

Financial Statements of

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Year ended October 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of Le Bon Dieu Dans La Rue, Organisation pour Jeunes Adultes:

Report on the Financial Statements

We have audited the accompanying financial statements of Le Bon Dieu Dans La Rue, Organisation pour Jeunes Adultes (the "Organization"), which comprise the balance sheet as at October 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 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.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Financial Statements

Year ended October 31, 2018

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**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Balance Sheet

As at October 31, 2018, with corresponding figures for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 201,286	\$ 182,212
Short-term investments	403,261	648,765
Accounts receivable (note 3)	99,893	88,541
Prepaid expenses	74,666	61,364
	779,106	980,882
Investments (note 4)	6,460,498	6,107,362
Capital assets:		
Property and equipment (note 5)	510,229	539,814
Apartment (note 6)	2,524,010	2,620,904
	\$ 10,273,843	\$ 10,248,962
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 296,292	\$ 480,445
Deferred contributions (note 8)	375,356	147,583
Current portion of deferred contributions for capital assets (note 9)	72,544	53,875
Current portion of long-term debt (note 10)	27,158	26,397
	771,350	708,300
Deferred contributions for capital assets (note 9)	1,294,095	1,385,235
Long-term debt (note 10)	1,332,072	1,359,230
Total liabilities	3,397,517	3,452,765
Net assets:		
Invested in capital assets	308,370	335,981
Internally restricted for endowment purposes (note 13)	6,460,498	6,107,362
Unrestricted	107,458	352,854
	6,876,326	6,796,197
Commitments (notes 14 and 15)		
	\$ 10,273,843	\$ 10,248,962

See accompanying notes to financial statements.

On behalf of the Board:

Paul-A. H. G.

Director

Jean-Sebastien

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Statement of Operations

Year ended October 31, 2018, with corresponding figures for 2017

	2018	2017
Revenue:		
Donations (note 11)	\$ 4,071,679	\$ 3,871,902
Bequests	347,003	190,105
Government grants	160,200	135,032
Apartment revenue (note 11)	240,144	238,591
Special events	214,801	247,944
	<u>5,033,827</u>	<u>4,683,574</u>
Expenditures:		
Day Centre:		
Drop-in	437,234	351,884
Psycho-social services	1,314,648	1,226,136
Support services	797,951	759,562
Bunker	575,544	606,203
Van	92,076	107,192
Apartment:		
Operating costs, including amortization of \$96,894 (2017 - \$96,888)	249,025	238,309
Community support services for housing	138,828	147,505
Volunteer coordination	35,721	36,666
Fundraising and gift processing	669,677	577,404
Special events	121,369	98,155
Administration	518,181	425,185
Amortization of property and equipment	35,157	36,516
Merchant fees and bank charges	36,554	35,145
	<u>5,021,965</u>	<u>4,645,862</u>
Earnings from operations	11,862	37,712
Investment income, net (note 12)	68,267	561,792
Excess of revenue over expenditures	<u>\$ 80,129</u>	<u>\$ 599,504</u>

See accompanying notes to financial statements.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Statement of Changes in Net Assets

Year ended October 31, 2018, with corresponding figures for 2017

	Invested in capital assets	Internally restricted for endowment	Unrestricted	2018 Total	2017 Total
Net assets, beginning of year	\$ 335,981	\$ 6,107,362	\$ 352,854	\$ 6,796,197	\$ 6,196,693
Excess of revenue over expenditures	(59,580)	56,611	83,098	80,129	599,504
Acquisition of capital assets	5,572	-	(5,572)	-	-
Reduction in long-term debt relating to capital assets	26,397	-	(26,397)	-	-
Interfund transfer (note 13)	-	300,000	(300,000)	-	-
Sales tax rebates	-	(3,475)	3,475	-	-
Net assets, end of year	\$ 308,370	\$ 6,460,498	\$ 107,458	\$ 6,876,326	\$ 6,796,197

See accompanying notes to financial statements.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Statement of Cash Flows

