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**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES  
TORONTO, ONTARIO  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2017**

| <b>CONTENTS</b>                              | <b>PAGE</b>   |
|--|---------------|
| <b>Independent Auditors' Report</b>          | <b>1 - 2</b>  |
| <b>Balance Sheet</b>                         | <b>3</b>      |
| <b>Statement of Revenue and Expenditures</b> | <b>4</b>      |
| <b>Statement of Changes in Net Assets</b>    | <b>5</b>      |
| <b>Statement of Cash Flows</b>               | <b>6</b>      |
| <b>Notes to Financial Statements</b>         | <b>7 - 16</b> |



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Good Shepherd Refuge Social Ministries

We have audited the accompanying financial statements of Good Shepherd Refuge Social Ministries which comprise the balance sheet as at March 31, 2017 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.

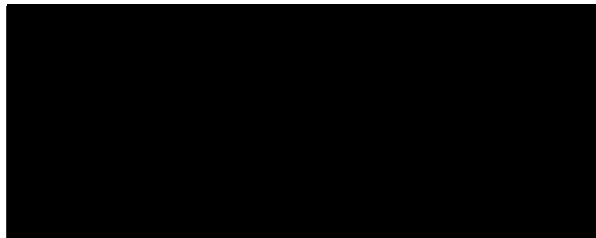
**Basis for Qualified Opinion**

In common with many charitable organizations, Good Shepherd Refuge Social Ministries 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 Good Shepherd Refuge Social Ministries. Therefore, we were not able to determine whether, as at March 31, 2017 and for the years ended March 31, 2017 and March 31, 2016, any adjustments might be necessary to donations revenue and excess revenue over expenditures reported on the statements of revenue and expenditures and changes in net assets, excess 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, 2016.

**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 Good Shepherd Refuge Social Ministries as at March 31, 2017 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.

, ONTARIO  
July 26, 2017



*Chartered Professional Accountants  
Licensed Public Accountants*

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES****Balance Sheet**

As at March 31, 2017

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| <b>Current</b>  |                     |                     |
| Cash  | \$ 1,076,053        | \$ 1,194,615        |
| Restricted cash - lottery   | 28,809              | 8,671               |
| Short term investments (Note 2)                                       | 2,567,940           | 2,110,234           |
| Accounts receivable (Note 3)  | 334,632             | 384,449             |
| Note receivable (Note 4)  | 550,000             | -                   |
| Prepaid expenditures  | <u>65,637</u>       | <u>32,530</u>       |
|   | <u>4,623,071</u>    | <u>3,730,499</u>    |
| Investment externally restricted (Note 5)                             | -                   | 150,000             |
| Long term investments (Note 2)  | 2,052,513           | 2,230,501           |
| Capital assets (Note 6)   | <u>3,066,589</u>    | <u>2,820,440</u>    |
|   | <u>5,119,102</u>    | <u>5,200,941</u>    |
|   | <u>\$ 9,742,173</u> | <u>\$ 8,931,440</u> |
| <b>LIABILITIES</b>  |                     |                     |
| <b>Current</b>  |                     |                     |
| Accounts payable and accrued liabilities (Note 7)                     | \$ 402,570          | \$ 356,463          |
| Current portion of deferred revenue (Note 8)                          | <u>107,719</u>      | <u>12,500</u>       |
|   | 510,289             | 368,963             |
| Deferred revenue related to capital assets (Note 8)                   | <u>149,405</u>      | <u>151,919</u>      |
|   | <u>659,694</u>      | <u>520,882</u>      |
| <b>NET ASSETS</b>   |                     |                     |
| Net assets internally restricted (Note 9)                             | 1,200,000           | 1,200,000           |
| Internally restricted net assets invested in capital assets (Note 10) | 2,917,184           | 2,668,521           |
| Unrestricted net assets   | <u>4,965,295</u>    | <u>4,542,037</u>    |
|   | <u>9,082,479</u>    | <u>8,410,558</u>    |
|   | <u>\$ 9,742,173</u> | <u>\$ 8,931,440</u> |

Contingent liabilities and commitments (Notes 14 and 15)

**On behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

(See Accompanying Notes)

