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**THE GOOD SHEPHERD CENTRE (HAMILTON)  
HAMILTON, ONTARIO  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Good Shepherd Centre (Hamilton)

We have audited the accompanying financial statements of The Good Shepherd Centre (Hamilton), which comprise the balance sheet as at March 31, 2016 and the statements of revenue and expenditures, 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.

**Auditors' 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

In common with many charitable organizations, The Good Shepherd Centre (Hamilton) derives a portion of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of the The Good Shepherd Centre (Hamilton). Therefore, we were not able to determine whether, as at March 31, 2016 and for the years ended March 31, 2016 and March 31, 2015, any adjustments might be necessary to donations revenue and (deficiency) excess of revenue over expenditures reported on the statements of revenue and expenditures and changes in net assets, (deficiency) excess of revenue over expenditures reported on the statement of cash flows, and current assets and net assets reported on the balance sheet. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2015.

**Qualified Opinion**

In our 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 The Good Shepherd Centre (Hamilton) as at March 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.



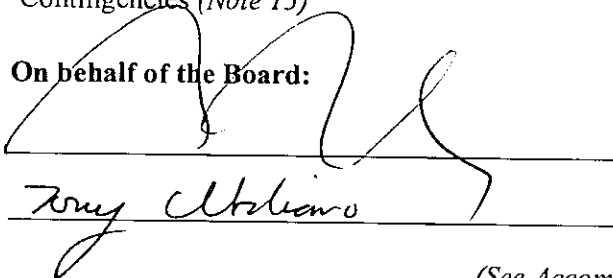
**HAMILTON, ONTARIO**  
**May 30, 2016**

**HOECHT GALVIN KAI**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Balance Sheet**  
**As at March 31, 2016**

	2016	2015
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivable (Notes 2 & 3)	\$ 854,510	\$ 634,115
Promissory note receivable from related party (Note 3)	-	600,000
Term deposit (Note 4)	13,550	13,443
Investment (Note 5)	68,121	95,756
Prepaid expenditures	<u>44,689</u>	<u>40,244</u>
	<u>980,870</u>	<u>1,383,558</u>
Intangible asset (Note 6)	7,490	7,490
Capital assets - housing projects (Note 7)	22,131,638	23,154,176
Other capital assets (Note 8)	259,726	94,301
Funds held in trust (Note 9)	245,510	507,824
Advances to related parties (Note 3)	<u>3,708,107</u>	<u>3,745,416</u>
	<u>26,352,471</u>	<u>27,509,207</u>
	<u>\$ 27,333,341</u>	<u>\$ 28,892,765</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness (Note 10)	\$ 912,150	\$ 1,233,969
Accounts payable and accrued liabilities (Note 3)	1,394,305	789,334
Government remittances payable	112,964	80,226
Current portion of deferred revenue (Note 11)	553,317	282,512
Current portion of long term debt (Note 13)	<u>1,436,279</u>	<u>1,182,000</u>
	<u>4,409,015</u>	<u>3,568,041</u>
Trust funds payable (Note 9)	245,510	507,824
Deferred revenue related to capital assets (Note 11)	14,681,894	15,073,237
Loan payable to related party (Note 12)	730,800	500,000
Long term debt (Note 13)	<u>4,791,782</u>	<u>6,425,367</u>
	<u>20,449,986</u>	<u>22,506,428</u>
	<u>24,859,001</u>	<u>26,074,469</u>
<b>NET ASSETS</b>		
Unrestricted net assets	<u>2,474,340</u>	<u>2,818,296</u>
	<u>\$ 27,333,341</u>	<u>\$ 28,892,765</u>
Commitments (Note 14)		
Contingencies (Note 15)		

On behalf of the Board:



Director

Director

(See Accompanying Notes)

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Statement of Revenue and Expenditures**  
**Year Ended March 31, 2016**

