
**SANCTUARY MINISTRIES OF
TORONTO
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Members,
Sanctuary Ministries of Toronto
TORONTO,
Ontario.

I have audited the accompanying financial statements of , which comprise the statement of financial position as at December 31, 2015 and the statements of changes in fund balances, operations and changes in fund balances, 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 it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, including the assessment of the risks of material misstatements of the financial statements, where 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.

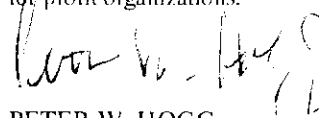
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives income from contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this income was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of income over expenditures, current assets and net assets.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Sanctuary Ministries of Toronto 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.



PETER W. HOGG,
Chartered Accountant,
Licensed Public Accountant

TORONTO, Canada,
May 10, 2016

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF FINANCIAL POSITION

As at December 31,

2015

2014

ASSETS

General Fund

Cash and short term investments (Note 4)	\$ 839,633	\$ 677,640
Accounts receivable	8,982	12,847
GST/HST receivable	27,407	6,114
Inventory (Note 2(c))	72,747	63,992
Prepaid expenses	9,965	55,955
	<u>958,734</u>	<u>816,548</u>

MOH Fund

Cash	-	1,602
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Capital Asset Fund

Capital (Notes 2(b) and 3)	<u>975,343</u>	<u>1,019,978</u>
	<u>\$ 1,934,077</u>	<u>\$ 1,838,128</u>

LIABILITIES

General Fund

Current

Accounts payable and accrued liabilities	\$ 50,984	\$ 69,475
Deferred revenue (Note 7)	<u>98,465</u>	<u>103,570</u>
	<u>149,449</u>	<u>173,045</u>

FUND BALANCES

General Fund	809,285	643,503
MOH Fund	-	1,602
Capital Asset Fund	<u>975,343</u>	<u>1,019,978</u>
	<u>1,784,628</u>	<u>1,665,083</u>
	<u>\$ 1,934,077</u>	<u>\$ 1,838,128</u>

Approved by the Board:

_____ Director

_____ Director

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2015

	Opening Balance	Revenue	Expenses	Transfers	Closing Balance
	\$	\$	\$	\$	\$
General Fund (Page 4)	643,503	1,839,944	1,666,346	(7,816)	809,285
MOH Fund (Page 5)	1,602	183,530	192,483	7,351	-
Capital Asset Fund (Page 5)	<u>1,019,978</u>	<u>-</u>	<u>45,100</u>	<u>465</u>	<u>975,343</u>
TOTAL FUNDS	<u>1,665,083</u>	<u>2,023,474</u>	<u>1,903,929</u>	<u>-</u>	<u>1,784,628</u>
PRIOR YEAR TOTAL FUNDS	<u>1,439,403</u>	<u>1,913,629</u>	<u>1,687,949</u>	<u>-</u>	<u>1,665,083</u>

SANCTUARY MINISTRIES OF TORONTO

GENERAL FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2015

2014

REVENUE

Contributions	\$ 1,413,023	\$ 1,366,926
Rent and other	<u>426,921</u>	<u>349,594</u>
	<u>1,839,944</u>	<u>1,716,520</u>

EXPENSES

Wages and benefits	1,084,379	934,409
Programs	359,625	331,051
Rent	59,000	57,000
Repairs and maintenance	38,419	45,738
Office and general	36,767	39,156
Utilities	26,423	23,584
Travel and conferences	15,892	7,510
Telephone	12,610	13,087
Insurance	12,607	12,761
Bank charges	7,224	6,737
Accounting and legal	3,770	6,581
Bad debts	<u>9,630</u>	<u>23,375</u>
	<u>1,666,346</u>	<u>1,500,989</u>

