



Financial Statements

Community Care of St. Catharines & Thorold

December 31, 2015

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# Independent Auditor's Report

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To the Directors of  
Community Care of St. Catharines & Thorold

We have audited the accompanying financial statements of Community Care of St. Catharines & Thorold, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, 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 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.

## Independent Auditor's Report (continued)

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*

Community Care of St. Catharines & Thorold in common with many not-for-profit organizations, derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the organization. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014, and fund balances as at January 1, 2015 and 2014 and December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

### *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.

### *Report on Other Legal and Regulatory Requirements*

As required by Section 96(2) of the Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Grant Thornton LLP*

St. Catharines, Canada  
May 12, 2016

Chartered Professional Accountants  
Licensed Public Accountants

## Community Care of St. Catharines & Thorold Statement of Financial Position

December 31	Capital Fund	General Fund	Total 2015	Total 2014
<b>Assets</b>				
Current				
Cash	\$ -	\$ 687,322	\$ 687,322	\$ 689,362
Short-term investments (Note 3)	230,943	382,155	613,098	607,486
Accounts receivable	-	33,121	33,121	32,218
HST receivable	-	49,751	49,751	45,035
Prepaid expenses	-	26,211	26,211	25,444
	230,943	1,178,560	1,409,503	1,399,545
Long-term				
Property and equipment (Note 4)	959,405	-	959,405	935,862
	<b>\$ 1,190,348</b>	<b>\$ 1,178,560</b>	<b>\$ 2,368,908</b>	<b>\$ 2,335,407</b>
<b>Liabilities</b>				
Current				
Accounts payable and accrued liabilities	\$ -	\$ 102,550	\$ 102,550	\$ 60,439
Deferred revenue (Note 5)	-	341,357	341,357	353,987
	-	443,907	443,907	414,426
Long-term				
Deferred property and equipment contributions (Note 6)	327,243	-	327,243	334,958
	327,243	443,907	771,150	749,384
<b>Fund balances</b>				
Internally restricted (Note 7)	188,763	690,962	879,725	904,225
Unrestricted	674,342	43,691	718,033	681,798
	863,105	734,653	1,597,758	1,586,023
	<b>\$ 1,190,348</b>	<b>\$ 1,178,560</b>	<b>\$ 2,368,908</b>	<b>\$ 2,335,407</b>

Commitment (Note 8)

Credit facility (Note 9)

On behalf of the board

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

## Community Care of St. Catharines & Thorold Statement of Operations

Year ended December 31	Capital Fund	General Fund	Total 2015	Total 2014
<b>Revenues</b>				
Donations (Note 10)	\$ -	\$ 1,218,771	<b>\$ 1,218,771</b>	\$ 1,199,434
United Way	-	229,470	<b>229,470</b>	223,932
United Way, Housing Help Centre program	-	15,492	<b>15,492</b>	15,492
Region of Niagara, Housing Help Centre program	-	74,996	<b>74,996</b>	116,381
Business Education Council Niagara	-	281	<b>281</b>	-
Niagara Nutrition Partners program (Page 14)	-	897,108	<b>897,108</b>	769,631
Energy assistance programs	-	354,553	<b>354,553</b>	361,514
Identification clinic	-	85,880	<b>85,880</b>	37,196
Trillium grants	-	-	-	29,558
Administration fees	-	185,723	<b>185,723</b>	170,695
Investment and other income	3,442	175,666	<b>179,108</b>	112,083
Amortization of deferred property and equipment contributions	<u>39,397</u>	<u>-</u>	<b><u>39,397</u></b>	<u>37,997</u>
	<u>42,839</u>	<u>3,237,940</u>	<b><u>3,280,779</u></b>	<u>3,073,913</u>
<b>Expenses (Page 13)</b>				
Services	-	1,693,281	<b>1,693,281</b>	1,560,738
Salaries and benefits	-	1,149,758	<b>1,149,758</b>	1,125,720
Occupancy	-	177,045	<b>177,045</b>	169,115
Administration	-	180,912	<b>180,912</b>	164,385
Amortization	<u>69,607</u>	<u>-</u>	<b><u>69,607</u></b>	<u>62,839</u>
	<u>69,607</u>	<u>3,200,996</u>	<b><u>3,270,603</u></b>	<u>3,082,797</u>
(Deficiency) excess of revenues over expenses before other income	(26,768)	36,944	<b>10,176</b>	(8,884)
<b>Other income</b>				
Gain on sale of vehicle	-	-	-	3,347
Gain on sale of marketable securities	<u>-</u>	<u>1,559</u>	<b><u>1,559</u></b>	<u>-</u>
(Deficiency) excess of revenues over expenses for the year	<b><u>\$ (26,768)</u></b>	<b><u>\$ 38,503</u></b>	<b><u>\$ 11,735</u></b>	<b><u>\$ (5,537)</u></b>