Year ended October 31, 2018, with corresponding figures for 2017

	2018	2017
Cash flows from operating activities:		
Excess of revenue over expenditures	\$ 80,129	\$ 599,504
Items not affecting cash:		
Amortization of property and equipment	35,157	36,516
Amortization of apartment building and furnishings	96,894	96,888
Variation in deferred contributions	227,773	7,327
Amortization of deferred contributions related to capital assets	(72,471)	(72,653)
Realized gains on sales of investments	(45,746)	(190,423)
Decrease (increase) in unrealized gain on investments	120,910	(235,016)
Net changes in non-cash operating assets and liabilities:		
Short-term investments	245,504	(600,574)
Accounts receivable	(11,352)	746,754
Prepaid expenses	(13,302)	(3,784)
Accounts payable and accrued liabilities	(184,153)	168,038
	479,343	552,577
Cash flows from financing activities:		
Increase in contributions for capital assets	-	50,241
Repayment of long-term debt	(26,397)	(25,656)
	(26,397)	24,585
Cash flows from investing activities:		
Purchase of property and equipment	(5,572)	(64,130)
Purchases of investments	(969,339)	(1,676,561)
Proceeds from sales of investments	580,810	1,053,204
Net change in cash and accrued income of investments	(39,771)	6,459
	(433,872)	(681,028)
Increase (decrease) in cash	19,074	(103,866)
Cash, beginning of year	182,212	286,078
Cash, end of year	\$ 201,286	\$ 182,212

See accompanying notes to financial statements.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements

Year ended October 31, 2018

1. Statutes and purpose

Le Bon Dieu Dans La Rue, Organisation Pour Jeunes Adultes was incorporated under Part III of the Quebec Companies Act on November 29, 1988. The mission of the Organization is to provide assistance to homeless youth and youth at risk and, with dedication, empathy and respect, and with the support of the community, to care for their immediate needs and help them acquire the skills and resources needed to lead more autonomous and rewarding lives.

The Organization is a registered charity under the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of operations in the year in which they are incurred. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, payroll liabilities and long-term debt.

(b) Short-term investments

Short-term investments are comprised of guaranteed investment certificates and money market funds.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

2. Significant accounting policies, continued

(c) Capital assets

Property and equipment are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. The apartment building is recorded at its construction cost which includes payments to building contractor, architects, engineers, surveyors, inspectors, project management, professional fees and the interest charges incurred to the date of substantial completion.

Capital assets are amortized according to the following rates and methods:

Assets	Rate and method
Buildings	straight-line over 35 years
Building improvements	straight-line over 15 years
Leasehold improvements	straight-line basis over term of lease plus one option
Vehicles	30% diminishing balance basis
Equipment	straight-line over 10 years
Furniture and fixtures	20% diminishing balance basis
Computer equipment and software	straight-line over 4 years
Furnishings for the apartment	straight-line over 5 years

(d) Deferred contributions related to capital assets

Deferred contributions related to capital assets represent grants received to fund capital acquisitions included in capital assets. These deferred contributions related to capital assets are recognized as revenue at the same rate as the amortization of the related asset.

(e) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions, if any, are recognized as direct increases in net assets.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

2. Significant accounting policies, continued

(e) Revenue recognition, continued

Government grants are recognized when earned. Dividend income is recognized on the ex-dividend date and interest income is recorded when earned. Gains or losses on the sale of investments are determined using the average cost basis.

(f) Contributed goods and services

The Organization receives donated goods such as clothing, food and supplies for use in its operations. Donations-in-kind are included in revenue if tax receipts are issued to the donors and if the Organization would have had to otherwise acquire the donated materials for its normal operations.

Numerous volunteers contribute considerable hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Foreign currency translation

Investment transactions, revenues and expenses denominated in foreign currencies are translated at the rate of exchange on the date of the transaction. Exchange gains or losses are included in earnings for the year. The fair value of investments and other monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date.

(h) Allocation of expenses

The salaries and benefits of employees working in more than one department are allocated to each department based on the approximate time spent.

(i) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates, which relate mainly to the useful lives of capital assets, are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

3. Accounts receivable

	2018	2017
Sales tax rebates	\$ 76,240	\$ 28,107
Government grants	11,808	-
Other	11,845	60,434
	\$ 99,893	\$ 88,541

4. Investments

	2018	2018	2017	2017
	Cost	Fair Value	Cost	Fair Value
Cash and accrued income	\$ 80,667	\$ 80,667	\$ 40,896	\$ 40,896
Fixed income securities	2,865,080	2,882,232	2,550,359	2,610,634
Canadian equities	1,601,615	2,135,282	1,453,735	2,151,013
U. S. equities	527,467	1,362,317	555,793	1,304,819
	\$ 5,074,829	\$ 6,460,498	\$ 4,600,783	\$ 6,107,362

The investments are managed by an independent manager who is guided by an investment policy approved by the Board of Directors. The investment policy was established to preserve and compound the purchasing power of the underlying capital. The Organization's policy permits investments in cash and money-market securities, bonds and shares publicly traded on Canadian, U. S. and foreign markets. The Board of Directors has overall responsibility for the establishment and oversight of the Organization's risk management framework for all funds of the Organization.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