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Statement of Revenue and Expenditures**  
**Year Ended March 31, 2017**

|   | 2017              | 2016             |
|---|-------------------|------------------|
| <b>Revenue</b>  |                   |                  |
| Donations (Note 11)   | \$ 2,278,116      | \$ 1,676,669     |
| Fundraising and other   | 1,141,590         | 1,286,897        |
| Investment revenue (Note 13)  | 111,317           | 63,590           |
| Care fees   | 51,906            | 44,016           |
| Subsidies - City of Toronto - Hostel Services per diem                    | 1,664,818         | 1,557,790        |
| - City of Toronto - other (Note 12)                                       | 352,214           | 349,177          |
| - Ministry of Health and Long-Term Care - AIDS Bureau                     | 55,831            | 55,831           |
| - Local Health Integrated Networks (LHIN) - Supportive Housing            | 644,426           | 637,476          |
| Grants - Toronto LHIN - Drug and Alcohol Recovery Enrichment (DARE) Grant | 314,374           | 314,374          |
| - United Way - Winter Relief Grant  | 8,123             | 8,123            |
| - Ontario Trillium Foundation - LPRF Grant (Note 8)                       | 34,081            | -                |
| - Catholic Charities - Development Grant                                  | 95,000            | 95,000           |
| - [REDACTED] Grant (Note 8)   | 40,000            | -                |
| - Other   | 8,700             | 2,800            |
| Amortization of deferred capital asset grants (Note 8)                    | 44,832            | 60,298           |
|   | <u>6,845,328</u>  | <u>6,152,041</u> |
| <b>Expenditures</b>   |                   |                  |
| Computer support  | 76,949            | 70,748           |
| Equipment rental  | 4,938             | 4,967            |
| Food  | 278,658           | 276,801          |
| Fundraising   | 523,392           | 557,262          |
| Housekeeping and cleaning   | 201,504           | 180,184          |
| Insurance   | 50,670            | 47,653           |
| Kitchen supplies  | 23,343            | 53,135           |
| Mailing, promotion and publicity  | 34,176            | 27,453           |
| Medical and nursing services  | 29,002            | 19,934           |
| Miscellaneous   | 19,972            | 38,835           |
| Office  | 102,818           | 117,318          |
| Project evaluation costs - OTF LPRF (Note 8)                              | 13,504            | -                |
| Professional fees   | 44,681            | 44,441           |
| Rent  | 7,980             | 7,980            |
| Repairs and maintenance   | 165,122           | 215,542          |
| Staff training  | 18,613            | 18,023           |
| Telephone   | 48,659            | 44,754           |
| Utilities   | 224,514           | 207,147          |
| Vehicle   | 86,576            | 72,688           |
| Wages and benefits  | 3,935,867         | 3,808,100        |
|   | <u>5,890,938</u>  | <u>5,812,965</u> |
| Excess revenue over expenditures before amortization                      | 954,390           | 339,076          |
| Amortization  | 282,469           | 249,586          |
| <b>EXCESS REVENUE OVER EXPENDITURES</b>                                   | <u>\$ 671,921</u> | <u>\$ 89,490</u> |

(See Accompanying Notes)