## Community Care of St. Catharines & Thorold Statement of Changes in Fund Balances

Year ended December 31	Internally Restricted	Unrestricted	Total
<b>2015</b>			
<b>Capital fund</b>			
Balance, beginning of year	\$ 213,263	\$ 676,610	\$ 889,873
Deficiency of revenues over expenses for the year	-	(26,768)	(26,768)
Investment in capital assets (Note 7)	<u>(24,500)</u>	<u>24,500</u>	<u>-</u>
Balance, end of year	<u>\$ 188,763</u>	<u>\$ 674,342</u>	<u>\$ 863,105</u>
<b>General fund</b>			
Balance, beginning of year	690,962	\$ 5,188	\$ 696,150
Excess of revenues over expenses for the year	<u>-</u>	<u>38,503</u>	<u>38,503</u>
Balance, end of year	<u>\$ 690,962</u>	<u>\$ 43,691</u>	<u>\$ 734,653</u>
<b>2014</b>			
<b>Capital fund</b>			
Balance, beginning of year	\$ 241,004	\$ 657,255	\$ 898,259
Deficiency of revenues over expenses for the year	-	(8,386)	(8,386)
Investment in capital assets (Note 7)	<u>(27,741)</u>	<u>27,741</u>	<u>-</u>
Balance, end of year	<u>\$ 213,263</u>	<u>\$ 676,610</u>	<u>\$ 889,873</u>
<b>General fund</b>			
Balance, beginning of year	\$ 690,962	\$ 2,339	\$ 693,301
Excess of revenues over expenses for the year	<u>-</u>	<u>2,849</u>	<u>2,849</u>
Balance, end of year	<u>\$ 690,962</u>	<u>\$ 5,188</u>	<u>\$ 696,150</u>

## Community Care of St. Catharines & Thorold Statement of Cash Flows

Year ended December 31	2015	2014
Increase (decrease) in cash		
<b>Operating</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 11,735	\$ (5,537)
Amortization of property and equipment, capital fund	69,607	62,839
Amortization of property and equipment, Niagara Nutrition Partners	189	271
Amortization of deferred property and equipment contributions	(39,397)	(37,997)
Gain on sale of vehicle	-	(3,347)
Gain on sale of marketable securities	(1,559)	-
Unrealized loss (gain) on short-term investments	9,503	(9,481)
	50,078	6,748
Change in non-cash working capital items		
Accounts receivable	(903)	4,108
HST receivable	(4,716)	(890)
Prepaid expenses	(767)	34
Accounts payable and accrued liabilities	42,111	(3,808)
Deferred revenue	(12,630)	74,743
	73,173	80,935
<b>Investing</b>		
Purchase of property and equipment	(93,340)	(24,653)
Sale of vehicle	-	4,000
Purchase of investments	(737,190)	(273,416)
Redemption of investments	730,817	271,030
	(99,713)	(23,039)
<b>Financing</b>		
Contributions to deferred capital fund	24,500	27,741
(Decrease) Increase in cash	(2,040)	85,637
<b>Cash</b>		
Beginning of year	689,362	603,725
End of year	\$ 687,322	\$ 689,362



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# Community Care of St. Catharines & Thorold

## Notes to the Financial Statements

December 31, 2015

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### 1. Nature of operations

Community Care was established to provide food and other basic necessities to needy residents of the community. The organization also, through operation of the Housing Help Program, provides shelter and security to those in need. The organization also operates a Central Christmas Bureau dispensing food and toys, and operates Niagara Nutrition Partners providing nutrition programs in schools. It is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is a registered charity and exempt from income taxes under section 149(1)(f) of the Income Tax Act.