EXCESS OF REVENUE OVER EXPENSES	173,598	215,531
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TRANSFER TO CAPITAL ASSET FUND	(465)	(2,094)
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TRANSFER TO MOH FUND	(7,351)	-
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BALANCE - BEGINNING	<u>643,503</u>	<u>430,066</u>
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BALANCE - ENDING	<u><u>\$ 809,285</u></u>	<u><u>\$ 643,503</u></u>
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SANCTUARY MINISTRIES OF TORONTO

CAPITAL ASSET FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2015

2014

REVENUE	\$ -	\$ 60,346
EXPENSES		
Amortization	45,100	48,618
EXCESS OF REVENUE OVER EXPENSES	(45,100)	11,728
TRANSFER FROM/(TO) GENERAL FUND	465	2,094
BALANCE - BEGINNING	1,019,978	1,006,156
BALANCE - ENDING	\$ 975,343	\$ 1,019,978

SANCTUARY MINISTRIES OF TORONTO

MOH FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2015

2014

REVENUE	\$ 183,530	\$ 136,763
EXPENSES		
Wages and benefits	183,298	128,035
Programs	6,320	7,475
Building	2,865	2,832
	192,483	138,342
DEFICIENCY OF REVENUE OVER EXPENSES	(8,953)	(1,579)
TRANSFER FROM GENERAL FUND	7,351	-
BALANCE - BEGINNING	1,602	3,181
BALANCE - ENDING	\$ -	\$ 1,602

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF CASH FLOWS

For the year ended December 31,

2015

2014

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 119,545	\$ 225,680
Items not involving cash:		
Amortization	<u>45,100</u>	<u>48,618</u>
	<u>164,645</u>	<u>274,298</u>
Net change in non-cash working capital:		
Accounts receivable	3,865	13,194
GST/HST receivable	(21,293)	589
Inventory	(8,755)	24,288
Prepaid expenses	45,990	(22,940)
Accounts payable and accrued liabilities	(18,491)	4,631
Deferred revenue	<u>(5,105)</u>	<u>48,233</u>
	<u>2,288</u>	<u>(28,471)</u>
	<u>160,856</u>	<u>245,827</u>

FINANCING AND INVESTING ACTIVITIES

Purchase of capital assets	<u>(465)</u>	<u>(62,440)</u>
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NET INCREASE IN CASH

160,391 183,387

CASH - BEGINNING

679,242 495,855

CASH - ENDING

\$ 839,633 \$ 679,242

CASH CONSISTS OF:

Cash (Note 4)	\$ 534,323	\$ 525,075
Short-term investments	<u>305,310</u>	<u>154,167</u>
	<u>\$ 839,633</u>	<u>\$ 679,242</u>

Interest paid

\$ - \$ -

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. PURPOSE OF THE ORGANIZATION

Sanctuary Ministries Of Toronto (the organization) is a Christian charitable organization which seeks to provide and promote personal and community health in the name of Jesus Christ. To this end, we provide relief for the needy in the form of street outreach, food and clothing programs, drop-ins, advocacy and referral services, arts and drama work-shops, basis health care and various other kinds of practical and pastoral support. We also maintain weekly church meetings which offer an opportunity to worship and receive instruction in the Christian faith.

The organization was incorporated under the Canada Corporations Act without share capital on January 1, 2001, continued under the Canada Not-For-Profit Corporations Act on September 16, 2014 and is registered as a charitable organization under paragraph 149(1)(f) of the Income Tax Act and is, therefore, exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

(a) Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the unrestricted and restricted contributions and other unrestricted revenues and the operating costs of the organization.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The MOH Fund accounts for the restricted contributions from the Ontario Ministry of Health that is to be used for the organizations health programs.

(b) Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is provided in the accounts at the following annual rates:

Furniture and equipment	20% declining balance method
Leasehold improvements	5 years straight-line method
Buildings	25 years straight-line method
Computer equipment	30% declining balance method

(c) Inventory

Inventory is valued at the lower of estimated cost and net realizable value.

(d) Contributed Services

Volunteers contribute numerous hours per year to assist the organization in carrying out its ministries. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

(e) **Use of Estimates**

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to fairly present the results for the years presented. Actual results could differ from these estimates.