	2016	2015
<b>Revenue</b>		
Grants		
Ontario Ministry of Health and Long-Term Care	\$ 2,272,603	\$ 1,906,798
Ministry of Community and Social Services	3,325,593	3,468,703
City of Hamilton	5,987,491	5,545,952
Fees for services	300,251	272,826
Donations	3,280,709	2,513,520
Food donations	3,076,487	2,530,991
Rental revenue <i>(Note 3)</i>	189,400	161,046
Other revenue <i>(Notes 3 &amp; 12)</i>	<u>1,945,431</u>	<u>1,593,421</u>
	<u>20,377,965</u>	<u>17,993,257</u>
<b>Expenditures</b>		
Salaries and benefits <i>(Page 21)</i>	11,512,405	10,383,156
Program <i>(Page 21)</i>	1,283,366	1,217,771
Food <i>(Page 21)</i>	3,684,578	3,026,092
Building <i>(Page 21)</i>	1,539,786	1,404,548
Promotion and publicity <i>(Page 21)</i>	356,590	291,811
Program administration <i>(Page 22)</i>	643,401	589,155
One time expenditures <i>(Note 3)</i>	805,992	750,243
Financing costs <i>(Page 22)</i>	<u>290,488</u>	<u>316,128</u>
	<u>20,116,606</u>	<u>17,978,904</u>
Excess revenue over expenditures before amortization of deferred revenue, amortization of housing projects and other capital assets and (loss) gain on sale of capital asset - housing projects	<u>261,359</u>	<u>14,353</u>
Amortization of deferred revenue <i>(Note 11)</i>	736,201	728,322
Amortization - housing projects and other capital assets	(993,745)	(991,316)
(Loss) gain on sale of capital asset - housing projects <i>(Note 3)</i>	<u>(347,771)</u>	<u>496,821</u>
	<u>(605,315)</u>	<u>233,827</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ (343,956)</u>	<u>\$ 248,180</u>

*(See Accompanying Notes and Schedules)*

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2016**

	2016	2015
<b>Balance, beginning of year</b>	\$ 2,818,296	\$ 2,570,116
(Deficiency) excess of revenue over expenditures	<u>(343,956)</u>	<u>248,180</u>
<b>Balance, end of year</b>	<u>\$ 2,474,340</u>	<u>\$ 2,818,296</u>

*(See Accompanying Notes)*

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Statement of Cash Flows**  
**Year Ended March 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenditures	\$ (343,956)	\$ 248,180
Items not involving a current cash flow:		
Amortization - housing projects and other capital assets	993,745	991,316
Amortization of deferred revenue	(736,201)	(728,322)
(Loss) gain on sale of capital asset - housing projects	347,771	(496,821)
Loss on sale of investment	112	-
Reinvested investment income	(107)	(107)
Loss on fair value of investments	21,025	12,011
Forgiveness of debt	(500,000)	(200,000)
Donation in kind	-	6,837
	<u>(217,611)</u>	<u>(166,906)</u>
(Increase) decrease in accounts receivable	(220,394)	319,353
(Increase) decrease in prepaid expenditures	(4,446)	28,639
Increase (decrease) in accounts payable and accrued liabilities	637,708	(298,085)
Increase (decrease) in current portion of deferred revenue	<u>270,805</u>	<u>151,869</u>
	<u>683,673</u>	<u>201,776</u>
Net cash provided by (used for) operating activities	<u>466,062</u>	<u>34,870</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on redemption of investments	6,497	-
Acquisition of investments	-	(13,673)
Acquisition of capital assets	(484,402)	(254,257)
Repayment of promissory note receivable from related party	600,000	-
(Increase) decrease in advances to related parties	<u>37,309</u>	<u>(187,750)</u>
Net cash provided by (used for) investing activities	<u>159,404</u>	<u>(455,680)</u>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in bank indebtedness	(321,819)	216,609
Issue of loan payable to related party	1,030,800	-
Repayment of loan payable to related party	(500,000)	-
Issue of long term debt	-	800,000
Repayment of long term debt	(1,179,305)	(923,064)
Increase (decrease) in deferred revenue related to capital assets	<u>344,858</u>	<u>327,265</u>
Net cash provided by (used for) financing activities	<u>(625,466)</u>	<u>420,810</u>
<b>Increase (decrease) in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Non-cash investing activity:</b>		
Sale of capital asset in exchange for promissory note from related party (Note 3)	<u>\$ -</u>	<u>\$ 600,000</u>

(See Accompanying Notes)

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**DESCRIPTION OF ORGANIZATION**

The Good Shepherd Centre (Hamilton) is a non-share capital corporation, with letters patent, issued under the Corporations Act of the Province of Ontario in 1971. Its primary purpose is to feed, clothe and shelter the poor. As a result of its status as a registered charity, it is exempt from the payment of income taxes under Section 149(1) of the Income Tax Act (Canada).

