 2018 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.

MWCLLP

Chartered Professional Accountants

Regina, Saskatchewan
June 19, 2018

REGINA TRANSITION HOUSE INC.


Statement of Financial Position

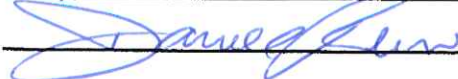
March 31, 2018

	Operating	Restricted	2018	2017
ASSETS				
CURRENT				
Cash	\$ 200,562	\$ -	\$ 200,562	\$ 158,929
Accounts receivable (Note 4)	1,571	-	1,571	1,907
Prepaid expenses	13,364	-	13,364	12,620
	215,497	-	215,497	173,456
CAPITAL ASSETS (Note 5)	1,397,575	-	1,397,575	1,446,771
INVESTMENTS (Note 6)	172,746	465,000	637,746	628,960
	\$ 1,785,818	\$ 465,000	\$ 2,250,818	\$ 2,249,187
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ 14,346	\$ -	\$ 14,346	\$ 13,294
Current portion of long term debt (Note 7)	11,883	-	11,883	11,769
Wages payable	48,462	-	48,462	59,077
Deferred revenue (Note 8)	50,000	-	50,000	7,000
Employee education and wellness	4,583	-	4,583	3,429
	129,274	-	129,274	94,569
LONG TERM DEBT (Note 7)	22,992	-	22,992	33,880
	152,266	-	152,266	128,449
NET ASSETS				
Unrestricted	270,852	-	270,852	254,616
Invested in capital assets	1,362,700	-	1,362,700	1,401,122
Future costs	-	300,000	300,000	300,000
Building fund	-	165,000	165,000	165,000
	1,633,552	465,000	2,098,552	2,120,738
	\$ 1,785,818	\$ 465,000	\$ 2,250,818	\$ 2,249,187

CONTINGENT LIABILITY (Note 11)

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See accompanying notes

REGINA TRANSITION HOUSE INC.

Statement of Operations Year Ended March 31, 2018

	Budget	2018	2017
REVENUES			
<u>Grant funding</u>			
Ministry of Justice	\$ 823,352	\$ 823,350	\$ 823,350
United Way Regina	70,000	41,733	75,877
SHC - capital improvement grant	-	40,000	-
City of Regina	27,000	27,000	27,000
SHC - mortgage subsidies	-	-	1,897
Project grants	7,000	11,927	9,423
<u>Other Sources</u>			
Donations	100,000	63,658	77,478
Fundraising	100,000	43,602	99,111
Memberships	300	240	210
Investment income	5,500	8,905	7,749
Other income	-	-	8,026
	<u>1,133,152</u>	<u>1,060,415</u>	<u>1,130,121</u>
EXPENSES			
Salaries	715,046	679,023	726,082
Employee benefits	108,520	103,370	106,999
Training and professional development	12,800	8,282	11,545
Building occupancy (Schedule 1)	144,640	148,095	161,248
Administrative (Schedule 2)	66,280	56,918	91,348
Client supplies and services (Schedule 3)	120,200	86,913	117,817
	<u>1,167,486</u>	<u>1,082,601</u>	<u>1,215,039</u>
EXCESS OF REVENUES (EXPENSES)	<u>\$ (34,334)</u>	<u>\$ (22,186)</u>	<u>\$ (84,918)</u>

See accompanying notes

REGINA TRANSITION HOUSE INC.

Statement of Changes in Net Assets

Year Ended March 31, 2018

	<u>2017</u> <u>Balance</u>	<u>Excess of</u> <u>revenues</u> <u>(expenses)</u>	<u>Interfund</u> <u>transfers</u> <u>(Note 9)</u>	<u>2018</u> <u>Balance</u>
<u>Operating</u>				
Unrestricted	\$ 254,616	\$ 27,823	\$ (11,587)	\$ 270,852
Invested in capital assets	1,401,122	(90,009)	51,587	1,362,700
	<u>1,655,738</u>	<u>(62,186)</u>	<u>40,000</u>	<u>1,633,552</u>
<u>Restricted</u>				
Future costs	300,000	-	-	300,000
Building fund	165,000	40,000	(40,000)	165,000
	<u>465,000</u>	<u>40,000</u>	<u>(40,000)</u>	<u>465,000</u>
	<u>\$ 2,120,738</u>	<u>\$ (22,186)</u>	<u>\$ -</u>	<u>\$ 2,098,552</u>

See accompanying notes

REGINA TRANSITION HOUSE INC.

Statement of Cash Flows Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of Revenues (Expenses)	\$ (22,186)	\$ (84,918)
Item not affecting cash:		
Amortization	<u>90,009</u>	<u>96,817</u>
	<u>67,823</u>	<u>11,899</u>
Changes in non-cash working capital:		
Accounts receivable	336	3,826
Accounts payable	1,052	(37,921)
Deferred revenue	43,000	5,000
Prepaid expenses	(744)	926
Wages payable	(10,615)	(1,237)
Employee education and wellness	<u>1,154</u>	<u>(527)</u>
	<u>34,183</u>	<u>(29,933)</u>
Cash flow from operating activities	<u>102,006</u>	<u>(18,034)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(40,812)	(1,716)
Reinvested earnings and purchase of investments	<u>(8,786)</u>	<u>(157,596)</u>
Cash flow used by investing activities	<u>(49,598)</u>	<u>(159,312)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(10,775)</u>	<u>(10,282)</u>
Cash flow used by financing activity	<u>(10,775)</u>	<u>(10,282)</u>
INCREASE (DECREASE) IN CASH FLOW	41,633	(187,628)
CASH - BEGINNING OF YEAR	<u>158,929</u>	<u>346,557</u>
CASH - END OF YEAR	<u>\$ 200,562</u>	<u>\$ 158,929</u>

See accompanying notes

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2018

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. ECONOMIC DEPENDENCE

The Corporation is dependent on continued grant funding from its core funding agent, the Ministry of Justice. In the absence of this funding, the Corporation would be required to replace the funding with other sources or generate other revenues to continue operations in the current manner.