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2017**

|   | Net Assets<br>Internally<br>Restricted | Internally<br>Restricted<br>Net Assets<br>Invested in<br>Capital<br>Assets | Unrestricted<br>Net Assets | Total                      |
|---|--|--|----------------------------|----------------------------|
| <u>2017</u>   |  |  |                            |                            |
| Balance, beginning of year                                | \$ 1,200,000                           | \$ 2,668,521   | \$ 4,542,037               | \$ 8,410,558               |
| Excess revenue over expenditures                          | -                                      | -  | 671,921                    | 671,921                    |
| Amortization  | -                                      | (282,469)  | 282,469                    | -                          |
| Amortization of deferred capital<br>asset grants          | -                                      | 44,832   | (44,832)                   | -                          |
| Invested in capital assets (net)                          | -                                      | 528,618  | (528,618)                  | -                          |
| Increase in deferred revenue related<br>to capital assets | <u>-</u>                               | <u>(42,318)</u>  | <u>42,318</u>              | <u>-</u>                   |
| <b>Balance, end of year</b>                               | <b><u>\$ 1,200,000</u></b>             | <b><u>\$ 2,917,184</u></b>   | <b><u>\$ 4,965,295</u></b> | <b><u>\$ 9,082,479</u></b> |
| <u>2016</u>   |  |  |                            |                            |
| Balance, beginning of year                                | \$ 1,200,000                           | \$ 2,864,018   | \$ 4,257,050               | \$ 8,321,068               |
| Excess revenue over expenditures                          | -                                      | -  | 89,490                     | 89,490                     |
| Amortization  | -                                      | (249,586)  | 249,586                    | -                          |
| Amortization of deferred capital<br>asset grants          | -                                      | 60,298   | (60,298)                   | -                          |
| Invested in capital assets (net)                          | -                                      | 43,912   | (43,912)                   | -                          |
| Increase in deferred revenue related<br>to capital assets | <u>-</u>                               | <u>(50,121)</u>  | <u>50,121</u>              | <u>-</u>                   |
| <b>Balance, end of year</b>                               | <b><u>\$ 1,200,000</u></b>             | <b><u>\$ 2,668,521</u></b>   | <b><u>\$ 4,542,037</u></b> | <b><u>\$ 8,410,558</u></b> |

(See Accompanying Notes)

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Statement of Cash Flows**  
**Year Ended March 31, 2017**

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>  |                     |                     |
| Excess revenue over expenditures                                     | \$ 671,921          | \$ 89,490           |
| Items not requiring a cash outlay:                                   |                     |                     |
| Amortization   | 282,469             | 249,586             |
| Amortization of deferred capital asset grants                        | (44,832)            | (60,298)            |
| Reinvested interest and dividend income                              | (59,918)            | (36,554)            |
| Donations in kind - investments                                      | -                   | (37,391)            |
| Net change in unrealized loss on investments - fair value adjustment | <u>5,140</u>        | <u>5,771</u>        |
|  | <u>854,780</u>      | <u>210,604</u>      |
| <br>   |                     |                     |
| (Increase) decrease in accounts receivable                           | 49,817              | 58                  |
| (Increase) decrease in prepaid expenditures                          | (33,107)            | (8,316)             |
| Increase (decrease) in accounts payable and accrued liabilities      | <u>46,106</u>       | <u>(35,187)</u>     |
|  | <u>62,816</u>       | <u>(43,445)</u>     |
| Net cash provided by (used for) operating activities                 | <u>917,596</u>      | <u>167,159</u>      |
| <br>   |                     |                     |
| <b>INVESTING ACTIVITIES</b>  |                     |                     |
| Proceeds on disposal of short term and long term investments         | 425,060             | 1,233,174           |
| Purchase of short term and long term investments                     | (500,000)           | (1,742,622)         |
| Advance of note receivable   | (550,000)           | -                   |
| Acquisition of capital assets  | <u>(528,617)</u>    | <u>(43,910)</u>     |
| Net cash provided by (used for) investing activities                 | <u>(1,153,557)</u>  | <u>(553,358)</u>    |
| <br>   |                     |                     |
| <b>FINANCING ACTIVITIES</b>  |                     |                     |
| Increase (decrease) in deferred revenue                              | 95,219              | 10,000              |
| Increase (decrease) in deferred revenue related to capital assets    | <u>42,318</u>       | <u>50,121</u>       |
| Net cash provided by (used for) financing activities                 | <u>137,537</u>      | <u>60,121</u>       |
| <br>   |                     |                     |
| <b>Increase (decrease) in cash</b>                                   | <b>(98,424)</b>     | <b>(326,078)</b>    |
| <br>   |                     |                     |
| <b>Cash, beginning of year</b>                                       | <u>1,203,286</u>    | <u>1,529,364</u>    |
| <b>Cash, end of year</b>   | <u>\$ 1,104,862</u> | <u>\$ 1,203,286</u> |
| <br>   |                     |                     |
| <b>Cash Represented By:</b>  |                     |                     |
| Cash   | \$ 673,478          | \$ 1,194,615        |
| Cash - held in broker accounts                                       | 402,575             | -                   |
| Restricted cash - lottery  | <u>28,809</u>       | <u>8,671</u>        |
|  | <u>\$ 1,104,862</u> | <u>\$ 1,203,286</u> |