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not for profit organizations. Accounting standards for not for profit organizations are part of Canadian generally accepted accounting principles (GAAP) and include the following significant accounting policies:

**(a) Cash**

Cash includes cash on hand and balances with banks and an investment broker account. Bank borrowings are considered to be financing activities.

**(b) Financial Instruments**

**(i) Measurement of Financial Instruments**

Financial assets and liabilities are initially recognized at fair value except for certain non-arm's length transactions, that are measured at the carrying amount or exchange amount as appropriate, and their subsequent measurement is dependent on their classification as designated by The Good Shepherd Centre (Hamilton). Investments are subsequently measured at fair value with changes in fair value included on the statement of revenue and expenditures. Financial assets subsequently measured at amortized cost using the effective interest method include funds held in trust, accounts receivable and advances to related parties. Financial liabilities subsequently measured at amortized cost using the effective interest method include bank indebtedness, accounts payable and accrued liabilities, loan payable to related party and long term debt.

**(ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in (deficiency) excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in (deficiency) excess of revenue over expenditures.



**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Financial Instruments (Continued)**

**(iii) Transaction Costs**

The Good Shepherd Centre (Hamilton) recognizes its transaction costs in (deficiency) excess of revenue over expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**(c) Prepaid Expenditures**

Prepaid expenditures consist primarily of prepaid services and insurance.

**(d) Investment and Investment Revenue**

The organization has an investment of shares in a Canadian publicly traded company which are initially and subsequently measured at fair value, determined using quoted market prices. Investment purchases and sales transactions are accounted for on the settlement date. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in net income. The guaranteed investment certificate (GIC) held is valued at cost plus accrued interest which approximates fair value. Investment revenue is recognized when earned. Investment revenue related to operations is accounted for under other revenue on the statement of revenue and expenditures and investment revenue earned on externally restricted funds is credited directly to the funds held on the balance sheet.

**(e) Intangible Asset**

The contributed intangible asset is a resort vacation time share and is recognized at the fair value at the date of contribution. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution, are recognized at nominal value. The excess of the net carrying amount over any residual value is recognized as an expenditure when the intangible asset no longer has any long term service potential to the organization.

**(f) Capital Assets**

Housing projects (land and buildings) are recorded at cost, except for real property acquired prior to April 1, 1994, which is recorded at its appraised value as of January and February, 1994. Contributed capital assets are recorded at fair value at the date of contribution.

Buildings are amortized on a diminishing balance basis over their estimated useful lives at a rate of 5% per annum, with the exception of the 143 Wentworth Street South, Good Shepherd Square and Youth Home buildings, which are amortized on a straight line basis over twenty-five years. The cost of renovations to the buildings which significantly increase their useful lives and capacity are capitalized as part of the cost of the related capital assets. Renovation costs to adapt the buildings to changed operating conditions or to maintain efficiency are expensed as incurred.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Capital Assets (Continued)**

Other capital assets are recorded at cost with amortization calculated using the straight line method based on the estimated useful life of the asset. Vehicles are amortized over five years. Furniture and equipment are amortized over five to ten years.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized on the statement of revenue and expenditures when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

**(g) Unrestricted Net Assets**

Unrestricted net assets represents the accumulated surplus or deficiency. Annual individual program surpluses, if any, may be subject to recovery by the various government funders. Any such recovery is shown as an adjustment to unrestricted net assets on the statement of changes in net assets. Prior year revenue figures are not restated to reflect this recovery.

**(h) Allocation of Expenditures**

The organization records its expenditures by program.

Warehouse costs are allocated on a client use prorated basis for each program. Volunteer support costs are allocated on an hours worked prorated basis for each program. Administration costs are allocated based on a ratio of 9 - 10% of total gross revenue by program, excluding donation, promotion and fundraising revenue, not to exceed the administration charge permitted by programs funded by the Ministry of Community and Social Services (MCSS) and the Ontario Ministry of Health and Long-Term Care (MHLTC).

The excess of donation, promotion and fundraising revenue over expenditures is allocated to each program on the basis of offsetting any deficit in MCSS and MHLTC funded programs with the balance allocated pro rata to the deficit within all other programs, after one time funding for programs.