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### 2. Significant accounting policies

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

#### Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the general fund. Revenues and expenses related to capital activities are reported in the capital fund. The general restricted fund reports the net assets which have been internally restricted by the Board as an operational reserve. The capital restricted fund reports the net assets which have been internally restricted by the Board for future significant capital repairs.

#### Revenue recognition

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the general fund in the year in which the related expenses are incurred.

#### Contributed goods and services

The organization benefits from a substantial amount of volunteer services and donations in kind. No amounts have been reflected in the financial statements for these items.

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# Community Care of St. Catharines & Thorold

## Notes to the Financial Statements

December 31, 2015

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### 2. Significant accounting policies (continued)

#### Property and equipment

Property and equipment are recorded at amortized cost. Amortization is recorded at the following annual rates over the estimated useful lives of the related assets:

Buildings	4% declining balance
Parking lot	5% declining balance
Equipment and furniture	10% - 20% declining balance
Computer hardware	30% declining balance
Vehicle	30% declining balance

#### Financial instruments

##### Measurement

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 of 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. Changes in fair value are recognized in revenues.

Financial assets measured at fair value include short-term investments in mutual funds.

Financial assets and liabilities measured at amortized cost include cash, short-term investments in guaranteed investment certificates, accounts receivable, HST receivable, accounts payable and accrued liabilities.

The fair value of investments quoted in an active market has been determined using the closing price at year end.

##### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in revenues.

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## Community Care of St. Catharines & Thorold Notes to the Financial Statements

December 31, 2015

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### 2. Significant accounting policies (continued)

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

Items subject to significant management estimates include amortization rates, residuals and estimated useful lives of property and equipment and amortization rates of deferred revenue.

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### 3. Short-term investments

Short-term investments are comprised of the following:

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates (2.0%)	\$ 126,384	\$ 480,580
Mutual funds	<u>486,714</u>	<u>126,906</u>
	<b><u>\$ 613,098</u></b>	<b><u>\$ 607,486</u></b>

Community Care together with the Niagara Community Foundation established an endowment fund to contribute to the future financial viability of the organization. Community Care is still entitled to investment income from this endowment fund at December 31 annually as allocated by Niagara Community Foundation. This investment income is recognized when it is received. During 2015, the organization received \$6,896 (2014 - \$7,152) in investment income from this fund.

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### 4. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2015</u>	<u>Net Book Value 2014</u>
Land	\$ 287,000	\$ -	\$ 287,000	\$ 287,000
Buildings	839,449	372,309	467,140	486,604
Parking lot	78,185	31,373	46,812	49,276
Equipment and furniture	312,538	202,786	109,752	43,410
Computer hardware	85,625	80,607	5,018	7,168
Vehicle	91,435	47,752	43,683	62,404
	<u>\$ 1,694,232</u>	<u>\$ 734,827</u>	<b><u>\$ 959,405</u></b>	<b><u>\$ 935,862</u></b>

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## Community Care of St. Catharines & Thorold Notes to the Financial Statements

December 31, 2015

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### 5. Deferred revenue

The deferred revenue reported in the general fund represents restricted operating contributions received that are related to subsequent periods. Changes in the deferred revenue balance of the general fund are as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 353,987	\$ 279,244
Add: amounts received in the current year	1,471,297	1,445,200
Less: amounts recognized as revenue in the year	<u>(1,483,927)</u>	<u>(1,370,457)</u>
Ending balance	<u>\$ 341,357</u>	<u>\$ 353,987</u>

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### 6. Deferred property and equipment contributions

The deferred contributions reported in the capital fund represent restricted capital contributions received for purposes of purchasing property and equipment. Changes in the deferred contributions balance of the capital fund are as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 334,958	\$ 345,213
Add: amounts received in the current year	24,500	27,741
Less: amortization of deferred contributions	<u>(32,215)</u>	<u>(37,996)</u>
Ending balance	<u>\$ 327,243</u>	<u>\$ 334,958</u>

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### 7. Internally restricted fund balances

Capital funds in the amount of \$188,763 (2014 - \$213,263) have been restricted for future significant purchases and repairs to the building. During the year \$24,500 (2014 - \$27,741) of restricted funds were invested in capital assets.

General funds in the amount of \$690,962 (2014 - \$690,962) have been restricted to approximate three to four months operating requirements of Community Care. The Board policy requires a six month operating reserve.