(See Accompanying Notes)

## **GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**

### **Notes to Financial Statements**

**Year Ended March 31, 2017**

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#### **DESCRIPTION OF ORGANIZATION**

Good Shepherd Refuge Social Ministries is a non-share capital corporation, with letters patent issued under Part II of the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act on October 10, 2013. Its primary purpose is to engage in charitable works and endeavours, of every nature and kind, and to establish, maintain and operate hostels or residences for people in need. As a result of its status as a registered charity, it is exempt from the payment of income taxes under provisions of the Income Tax Act of Canada.

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

##### **(a) 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 exchange amount or carrying amount as appropriate, and their subsequent measurement is dependent on their classification as designated by Good Shepherd Refuge Social Ministries. 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 cash, restricted cash - lottery, account receivable and note receivable. Financial liabilities subsequently measured at amortized cost using the effective interest method include accounts payable and accrued liabilities.

###### **(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 excess 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 excess revenue over expenditures.

###### **(iii) Transaction Costs**

Good Shepherd Refuge Social Ministries recognizes its transaction costs in excess 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.



**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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

**(b) Investments**

Short term investments consist of fixed revenue securities capable of reasonably prompt liquidation or maturing within twelve months from the fiscal year end. Investments are recorded at fair value. Fair values are estimated using year end quoted market values. Investment revenue includes interest, dividends and realized and unrealized gains and losses. Transaction costs are expensed as incurred.

**(c) Capital Assets**

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is recorded on a straight line basis over the estimated useful life of the assets as follows:

|                         |                 |
|-------------------------|-----------------|
| Building                | - 25 - 40 years |
| Computer equipment      | - 5 years       |
| Furniture and equipment | - 10 - 15 years |
| Vehicles                | - 4 years       |

Maintenance and repair costs are recognized as an expenditure when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a capital asset are capitalized.

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.

**(d) Revenue Recognition**

The organization follows the deferral method of accounting for contributions which include funding from the provincial and municipal government and other charitable organizations and donations from various donors.

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 over the life of the related capital asset (*Note 1(c)*). The effect of this policy is to include amortization of deferred revenue in current revenue, matching the amortization of the assets capitalized with these dollars.

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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

**(d) Revenue Recognition (Continued)**

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenue from bequests is recorded when the proceeds are received and any conditions attached to the bequests are acceptable to the organization.

Fees for services and other revenue are recognized as they are earned. Revenue from fundraising special events and a lottery are recognized upon completion of the event.

**(e) Donations in Kind**

Donations of food and clothing and other contributed assets received during the year are not accounted for in these financial statements, except for those where fair value can be reasonably estimated at the date of contribution, are used in the normal course of the organization's operations, would otherwise have been purchased and a donation receipt was issued.

**(f) Contributed Services**

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**(g) 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 as of the date of the financial statements and the reported amounts of revenue and expenditures during the period. Key estimates include the amortization period and rates for capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**2. INVESTMENTS**

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Short Term Investments</b>   |                     |                     |
| Renaissance High Interest Savings Account Money Market Fund   | \$ 115,690          | \$ 569,754          |
| ██████████ bonds, 3.261% , callable April 11, 2017, final maturity April 11, 2022, S-1254   | 383,141             | -                   |
| Guaranteed Investment Certificates, interest ranging from 1.25% to 1.93% (2016 1.83% to 2.00%), maturing from May 4, 2017 to April 1, 2018 (2016 - April 1, 2016 to March 31, 2017) | <u>2,069,109</u>    | <u>1,540,480</u>    |
|   | <u>2,567,940</u>    | <u>2,110,234</u>    |
| <b>Long Term Investments</b>  |                     |                     |
| Guaranteed Investment Certificate (GIC) 2.00% maturing June 13, 2018 (2016 - 2.00% maturing December 13, 2016)  | 1,064,500           | 1,033,211           |
| Prime linked, one year and two days, cashable Guaranteed Investment Certificate maturing July 29, 2017  | 150,000             | -                   |
| ██████████ Residual, 6.00%, callable June 6, 2018, final maturity June 6, 2023, S-1009  | 838,013             | 807,607             |
| ██████████ bonds, 3.261% , callable April 11, 2017, final maturity April 11, 2022, S-1254   | -                   | 388,245             |
| Canadian corporate equity   | <u>-</u>            | <u>1,438</u>        |
|   | <u>2,052,513</u>    | <u>2,230,501</u>    |
| Total investments   | <u>\$ 4,620,453</u> | <u>\$ 4,340,735</u> |