**(i) Revenue Recognition**

The Good Shepherd Centre (Hamilton) follows the deferral method of accounting for donations and government grants.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Contributions externally restricted for capital assets are deferred and amortized on the same basis as the related capital asset.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Revenue Recognition (Continued)**

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.

The amount of a grant approximating the land cost of property is treated as a direct contribution to net assets. The building cost portion of a grant is treated as deferred revenue and is recognized as revenue on the same basis as the building to which it relates is amortized.

Fees for services, rental and other revenue are recognized when services are provided and collection is reasonably assured. Pledges are recorded as revenue when the funds are received.

**(j) Contributed Materials and Services**

The organization recognizes the contribution of materials and services at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would otherwise have been purchased. Contributed investments are recorded in the financial statements at the fair value on the date of the donation. Volunteers assist the organization in carrying out certain activities. Due to the difficulty of determining the fair value to the organization, contributed services are not recognized in the financial statements and related financial statement notes.

**(k) Food Donations**

Provision has been made in these financial statements for the estimated fair value of donated food utilized during the year. This is treated as both food donation revenue and matching food expenditure.

**(l) Related Party Transactions**

Monetary or non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of operations. Transactions not in the normal course of operations, are measured at the exchange amount when there is a substantive change in the ownership of the item transferred or the benefit of the service provided is substantive and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

**(m) Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures during the period reported. The significant estimates used in the preparation of the financial statements are the estimated useful lives of the buildings, vehicles, and furniture and equipment. These estimates are reviewed periodically and, as adjustments become necessary, are reported in the period in which they become known.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

**2. ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Regional services	\$ 144,209	\$ 303,731
Bequests	290,000	181,320
Sundry	26,595	36,366
Related parties (Note 3)	342,669	66,541
Harmonized sales tax rebates	<u>51,037</u>	<u>46,157</u>
	<u>\$ 854,510</u>	<u>\$ 634,115</u>

**3. ADVANCES TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND BALANCES**

The Good Shepherd Centre (Hamilton) is related to Good Shepherd Non-Profit Homes Inc. (Homes), Good Shepherd Refuge Social Ministries Inc. and Good Shepherd (Hamilton) Trust Foundation. These organizations were established by the members of the religious order of The Little Brothers of the Good Shepherd (LBGS). These financial statements do not include the assets, liabilities or activities of these organizations.

The Good Shepherd Centre (Hamilton) pays regular operating expenditures on behalf of related parties or has its regular operating expenditures paid by the related parties. This has produced net amounts receivable from related parties in the amount of \$267,796 (2015 - \$66,542). The balances included in accounts receivable and accounts payable on the balance sheet are as follows:

	<u>2016</u>			<u>2015</u>
	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Net</u>	<u>Net</u>
Good Shepherd Non-Profit Homes Inc.	\$ 335,505	\$ 36,696	\$ 298,809	\$ 58,622
The Little Brothers of the Good Shepherd (Canada)	<u>7,164</u>	<u>38,177</u>	<u>(31,013)</u>	<u>7,920</u>
	<u>\$ 342,669</u>	<u>\$ 74,873</u>	<u>\$ 267,796</u>	<u>\$ 66,542</u>

During the 2016 fiscal year, The Good Shepherd Centre (Hamilton) leased property to Good Shepherd Non-Profit Homes Inc. in the amount of \$70,000 (2015 - \$70,000) and was reimbursed \$60,000 (2015 - \$60,000) for food and clothing warehouse costs and interest expense in the amount of \$85,500 (2015 - \$102,600) related to a loan for which the proceeds were advanced to Good Shepherd Non-Profit Homes Inc. in a prior year for the Good Shepherd Square project.

These balances are reported under other revenue on the statement of revenue and expenditures. In addition, The Good Shepherd Centre (Hamilton) received and receipted donations in the amount of \$527,309 (2015 - \$382,250) which was transferred to Good Shepherd Non-Profit Homes Inc., of which \$267,309 (2015 - \$382,250) related to a capital campaign for the construction of the Good Shepherd Square housing project.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**3. ADVANCES TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

There is a balance receivable in the amount of \$3,708,107 (2015 - \$3,745,416) related to advances provided by The Good Shepherd Centre (Hamilton) for the Good Shepherd Square project as at March 31, 2016 to Good Shepherd Non-Profit Homes Inc., which is unsecured and has no set repayment terms. Interest is charged on the outstanding advance as agreed to by both parties on an annual basis. The Good Shepherd Centre (Hamilton) will not demand payment in the next fiscal year.