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### 8. Commitment

Community Care is committed to a premises lease in the amount of \$69,800 annually for its warehouse facility which expires June 30, 2019. The expense is split equally between the Food program and Christmas Bureau services.

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### 9. Credit facility

The organization's credit facility includes a revolving line of credit of \$200,000 bearing interest at prime. No amount was outstanding as at the year end. The line of credit is payable on demand. The facility is secured by a general security agreement constituting a first ranking security interest in all assets of the organization.

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# Community Care of St. Catharines & Thorold

## Notes to the Financial Statements

December 31, 2015

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### 10. Contributed goods and services

Community Care receives benefits from a substantial amount of volunteer services as well as donations in-kind of food, clothing and toys. No amounts have been reflected in the statements for these items. Management has estimated the value of food donations to be approximately \$1,948,143, the value of volunteer services to be \$525,000, the value of clothing and other goods to be \$525,000 and Christmas toys to be \$295,000. Total goods and services donated are estimated at \$3,293,143 (2014 - \$3,388,825) for the year.

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### 11. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposures and concentrations at December 31, 2015:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relate to its accounts receivable.

#### Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

#### Market risk

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

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate fluctuations with respect to its fixed rate guaranteed investment certificates.

#### (ii) Other price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. The organization is exposed to price risk through its investment in mutual funds.

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## **Community Care of St. Catharines & Thorold Notes to the Financial Statements**

December 31, 2015

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### **12. Comparative figures**

The financial statements for December 31, 2015 have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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## Community Care of St. Catharines & Thorold Schedule of Expenses

Year ended December 31	2015	2014
<b>Services</b>		
Niagara Nutrition Partners program (Page 14)	\$ 897,108	\$ 769,631
Energy assistance	354,553	361,514
Christmas Bureau	143,590	151,231
Food program	63,123	73,251
Jumpstart	52,127	52,420
Identification clinic	89,011	66,754
Delivery and pickup	17,714	20,893
Region grant expenses	61,608	46,181
Web design	-	6,470
Health services and emergency	275	7,365
Business Education Council Niagara	281	3,899
Clothing and personal needs	<u>13,891</u>	<u>1,129</u>
	<b><u>\$ 1,693,281</u></b>	<b><u>\$ 1,560,738</u></b>
<b>Salaries and benefits</b>		
Salaries	\$ 979,617	\$ 962,269
Benefits	<u>170,141</u>	<u>163,451</u>
	<b><u>\$ 1,149,758</u></b>	<b><u>\$ 1,125,720</u></b>
<b>Occupancy</b>		
Building and equipment maintenance	\$ 97,570	\$ 89,645
Utilities	56,060	56,222
Rent	18,000	18,000
Insurance	<u>5,415</u>	<u>5,248</u>
	<b><u>\$ 177,045</u></b>	<b><u>\$ 169,115</u></b>
<b>Administration</b>		
Professional services	\$ 41,087	\$ 34,589
Office supplies and equipment maintenance	36,932	35,542
Telephone and facsimile	13,805	21,340
Promotion and publicity	34,492	31,144
Travel	15,987	14,661
Directors' liability insurance	6,610	6,556
Bank charges	13,638	11,408
Postage	9,857	7,580
Education	<u>8,504</u>	<u>1,565</u>
	<b><u>\$ 180,912</u></b>	<b><u>\$ 164,385</u></b>
<b>Amortization</b>	<b><u>\$ 69,607</u></b>	<b><u>\$ 62,839</u></b>

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**Community Care of St. Catharines & Thorold  
Statement of Operations for Niagara Nutrition Partners**

Year ended December 31	2015	2014
<b>Revenues</b>		
REACH food grant	\$ 606,622	\$ 536,598
REACH administration grant	-	75,312
Donations	289,226	156,686
Interest and other	<u>1,260</u>	<u>1,035</u>
	<u>897,108</u>	<u>769,631</u>
<b>Expenses</b>		
Food	482,378	420,013
REACH infrastructure	169,561	116,585
Wages and benefits	112,552	92,247
School	103,603	114,092
Travel	9,021	9,389
Office	14,290	15,539
Professional fees	800	800
Meetings	2,516	147
Promotion	2,198	548
Amortization	<u>189</u>	<u>271</u>
	<u>897,108</u>	<u>769,631</u>
Excess of revenues over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

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