Subsequent to year end the organization purchased a \$285,000 ██████████ maturing April 12, 2018. While ██████████ is a ██████████ member institution the GIC is only insured up to \$100,000. As at March 31, 2017 ██████████ is experiencing financial difficulty therefore, the credit risk of the organization is increased subsequent to year end with respect to this investment.

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**3. ACCOUNTS RECEIVABLE**

|                     | <u>2017</u>       | <u>2016</u>       |
|---------------------|-------------------|-------------------|
| City of Toronto     | \$ 52,292         | \$ 217,087        |
| Interest receivable | 26,361            | 21,545            |
| HST recoverable     | 146,794           | 109,512           |
| Fundraising         | 109,185           | 27,055            |
| Other               | -                 | 9,250             |
|                     | <u>\$ 334,632</u> | <u>\$ 384,449</u> |

**4. NOTE RECEIVABLE**

|  | <u>2017</u>       | <u>2016</u> |
|--|-------------------|-------------|
| 1.83% unsecured demand promissory note, receivable from The Good Shepherd Centre (Hamilton), maturing March 31, 2018 | <u>\$ 550,000</u> | <u>\$ -</u> |

Good Shepherd Refuge Social Ministries is related to the Good Shepherd Centre (Hamilton) as both organizations were established by the members of the religious order of the Little Brothers of the Good Shepherd (LBGS). In 2015, the LBGS canonically fused with the Hospitaller Order of St. John (HOSJOG) and is now known as the Hospitaller Order of St. John of God - Province of the Good Shepherd in North America. This transaction is in the normal course of operations and is measured at the exchange amount, the amount of consideration established and agreed to by the related parties.

**5. INVESTMENT EXTERNALLY RESTRICTED**

|  | <u>2017</u> | <u>2016</u>       |
|--|-------------|-------------------|
| Prime linked, one year and two days, cashable Guaranteed Investment Certificate maturing July 29, 2016 | <u>\$ -</u> | <u>\$ 150,000</u> |

The term deposit was held as collateral and was externally restricted as to use under the terms of a lottery licence for the fiscal year ended March 31, 2016. The effective interest rate as at the March 31, 2016 fiscal year end was 0.20%.

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**6. CAPITAL ASSETS**

|                         | 2017                |                             |                     | 2016                |
|-------------------------|---------------------|-----------------------------|---------------------|---------------------|
|                         | Cost                | Accumulated<br>Amortization | Net                 | Net                 |
| Property                | \$ 172,001          | \$ -                        | \$ 172,001          | \$ 172,001          |
| Buildings               | 4,306,061           | 1,911,061                   | 2,395,000           | 2,353,295           |
| Computer equipment      | 91,951              | 60,762                      | 31,189              | 43,975              |
| Furniture and equipment | 1,564,501           | 1,109,349                   | 455,152             | 212,847             |
| Vehicles                | 283,533             | 270,286                     | 13,247              | 38,322              |
|                         | <u>\$ 6,418,047</u> | <u>\$ 3,351,458</u>         | <u>\$ 3,066,589</u> | <u>\$ 2,820,440</u> |

The parcel of land and related lease for property located at [REDACTED] and [REDACTED], Toronto was transferred by the Little Brothers of the Good Shepherd (LBGS) to the Good Shepherd Centre for nominal monetary consideration in the March 31, 1997 fiscal year for the work of the Brothers. The land at [REDACTED] is leased to Good Shepherd Non Profit Homes (GSNPH) under the terms of a 50 year ground lease dated August, 1991 at a nominal amount of \$2. GSNPH entered into a tripartite agreement in August 1991 with LBGS and the [REDACTED] to arrange a leasehold mortgage for the construction of a building on this property. As at March 31, 2017 the balance of the leasehold mortgage held by GSNPH on this property is \$1,796,930 (2016 - \$1,923,418) and matures April 1, 2019.