These funds are reported under other revenue and the expenditure of funds given to Good Shepherd Non-Profit Homes Inc., a qualified donee for tax purposes, is reported under other one time expenditures on the statement of revenue and expenditures. These transactions are in the normal course of operations and are measured at the exchange amount, the amount of consideration established and agreed to by the related parties.

Effective March 17, 2015, The Good Shepherd Centre (Hamilton) sold warehouse property with a carrying value of \$63,179 to Good Shepherd Non-Profit Homes Inc. for the sum of \$600,000, payable by the issue of a non-interest bearing, unsecured demand promissory note in the amount of \$600,000. The transaction resulted in a gain on sale of the property in the amount of \$496,821. The transaction was not in the normal course of operations and was measured at the exchange amount which represented the current value of the property.

Effective March 28, 2016, The Good Shepherd Centre (Hamilton) sold property with a carrying value of \$347,773 to LBGS for the sum of \$2. The transaction resulted in a loss on sale of the property in the amount of \$347,771. The transaction was not in the normal course of operations and was measured at the exchange amount which represented the current value of the property taking into consideration the added cost which would be required to demolish the building and prepare the property for future use as allowed by zoning bylaws for the municipality.

**4. TERM DEPOSIT**

	<u>2016</u>	<u>2015</u>
0.60% GIC, maturing December, 2016 (0.80% GIC, maturing December, 2015)	<u>\$ 13,550</u>	<u>\$ 13,443</u>

**5. INVESTMENT**

	<u>2016</u>	<u>2015</u>
Canadian equities	\$ 68,121	\$ 95,746
Cash in broker account	-	10
	<u>\$ 68,121</u>	<u>\$ 95,756</u>

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

**6. INTANGIBLE ASSET**

	<u>2016</u>	<u>2015</u>
Timeshare in vacation resort property	<u>\$ 7,490</u>	<u>\$ 7,490</u>

The Good Shepherd Centre (Hamilton) holds an investment in a time share resort vacation property which was recorded at its fair value of \$7,490 when it was donated to the organization during the 2013 fiscal year end. It is intended to be used as a prize each year in the organization's fundraising activities.

**7. CAPITAL ASSETS - HOUSING PROJECTS**

	<u>2016</u>			
	<u>Land Cost or Appraised Value (Note 1(i))</u>	<u>Building Cost or Appraised Value (Note 1(i))</u>	<u>Building Accumulated Amortization</u>	<u>Net</u>
Notre Dame House				
	\$ 39,400	\$ 1,441,408	\$ 731,358	\$ 749,450
Youth Home				
	45,000	1,128,060	225,335	947,725
Good Shepherd Square Women's Centre	553,749	12,723,605	2,544,558	10,732,796
Family Shelter	1,798,500	-	-	1,798,500
Men's Centre				
	493,500	4,743,722	1,935,377	3,301,845
Warehouse				
	215,100	2,281,593	1,203,769	1,292,924
	70,000	-	-	70,000
Emmanuel Extension				
	175,500	14,500	5,708	184,292
	574,450	1,998,671	152,104	2,421,017
Barrett Centre				
	-	2	-	2
	<u>42,775</u>	<u>910,413</u>	<u>320,101</u>	<u>633,087</u>
	<u>\$ 4,007,974</u>	<u>\$ 25,241,974</u>	<u>\$ 7,118,310</u>	<u>\$ 22,131,638</u>