(f) **Accrual Accounting**

The organization utilizes the accrual method of accounting.

3. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 450,000	\$ -	\$ 450,000	\$ 450,000
Furniture and equipment	154,908	123,078	31,830	39,787
Leasehold improvements	28,807	19,812	8,995	11,243
Buildings	854,447	371,600	482,847	517,025
Computer equipment	11,994	10,323	1,671	1,923
	<u>\$ 1,500,156</u>	<u>\$ 524,813</u>	<u>\$ 975,343</u>	<u>\$ 1,019,978</u>

4. BANK INDEBTEDNESS

The organization has a revolving demand operating line of credit, limited to \$75,000, which is secured by a general security agreement over inventory, equipment and receivables of the organization along with a first charge over the property at 25 Charles Street East. The interest rate is prime plus 1%.

5. GOVERNMENT GRANTS

The organization received \$166,300 (2014 - \$166,300) from The Ontario Ministry of Health to be used to offset the cost of wage and program costs of the organizations health care programs. At the end of 2014, \$17,230 was not spent and was included in accounts payable and accrued liabilities. This amount was included in income in 2015 as it was allowed to be used to cover the deficit in the current year.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

6. CAPITAL MANAGEMENT

The organization's capital consists of cash and unrestricted net assets. The organization's capital structure is intended to meet or exceed internally set capital targets while addressing the need to meet a demand for cash or fund its obligations as they come due. It monitors its capital by preparing annual budgets and monitoring actual results in comparison to budgeted amounts at regularly held Board meetings and is not subject to any externally imposed capital requirements.

7. DEFERRED REVENUE

The organization receives funds each year for projects or expenses that are not started or incurred until a future year. These amounts are recorded as deferred revenue until the expenses for which the donations were received for are incurred. It is the organizations policy to place donations received both for projects over \$10,000 and for projects lasting multiple years in the investment account as soon as possible after receiving them. At December 31, 2015 the amount invested was \$305,310 (2014 - \$154,167). Deferred revenue consists of the following:

	2015	2014
	\$	\$
Building dignity - Building renovations	64,090	64,090
Tyendinaga Reserve Ministry	33,564	32,592
Donation for house furniture	811	4,388
Future Speaking Tours	-	2,500
	<u>98,465</u>	<u>103,570</u>

8. FINANCIAL INSTRUMENTS

The organization's financial instruments consists of cash, accounts receivable and term deposits. It is managements opinion that the organization is not exposed to significant interest rate, currency, concentration or credit risk arising from these financial instruments and that the fair value of these financial instruments approximate their carrying value.

Fair Values

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

Credit Risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit exposure to the organization is represented by the fair value of the amounts receivable as presented in the statement of financial position.

Liquidity Risk

Liquidity risk relates to the risk the organization will encounter difficulties meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

9. SEGMENT INFORMATION

The organization has funded operations of a social purpose enterprise, operating within the organization, for which the following selected segmented information is presented:

For the year ended December 31,	2015	2014
Revenue		
Contributions	\$ 176,891	\$ 174,527
Sales	375,524	303,445
Grants	-	-
	<u>552,415</u>	<u>478,972</u>
Expenses		
Wages and benefits	252,314	212,928
Programs	186,365	172,830
Rent	59,000	57,000
Office and general	12,241	10,550
Depreciation	5,588	6,126
Repairs and maintenance	3,185	17,427
Insurance	2,802	2,856
Utilities	2,203	1,702
Bank charges	1,955	2,628
Telephone	1,208	968
Bad debts	228	-
Professional fees	-	120
Travel	-	38
	<u>527,089</u>	<u>485,173</u>
Excess (deficiency) of revenue over expenses	<u>25,326</u>	<u>(6,201)</u>
Inventory	\$ 71,225	\$ 62,362
Capital Assets	\$ 15,482	\$ 21,070
Total Assets	<u>\$ 222,667</u>	<u>\$ 140,330</u>