3. 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.

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REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Goods and services tax rebate	\$ 1,571	\$ 1,907

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2018

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 31,737	\$ -	\$ 31,737	\$ 31,737
Buildings	1,941,448	635,438	1,306,010	1,374,357
Household equipment & security system	139,700	83,990	55,709	31,189
Playground equipment	9,587	5,752	3,835	4,794
Automotive	33,621	33,621	-	3,362
Computer equipment	4,792	4,508	284	1,332
	<u>\$ 2,160,885</u>	<u>\$ 763,309</u>	<u>\$ 1,397,575</u>	<u>\$ 1,446,771</u>

6. INVESTMENTS

	2018	2017
Cash	\$ 4,127	\$ 4,126
Guaranteed investment certificates	523,359	515,207
Market linked guaranteed investment certificates	102,028	102,028
Bank of Montreal shares	2,920	2,980
Cash surrender value of life insurance	5,312	4,619
	<u>\$ 637,746</u>	<u>\$ 628,960</u>

Invested on behalf of the following funds:

Operating fund investments	\$ 172,746	\$ 163,960
Restricted fund investments	465,000	465,000
	<u>\$ 637,746</u>	<u>\$ 628,960</u>

Guaranteed investment certificates bear interest between 0.85% and 2.60% and mature between April 1, 2019 and February 9, 2023. Market linked guaranteed investment certificates - potential maximum return on investment between 22% and 32%, minimum is 0% and mature November 8, 2021.

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2018

7. LONG TERM DEBT

	<u>2018</u>	<u>2017</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 \$1,337,747 (2017 - \$1,406,094).	\$ 34,875	\$ 45,649
Amounts payable within one year	<u>(11,883)</u>	<u>(11,769)</u>
	<u>\$ 22,992</u>	<u>\$ 33,880</u>

Principal repayment terms are approximately:

2019	\$ 11,883
2020	12,008
2021	<u>10,984</u>
	<u>\$ 34,875</u>

8. DEFERRED REVENUE

Deferred revenue consists of funding received for programming to take place in the fiscal year. Prior year deferred revenue consists of improvements to the living quarters which were not completed in the year.

	<u>2018</u>	<u>2017</u>
FCC spirit fund grant	\$ -	\$ 5,000
Home Depot renovation grant	-	2,000
Urban Programming for Indigenous Peoples grant	<u>50,000</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ 7,000</u>

9. INTERFUND TRANSFERS

Transfers from the Unrestricted fund to the Invested in capital asset fund of \$51,587 include \$10,775 for the scheduled repayment of the mortgage and \$40,812 for the acquisition of capital assets. Transfers from the Building fund to the Unrestricted fund include \$40,000 from the SHC capital improvement grant.

10. 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 \$26,747 (2017 - \$29,179).

REGINA TRANSITION HOUSE INC.

Notes to Financial Statements

Year Ended March 31, 2018

11. 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>2018</u>	<u>2017</u>
Saskatchewan repair and adaptation program forgivable at \$12,491 per year over 15 years commencing September 1, 2015. Unforgiven amount payable on demand at principal plus accrued interest at 6.75%.	\$ 130,111	\$ 142,601
Shelter enhancement program forgivable in full by December 1, 2018. Unforgiven amount payable on demand at principal plus accrued interest at 3.125%.	<u>40,000</u>	<u>-</u>
	<u>\$ 170,111</u>	<u>\$ 142,601</u>

12. 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, 2018.

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.

13. COLLECTIVE BARGAINING AGREEMENT

The Corporation employs members of the Saskatchewan Government and General Employees Union (SGEU) which has a collective bargaining agreement that expires March 31, 2021. The impact of any settlement of the agreement on the financial statements is not determinable and is recorded in the year of settlement.

14. 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, 2018

	Budget	2018	2017
Amortization	\$ 81,690	\$ 90,009	\$ 96,817
Insurance	10,500	9,455	9,895
Interest expense	450	416	1,373
Maintenance	30,000	29,825	33,536
Utilities	22,000	18,390	19,627
	<u>\$ 144,640</u>	<u>\$ 148,095</u>	<u>\$ 161,248</u>

Administrative

(Schedule 2)

Year Ended March 31, 2018

	Budget	2018	2017
AGM and Board	\$ 5,000	\$ 7,835	\$ 4,976
Audit and legal fees	12,000	10,512	10,179
Bank service charges	1,500	811	2,222
Fundraising	10,000	4,747	6,280
Promotion and publicity	5,000	971	35,437
Service contracts	10,780	10,972	12,816
Supplies	7,500	11,284	6,639
Telephone and fax	14,500	9,786	12,799
	<u>\$ 66,280</u>	<u>\$ 56,918</u>	<u>\$ 91,348</u>

Client Supplies and Services

(Schedule 3)

Year Ended March 31, 2018

	Budget	2018	2017
Client personal/medical supplies	\$ 1,200	\$ 1,697	\$ 969
Food and household supplies	77,000	51,229	76,497
Programming	22,000	13,537	20,920
Transportation	20,000	20,450	19,431
	<u>\$ 120,200</u>	<u>\$ 86,913</u>	<u>\$ 117,817</u>

See accompanying notes