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

**7. CAPITAL ASSETS - HOUSING PROJECTS (Continued)**

	2015			
	Land Cost or Appraised Value <i>(Note 1(i))</i>	Building Cost or Appraised Value <i>(Note 1(i))</i>	Building Accumulated Amortization	Net
Notre Dame House	\$ 39,400	\$ 1,441,408	\$ 693,987	\$ 786,821
Youth Home	45,000	1,128,060	180,212	992,848
Martha House	232,795	551,205	425,359	358,641
Good Shepherd Square Women's Centre	553,749	12,718,114	2,035,614	11,236,249
Family Shelter	1,798,500	-	-	1,798,500
Men's Centre	493,500	4,743,722	1,745,628	3,491,594
Warehouse	215,100	2,195,639	1,147,042	1,263,697
	70,000	-	-	70,000
Emmanuel Extension	175,500	14,500	5,246	184,754
Barrett Centre	574,450	1,803,936	71,472	2,306,914
	-	2	-	2
	<u>42,775</u>	<u>910,413</u>	<u>289,032</u>	<u>664,156</u>
	<u>\$ 4,240,769</u>	<u>\$ 25,506,999</u>	<u>\$ 6,593,592</u>	<u>\$ 23,154,176</u>

Current year amortization in the amount of \$993,745 (2015 - \$991,316) is included on the statement of revenue and expenditures.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

**8. OTHER CAPITAL ASSETS**

	<u>2016</u>			<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Vehicle	\$ 111,047	\$ 93,044	\$ 18,003	\$ 37,380
Furniture and equipment	288,385	46,662	241,723	56,921
	<u>\$ 399,432</u>	<u>\$ 139,706</u>	<u>\$ 259,726</u>	<u>\$ 94,301</u>

**9. FUNDS HELD IN TRUST/TRUST FUNDS PAYABLE**

A number of individuals use The Good Shepherd Centre (Hamilton) as their home address in order to receive various government assistance payments. These trust funds are held and managed by The Good Shepherd Centre (Hamilton) on behalf of these individuals.

**10. BANK INDEBTEDNESS**

The organization has a revolving demand credit line with a \$1,000,000 (2015 - \$1,000,000) limit of which \$107,835 (2015 - \$63,599) was unused at year end. Interest is calculated at bank prime rate plus 0.5% per annum and is payable monthly. The security for this operating line includes a general security agreement on all present and future assets of The Good Shepherd Centre (Hamilton) and a \$400,000 fixed collateral mortgage on the [REDACTED].

Bank indebtedness is represented by:

	<u>2016</u>	<u>2015</u>
Operating line	\$ (892,165)	\$ (936,401)
Outstanding cheques	(36,751)	(316,287)
Cash balance	4,906	3,959
Petty cash	11,860	14,760
	<u>\$ (912,150)</u>	<u>\$ (1,233,969)</u>



**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**11. DEFERRED REVENUE**

Current portion of deferred revenue represents the unexpended portion of designated grants received that are related to expenditures of subsequent periods.

Deferred revenue related to capital assets represents restricted contributions received for the acquisition of capital assets which will be recognized as revenue in accordance with *Note 1(i)*.

	<u>2016</u>	<u>2015</u>
<b>Current Portion of Deferred Revenue</b>		
Balance, beginning of year	\$ 282,512	\$ 130,643
Net increase	<u>270,805</u>	<u>151,869</u>
Balance, end of year	<u>\$ 553,317</u>	<u>\$ 282,512</u>
<b>Deferred Revenue Related to Capital Assets</b>		
Balance, beginning of year	\$ 15,073,237	\$ 15,474,294
Restricted funding received for capital assets	612,167	709,515
Restricted funding received for Good Shepherd Square housing project capital campaign ( <i>Note 3</i> )	<u>(267,309)</u>	<u>(382,250)</u>
Less amortized to current revenue	<u>(736,201)</u>	<u>(728,322)</u>
Balance, end of year	<u>\$ 14,681,894</u>	<u>\$ 15,073,237</u>

**12. LOAN PAYABLE TO RELATED PARTY**

	<u>2016</u>	<u>2015</u>
0 % unsecured promissory note, payable to the Little Brothers of the Good Shepherd (Canada), no set terms of repayment, maturing May 6, 2017 (2015 - May 6, 2015)	<u>\$ 730,800</u>	<u>\$ 500,000</u>

During the 2016 fiscal year end \$300,000 (2015 - \$Nil) was forgiven and is reported under other revenue on the statement of revenue and expenditures.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**