5. Property and equipment

	Cost	Accumulated amortization	2018 Net book value
Land	\$ 281,500	\$ -	\$ 281,500
Buildings	1,441,458	1,370,594	70,864
Building improvements	29,559	5,912	23,647
Leasehold improvements	8,370	4,603	3,767
Vehicles	232,152	227,144	5,008
Equipment	166,836	69,500	97,336
Furniture and fixtures	64,641	50,966	13,675
Computer equipment and software	52,251	37,819	14,432
	\$ 2,276,767	\$ 1,766,538	\$ 510,229

During the year, fully amortized computer equipment of \$46,466 was written off.

	Cost	Accumulated amortization	2017 Net book value
Land	\$ 281,500	\$ -	\$ 281,500
Buildings	1,441,458	1,367,051	74,407
Building improvements	29,559	3,941	25,618
Leasehold improvements	8,370	3,766	4,604
Vehicles	232,151	224,998	7,153
Equipment	166,836	55,065	111,771
Furniture and fixtures	63,405	47,702	15,703
Computer equipment and software	94,382	75,324	19,058
	\$ 2,317,661	\$ 1,777,847	\$ 539,814

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

6. Apartment

	Cost	Accumulated amortization	2018 Net book value
Land	\$ 48,665	\$ -	\$ 48,665
Building	2,740,434	286,821	2,453,613
Furnishings	92,980	71,248	21,732
	\$ 2,882,079	\$ 358,069	\$ 2,524,010

	Cost	Accumulated amortization	2017 Net book value
Land	\$ 48,665	\$ -	\$ 48,665
Building	2,740,434	208,523	2,531,911
Furnishings	92,980	52,652	40,328
	\$ 2,882,079	\$ 261,175	\$ 2,620,904

With the financial assistance of the *Société d'habitation du Québec* (SHQ) and the *Ville de Montréal*, the Organization constructed a seventeen-unit apartment building in the east-end of Montreal. The construction of the apartment building was substantially completed on March 1, 2015. The property is operated under the *AccèsLogis* program which provides rent subsidies to support low-income housing.

7. Accounts payable and accrued liabilities

	2018	2017
Accounts payable	\$ 77,451	\$ 190,571
Payroll liabilities	169,057	190,386
Amount held for community project	49,784	99,488
	\$ 296,292	\$ 480,445

Payroll statutory remittances are charged at each pay period by a third-party payroll processing firm who makes the remittances to government agencies.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

8. Deferred contributions

	Government Grants	Donations	2018 Total
Balance, beginning of year	\$ 20,881	\$ 126,702	\$ 147,583
Contributions	160,278	700,723	861,001
Recognized as revenue in the year	(160,200)	(473,028)	(633,228)
Balance, end of year	\$ 20,959	\$ 354,397	\$ 375,356

	Government Grants	Donations	2017 Total
Balance, beginning of year	\$ 11,212	\$ 129,044	\$ 140,256
Contributions	144,701	542,426	687,127
Recognized as revenue in the year	(135,032)	(544,768)	(679,800)
Balance, end of year	\$ 20,881	\$ 126,702	\$ 147,583

9. Deferred contributions for capital assets

	Property and equipment	Apartment	2018 Total
Balance, beginning of year	\$ 155,673	\$ 1,283,437	\$ 1,439,110
Recognized as revenue in the year	(15,428)	-	(15,428)
Recognized as apartment revenue	-	(57,043)	(57,043)
	140,245	1,226,394	1,366,639
Less current portion	(15,501)	(57,043)	(72,544)
Balance, end of year	\$ 124,744	\$ 1,169,351	\$ 1,294,095

Included in the deferred contributions for the apartment is a grant received from the SHQ to assist in financing the construction of the building. The unamortized portion of this grant of \$1,001,592 (2017 – \$1,033,558) is secured by a second mortgage on the apartment building.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

9. Deferred contributions for capital assets, continued

	Property and equipment	Apartment	2017 Total
Balance, beginning of year	\$ 121,048	\$ 1,340,474	\$ 1,461,522
Donations for capital acquisitions	50,241	-	50,241
Recognized as revenue in the year	(15,616)	-	(15,616)
Recognized as apartment revenue	-	(57,037)	(57,037)
	155,673	1,283,437	1,439,110
Less current portion	(15,428)	(38,447)	(53,875)
Balance, end of year	\$ 140,245	\$ 1,244,990	\$ 1,385,235

10. Long-term debt

	2018	2017
Mortgage loan, bearing interest of 2.865%, repayable in monthly blended capital and interest payments of \$5,459, amortized over 35 years, terms renewable on March 1, 2020	\$ 1,359,230	\$ 1,385,627
Less current portion of long-term debt	(27,158)	(26,397)
	\$ 1,332,072	\$ 1,359,230

The mortgage is secured by the apartment building, and capital repayments are guaranteed by the SHQ. The scheduled capital repayments to the date of refinancing are as follows:

2019	\$ 27,158
2020	\$ 11,546

The amount to be refinanced on March 1, 2020 is \$1,320,526.