Good Shepherd Refuge Social Ministries is related to GSNPH as both organizations were established by the members of the religious order of the Little Brothers of the Good Shepherd (LBGS). In 2015, the LBGS canonically fused with the Hospitaller Order of St. John (HOSJOG) and is now known as the Hospitaller Order of St. John of God - Province of the Good Shepherd in North America.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are government remittances payable relating to payroll taxes and workplace safety insurance in the amount of \$14,263 (2016 - \$2,534).

**8. DEFERRED REVENUE**

Deferred revenue represents the unexpended portion of designated contributions including program funding and grants received that are related to expenditures for subsequent periods as well as monies received for fundraising events scheduled for the next fiscal year.

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


**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**



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**8. DEFERRED REVENUE (Continued)**

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| <b>Deferred Revenue</b>                           |                   |                   |
| Balance, beginning of year                        | \$ 12,500         | \$ 2,500          |
| Current year funding received                     | 179,300           | 10,000            |
| Net decrease                                      | <u>(84,081)</u>   | <u>-</u>          |
| Balance, end of year                              | 107,719           | 12,500            |
| <br>  |                   |                   |
| Current portion of deferred revenue               | <u>107,719</u>    | <u>12,500</u>     |
|   | <u>\$ -</u>       | <u>\$ -</u>       |
| <br>  |                   |                   |
| <b>Deferred Revenue Related to Capital Assets</b> |                   |                   |
| Balance, beginning of year                        | \$ 151,919        | \$ 162,096        |
| Current year funding received                     | 42,318            | 50,121            |
| Amortized to current revenue                      | <u>(44,832)</u>   | <u>(60,298)</u>   |
| Balance, end of year                              | <u>\$ 149,405</u> | <u>\$ 151,919</u> |

Funding was received for the year from the following:

|   |                   |                  |
|---|-------------------|------------------|
| Ontario Trillium Foundation - LPRF funding  | \$ 126,500        | \$ -             |
| Ontario Trillium Foundation - other funding   | 42,318            | -                |
| Other Foundations- other funding  | -                 | 10,000           |
|  |                   |                  |
| funding   | 52,800            | -                |
| City of Toronto - Shelter Standard funding  | <u>-</u>          | <u>50,121</u>    |
|   | <u>\$ 221,618</u> | <u>\$ 60,121</u> |

During the fiscal year ended March 31, 2017 the organization entered into an agreement with the Ontario Trillium Foundation (OTF) for a Local Poverty Reduction Fund Grant (LPRF Grant) of \$759,000 to be received over 36 months from February 15, 2017 to February 15, 2020. The organization has also entered into a funding transfer agreement with St. Michael's Hospital for a maximum to be paid out to the Foundation of approximately \$324,100 over the period from February 15, 2017 to February 15, 2020 for project evaluation costs related to this grant. The funds are to be used for intervention that seeks to help adults experiencing homelessness and gambling addiction. The organization also entered into an \$80,000 new 2 year pilot project to implement an effective transitional  from October 1, 2016 to September 30, 2018 with the .

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**9. NET ASSETS INTERNALLY RESTRICTED**

In 2002, the Board of Directors internally restricted \$750,000 of the unrestricted net assets to be held for project development purposes. During the 2008 fiscal year the Board of Directors internally restricted an additional \$150,000 of the unrestricted net assets to be held for project development purposes.

In 2005, the Board of Directors internally restricted \$150,000 of the unrestricted net assets to be held as a capital asset replacement reserve. During the 2008 fiscal year the Board of Directors internally restricted an additional \$150,000 of the unrestricted net assets to be held as a capital asset replacement reserve.

**10. INTERNALLY RESTRICTED NET ASSETS INVESTED IN CAPITAL ASSETS**

During the current fiscal year the Board of Directors internally restricted net assets invested in capital assets. Internally restricted net assets invested in capital assets are represented by the net book value of capitalized assets less related deferred revenue and debt. Net assets invested in capital assets represents the amount of net assets that are not available for other purposes because they have been utilized in capital assets.