**Notes to Financial Statements**

**Year Ended March 31, 2016**

**13. LONG TERM DEBT**

	<u>2016</u>	<u>2015</u>
████████████████████ (Good Shepherd Venture Centre) 4.500% first mortgage payable, repayable in blended monthly instalments of \$8,965, maturing April 16, 2028	\$ 1,003,412	\$ 1,064,768
████████████████████ 2.750% Canada Mortgage and Housing Corporation mortgage payable, repayable in blended monthly instalments of \$553, maturing December, 2015	-	4,915
████████████████████ (Barrett Centre) 7.875% Canada Mortgage and Housing Corporation mortgage payable, repayable in blended monthly instalments of \$501, maturing December, 2022	31,474	34,894
████████████████████ (Family Shelter) 5.25% Tandem Financial Credit Union commercial (collateral second mortgage), repayable in blended monthly instalments of \$15,228, maturing March 31, 2018	1,680,140	1,770,851
████████████████████ (Youth Home) 4.00% Tandem Financial Credit Union commercial (collateral second mortgage), repayable in blended monthly instalments of \$3,086, maturing March, 2020	363,035	381,939
<u>Other</u> 1% interest unsecured loan, interest computed half yearly and payable May 31 and November 30; payments on principal may be made on regular interest dates, no set terms of repayment or maturity	400,000	600,000
<u>Good Shepherd Square</u> 2.28% City of Hamilton, unsecured bridge loan, repayable in annual principal payments plus interest beginning November 30, 2013, maturing November 30, 2017. The first principal payment is \$500,000 with annual payments increasing \$250,000 annually every November 30	<u>2,750,000</u> 6,228,061	<u>3,750,000</u> 7,607,367
Principal payments due within the next year	<u>1,436,279</u> <u>\$ 4,791,782</u>	<u>1,182,000</u> <u>\$ 6,425,367</u>

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**13. LONG TERM DEBT (Continued)**

Principal payments scheduled within the next five years are as follows:

2017	-	\$ 1,436,279
2018	-	\$ 3,572,808
2019	-	\$ 97,000
2020	-	\$ 376,000
2021	-	\$ 745,974

All mortgages, except the commercial loan, are secured by a first mortgage charge on the indicated specific properties. The commercial loan is secured by a second collateral mortgage on the [REDACTED] properties, a general assignment of rental revenue earned on these properties and a general security agreement covering all present and future assets of the organization subject to prior encumbrances as disclosed in *Note 10*.

The other loan in the amount of \$400,000 (2015 - \$600,000) is eligible for debt forgiveness at the discretion of the lender over the next three years provided the organization continues to implement cost reduction programs and other specified conditions as agreed to. During the 2016 fiscal year end \$200,000 (2015 - \$200,000) was forgiven and is reported under other revenue on the statement of revenue and expenditures.

**14. COMMITMENTS**

Future minimum lease payments under operating leases (vehicles) are as follows:

2017	\$	11,816
2018	\$	7,928
2019	\$	4,164

**15. CONTINGENCIES**



**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**16. FINANCIAL INSTRUMENTS**

The Good Shepherd Centre (Hamilton) is exposed to various risks through its financial instruments. The following analysis provides a measure of The Good Shepherd Centre (Hamilton)'s risk exposure and concentrations at March 31, 2016:

**(a) 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 organization determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

**(b) Market Risk**

Market 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: currency risk, interest rate risk and other price risk. The organization is exposed to interest rate risk and other price risk.

**(c) Interest Rate Risk**

The organization is exposed to interest rate risk on its fixed interest rate financial instruments. At March 31, 2016 the organization had fixed interest rate mortgages as described in *Note 13* and a fixed interest rate cashable GIC as described in *Note 4*. Fixed rate instruments subject the organization to a fair value risk while the floating interest rate instrument subjects it to a cash flow risk. Fluctuations in interest rates will impact the cost of financing incurred currently and in the future.

**(d) Other Price Risk**

Other 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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in publicly traded securities as described in *Note 5*. The organization does not use derivatives to alter the effects of this risk.

**(e) Liquidity Risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its bank indebtedness, accounts payable and accrued liabilities, loan payable to related party and long term debt.

The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities. The organization has a short term bank facility of up to \$1,000,000 (2015 - \$1,000,000) in place should it be required to meet temporary fluctuations in cash requirements.

There have been no changes to the risk exposures noted above from the prior year.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Notes to Financial Statements**  
**Year Ended March 31, 2016**

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**17. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform with the current year's presentation.