Included in the operating costs of the apartment is interest on the mortgage of \$39,004 (2017 - \$39,861).

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

11. Revenue

Donations include gifts-in-kind for which receipts were issued of \$92,955 (2017 - \$35,906).

Apartment revenue includes subsidies under the *AccèsLogis* program of \$138,386 (2017 - \$137,162), rent from tenants of \$44,715 (2017 - \$44,392) and recognition of deferred government contributions of \$57,043 (2017 - \$57,037) (note 9).

12. Investment income

	Unrestricted	Internally Restricted	2018 Total
Realized gains	\$ -	\$ 45,746	\$ 45,746
Change in unrealized gains	-	(120,910)	(120,910)
Interest	11,656	59,804	71,460
Dividends and other distributions	-	121,528	121,528
Foreign exchange	-	323	323
Portfolio management fees	-	(49,880)	(49,880)
	\$ 11,656	\$ 56,611	\$ 68,267

	Unrestricted	Internally Restricted	2017 Total
Realized gains	\$ -	\$ 190,423	\$ 190,423
Change in unrealized gains	-	235,016	235,016
Interest	10,155	68,097	78,252
Dividends and other distributions	-	96,551	96,551
Foreign exchange	-	(1,766)	(1,766)
Portfolio management fees	-	(36,684)	(36,684)
	\$ 10,155	\$ 551,637	\$ 561,792

13. Net assets internally restricted for endowment purposes

Internally restricted net assets for endowment purposes represent funds (capital and income thereon) set aside by the Board of Directors to be held as a long-term asset.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

14. Pension plan

The Organization has a defined contribution plan that provides retirement benefits to its employees. Employees are eligible to join after three years of continuous service and pension contributions vest immediately. Funding contributions are made by employees and matched by the Organization up to a maximum of \$1,200 per employee per year. The pension expense representing the contribution paid by the Organization amounted to \$27,490 in 2018 (2017 - \$25,582). The assets of the plan are held in an independently administered fund.

15. Commitments

The Organization has commitments under operating leases for its administrative offices and for a warehouse which expire in 2023 and 2021, respectively. The annual and aggregate commitments under these leases are approximately as follows:

2019	\$ 87,382
2020	\$ 87,687
2021	\$ 84,052
2022	\$ 64,661
2023	\$ 32,483
Total	\$ 356,265

16. Risks

Credit risk

Credit risk is the risk of financial loss to the Organization if a party to a financial instrument fails to meet its contractual obligations. The Organization's accounts receivable, short-term investments and investments in fixed income securities are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value.

Market risk

The market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

(a) Interest rate risk

Interest rate risk arises from changes in market interest rates. This risk arises from investments held in interest-bearing instruments. The Organization is exposed to the risk that the fair value or future cash flows of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

**LE BON DIEU DANS LA RUE,
ORGANISATION POUR JEUNES ADULTES**

Notes to Financial Statements, continued

Year ended October 31, 2018

16. Risks, continued

Market risk, continued

(b) Currency risk

Currency risk arises from changes in foreign exchange rates. Cash balances denominated in U.S. dollars and investments in foreign securities bear the risk of currency fluctuations. The Canadian equivalent of cash denominated in U.S. dollars is \$28,328 (2017 - \$1,883). The Canadian equivalent of investments denominated in U.S. dollars is disclosed in note 4 under U. S. equities.

(c) Other price risk

The other price risk arises from changes in market prices other than those arising from interest rate risk or currency risk. Investments are subject to market volatility risk. The investments of the Organization are susceptible to market price risk arising from uncertainties about the future prices of the instruments.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization has a history of raising, on an annual basis, the funds required to operate and it also has monitoring and budgetary controls.

The Organization maintains sufficient liquid resources to continue operating in the event of adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes.

17. Corresponding figures

Certain of the prior year figures have been reclassified to conform to the current year presentation.