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| Capital assets ( <i>Note 6</i> )                             | \$ 3,066,589        | \$ 2,820,440        |
| Deferred revenue related to capital assets ( <i>Note 8</i> ) | <u>(149,405)</u>    | <u>(151,919)</u>    |
|  | <u>\$ 2,917,184</u> | <u>\$ 2,668,521</u> |

**11. DONATIONS**

During the year, the organization issued receipts for donations in kind in the amount of \$237,914 (2016 - \$276,528) which are included in donations and fundraising on the statement of revenue and expenditures.

Donations by major source are as follows:

|                                    | <u>2017</u>         | <u>2016</u>         |
|------------------------------------|---------------------|---------------------|
| Bequests and estates               | \$ 903,667          | \$ 435,535          |
| Foundations                        | 166,066             | 131,247             |
| In kind                            | 84,394              | 108,101             |
| Individuals and other corporate    | 961,344             | 821,265             |
| Other not for profit organizations | <u>162,645</u>      | <u>180,521</u>      |
|                                    | <u>\$ 2,278,116</u> | <u>\$ 1,676,669</u> |

**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**12. SUBSIDIES - CITY OF TORONTO - OTHER**

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| Community Liaison Worker Program  | \$ 80,000         | \$ 80,000         |
| Homeless Initiative Fund (HIF) - Drop In Program  | 59,000            | 58,423            |
| HIF - Consolidated Homelessness Prevention Program  | 210,754           | 210,754           |
| <span style="background-color: black; color: black;">XXXXXXXXXX</span> Funding Allocation | <u>2,460</u>      | <u>-</u>          |
|   | <u>\$ 352,214</u> | <u>\$ 349,177</u> |

**13. INVESTMENT REVENUE AND EXPENDITURES**

|  | <u>2017</u>       | <u>2016</u>      |
|--|-------------------|------------------|
| <b>Investment Revenue</b>  |                   |                  |
| Investment interest  | \$ 110,059        | \$ 63,590        |
| Interest on note receivable measured at amortized cost   | <u>1,258</u>      | <u>-</u>         |
|  | <u>\$ 111,317</u> | <u>\$ 63,590</u> |
| <br><b>Investment Expenditures</b>   |                   |                  |
| Net change in unrealized loss on investments - fair value adjustment (included in miscellaneous expense) | <u>\$ 5,140</u>   | <u>\$ 5,771</u>  |

**14. CONTINGENT LIABILITIES**

The organization was required to obtain an irrevocable letter of credit for its lottery operations by the Alcohol and Gaming Commission of Ontario for the fiscal year ended March 31, 2016. This letter of credit was in the amount of \$130,000 and matured on September 22, 2016 for the lottery draw held on July 14, 2016.

**15. COMMITMENTS**

The organization is committed to the following vehicle and equipment operating lease payments (including harmonized sales tax):

|                             |   |                  |
|-----------------------------|---|------------------|
| 2018                        | - | \$ 10,723        |
| 2019                        | - | 5,871            |
| 2020                        | - | 5,871            |
| 2021                        | - | <u>4,404</u>     |
| Total future lease payments | - | <u>\$ 26,869</u> |



**GOOD SHEPHERD REFUGE SOCIAL MINISTRIES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**16. FINANCIAL INSTRUMENTS**

Good Shepherd Refuge Social Ministries is exposed to various risks through its financial instruments. The following analysis provides a measure of Good Shepherd Refuge Social Ministries' risk exposure and concentrations at March 31, 2017:

**(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. The credit risk on receivables is limited as the amounts owing are from city and other government entities. Substantially all of the organization's cash is held at one financial institution and as such the organization is subject to the risks associated with that financial institution.

**(b) Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. As at March 31, 2017 the organization had fixed interest rate investments as described in *Note 2* and a fixed rate note receivable as described in *Note 4*. Fixed rate instruments subject the organization to a fair value risk while the floating rate instruments subject it to a cash flow risk.

**(c) 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 not exposed to these risks.

**(d) 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 accounts payable and accrued liabilities and long term debt. The organization has sufficient funds to settle current liabilities and has no debt obligations. The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or currency risks arising from these financial instruments. There has been no change to the risk exposures noted above from the prior year.