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Schedule of Expenditures**  
**Year Ended March 31, 2016**

	2016	2015
<b>Salaries and Benefits</b>		
Salaries	\$ 9,866,079	\$ 8,830,676
Stipends	113,620	152,386
Employee benefits	<u>1,532,706</u>	<u>1,400,094</u>
	<u>\$ 11,512,405</u>	<u>\$ 10,383,156</u>
<b>Program</b>		
General program expenditures	\$ 642,164	\$ 572,681
HST expenditure	-	86,731
Personal needs allowance	-	5,467
Transportation	235,718	206,184
Purchase of services	386,873	326,466
Program insurance	<u>18,611</u>	<u>20,242</u>
	<u>\$ 1,283,366</u>	<u>\$ 1,217,771</u>
<b>Food</b>		
Food purchases	\$ 608,091	\$ 495,101
Food donations	<u>3,076,487</u>	<u>2,530,991</u>
	<u>\$ 3,684,578</u>	<u>\$ 3,026,092</u>
<b>Building</b>		
Rent	\$ 133,823	\$ 94,051
Apartment rentals	413,766	390,879
Utilities	510,154	473,157
Repairs and maintenance	429,934	383,593
Property insurance	48,786	49,767
Property taxes	<u>3,323</u>	<u>13,101</u>
	<u>\$ 1,539,786</u>	<u>\$ 1,404,548</u>
<b>Promotion and Publicity</b>		
Newsletters	\$ 7,806	\$ 4,825
Special events	257,362	197,990
Direct appeals	75,480	64,900
Donors	<u>15,942</u>	<u>24,096</u>
	<u>\$ 356,590</u>	<u>\$ 291,811</u>

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Schedule of Expenditures (Continued)**  
**Year Ended March 31, 2016**

	2016	2015
<b>Program Administration</b>		
Recruitment and education	\$ 68,490	\$ 70,055
Postage and courier	87,674	81,894
Stationery and supplies	122,833	88,080
Office equipment	24,335	33,320
Computer	164,921	125,399
Communications	133,365	147,773
Professional fees	32,738	32,741
Meeting expenditures	9,045	9,893
	<u>\$ 643,401</u>	<u>\$ 589,155</u>
 <b>Financing Costs</b>		
Mortgage interest	\$ 241,327	\$ 269,258
Bank and interest charges	49,161	46,870
	<u>\$ 290,488</u>	<u>\$ 316,128</u>

**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Schedule of Allocation of Expenditures to Programs**  
**Year Ended March 31, 2016**

	2016	2015
<b>Warehouse Allocation to Programs</b>		
Family Services	\$ 103,000	\$ 89,886
Men's Centre	225,778	251,037
Palliative Care/Community Support Services	1,500	3,500
Women's Centre	141,000	142,000
Youth Services	<u>97,000</u>	<u>97,000</u>
	<u>\$ 568,278</u>	<u>\$ 583,423</u>
<b>Volunteer Support Allocation to Programs</b>		
Family Services	\$ 4,500	\$ 4,000
Men's Centre	129,489	105,400
Palliative Care/Community Support Services	4,500	4,100
Women's Centre	22,600	21,000
Youth Services	<u>7,501</u>	<u>7,500</u>
	<u>\$ 168,590</u>	<u>\$ 142,000</u>
<b>Administrative Office Allocation to Programs</b>		
Family Services	\$ 125,000	\$ 125,000
Men's Centre	83,500	100,275
Palliative Care/Community Support Services	123,000	109,750
Women's Centre	303,425	303,200
Youth Services	<u>217,014</u>	<u>216,400</u>
	<u>\$ 851,939</u>	<u>\$ 854,625</u>



**THE GOOD SHEPHERD CENTRE (HAMILTON)**  
**Schedule of Allocation of Donation and Fundraising Revenue to Programs**  
**Year Ended March 31, 2016**

	2016	2015
Family Services	\$ (7,174)	\$ (12,701)
Men's Centre	(523,207)	(724,025)
Palliative Care/Community Support Services	(190,110)	(106,652)
Women's Centre	(362,838)	(312,913)
Youth Services	<u>(617,979)</u>	<u>(179,157)</u>
	<u>\$ (1,701,308)</u>	<u>\$ (1,335,448)</u>