



Grant Thornton

Financial Statements

Dixon Hall

(o/a Dixon Hall Neighbourhood Services)

December 31 , 2014

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Independent Auditor's Report

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To the Members of
Dixon Hall

We have audited the accompanying financial statements of Dixon Hall, which comprise the statement of financial position as at December 31, 2014 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 judgement, 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 is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report - continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dixon Hall as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organizations.

Grant Thornton LLP

Toronto, Canada
May 12, 2015

Chartered Accountants
Licensed Public Accountants

Dixon Hall

Statement of Financial Position

December 31

2014

2013

(Note 1)

Assets

Current

Cash and cash equivalents	\$ 299,659	\$ 44,320
Accounts receivable	1,290,739	1,143,232
Prepaid expenses	<u>87,512</u>	<u>94,647</u>
	1,677,910	1,282,199

Investments (Note 3)

907,588

415,457

Property and equipment (Note 4)

1,979,197

1,915,841

\$ 4,564,695

\$ 3,613,497

Liabilities and fund balances

Current

Accounts payable and accrued liabilities	\$ 1,181,515	\$ 1,076,765
Deferred contributions	837,887	590,917
Current portion of mortgages payable (Note 5)	<u>29,085</u>	<u>236,682</u>
	2,048,487	1,904,364

Mortgages payable (Note 5)

280,630

100,000

Deferred contributions relating to property (Note 6)

1,183,180

1,066,858

3,512,297

3,071,222

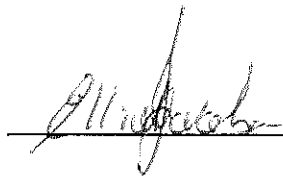
Net assets

Endowments (Note 7)	53,508	53,508
Unrestricted	<u>998,890</u>	<u>488,767</u>
	1,052,398	542,275

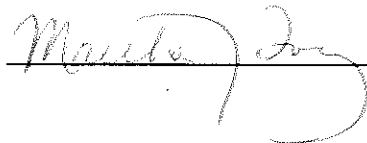
\$ 4,564,695

\$ 3,613,497

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Dixon Hall

Statement of Operations

Year ended December 31

2014

2013

(Note 1)

Revenue		
Grant revenue - City of Toronto (Note 10)	\$ 4,545,208	\$ 4,244,668
Grant revenue - Province of Ontario	3,086,215	1,716,973
Grant revenue - Federal government	254,421	497,321
Fundraising	1,183,649	937,915
United Way of Greater Toronto	808,146	622,113
User fees	480,767	188,732
Amortization of deferred contributions relating to property (Note 6)	148,731	182,155
Interest	13,427	2,543
	<u>10,520,564</u>	<u>8,392,420</u>
Expenses (Note 8)		
Neighbourhood programs	1,191,678	1,347,057
Housing and homelessness programs	4,106,346	4,073,507
Seniors programs	3,193,437	940,187
Employment programs	1,327,446	1,280,677
Community development programs	212,441	179,055
Infrastructure and support services	481,728	568,319
	<u>10,513,076</u>	<u>8,388,802</u>
Excess of revenue over expenses from continuing operations	7,488	3,618
Contribution of net assets from Mid-Toronto Community Services Inc. (Note 1)	<u>502,635</u>	<u>-</u>
Excess of revenue over expenses after giving effect to voluntary integration of Mid-Toronto Community Services Inc.	\$ 510,123	\$ 3,618

See accompanying notes to the financial statements.

Dixon Hall

Statement of Changes in Net Assets

Year ended December 31

	Endowments	Unrestricted	2014 Total	2013 Total
				(Note 1)
Net assets, beginning of year	\$ 53,508	\$ 488,767	\$ 542,275	\$ 538,657
Excess of revenue over expenses after giving effect to voluntary integration of Mid-Toronto Community Services Inc.	<u>-</u>	<u>510,123</u>	<u>510,123</u>	<u>3,618</u>
Net assets, end of year	<u>\$ 53,508</u>	<u>\$ 998,890</u>	<u>\$ 1,052,398</u>	<u>\$ 542,275</u>

See accompanying notes to the financial statements.

Dixon Hall

Statement of Cash Flows

Year ended December 31

2014

2013

	2014	2013
Increase (decrease) in cash and cash equivalents		(Note 1)
Operating		
Excess (deficiency) of revenue over expenses from continuing operations	\$ 7,488	\$ 3,618
Item not involving cash		
Amortization of property and equipment	205,913	242,509
Amortization of deferred contributions relating to property	<u>(148,731)</u>	<u>(182,155)</u>
	<u>64,670</u>	<u>63,972</u>
Net change in non-cash operating assets and liabilities		
Accounts receivable	38,158	53,920
Prepaid expenses	39,193	(44,076)
Accounts payable and accrued liabilities	(109,932)	(222,199)
Deferred contributions	<u>194,737</u>	<u>19,982</u>
	<u>162,156</u>	<u>(192,373)</u>
	<u>226,826</u>	<u>(128,401)</u>
Financing		
Repayment of mortgage	<u>(26,967)</u>	<u>(25,297)</u>
Investing		
Net change in investments	(126,216)	(302,543)
Purchase of property and equipment	(172,172)	(114,438)
Contributions for property and equipment	<u>167,956</u>	<u>82,702</u>
	<u>(130,432)</u>	<u>(334,279)</u>
Net change in cash and cash equivalents during the year	69,427	(487,977)
Cash and cash equivalents, beginning of year	44,320	532,297
Cash and cash equivalents received (Note 1)	<u>185,912</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 299,659</u>	<u>\$ 44,320</u>

See accompanying notes to the financial statements.

Dixon Hall

Notes to the Financial Statements

December 31, 2014

1. Nature of operations

Dixon Hall (operating as Dixon Hall Neighbourhood Services) (the "Agency") was founded in 1929. The Agency's vision and work is to create strong communities through the development of good jobs, good health, safe shelter, and vibrant cultures. The Agency works in partnership with other agencies, institutions, corporate and government partners, and volunteers to provide a range of programs and services. Services include recreation and leisure, health and wellness activities for seniors, home support services that enable seniors and disabled individuals to live independently; support to newcomers from around issues of immigration and integration; leadership training for community youth; support to families; instrumental and vocal music instruction for children; summer day camps, school break programs and after 4 programs for children and youth; employment services and training programs for youth and adults; carpentry and cabinetry training for youth and adults; full suite of employment services to assist those looking for work and those looking for workers; shelter and housing support for adult homeless men and women; access to legal and income tax information, food and nutrition programs.

Effective January 1, 2014, the Agency assumed the assets and liabilities of Mid-Toronto Community Services Inc. as part of a voluntary integration. As a result, the Agency's capacity was significantly expanded to serve seniors and individuals living with disability or illness in the downtown core of the City of Toronto through the addition of meals on wheels program, community transportation and day programming for those living with dementia or other cognitive challenges.

The following assets and liabilities of Mid-Toronto Community Services Inc. were assumed:

Cash and cash equivalents	\$ 185,912
Accounts receivable	185,665
Prepaid expenses	32,058
Investments	365,915
Property and equipment	97,097
Accounts payable	(214,682)
Deferred contributions	(52,233)
Deferred contributions relating to property	<u>(97,097)</u>
	<u>\$ 502,635</u>

The contribution of net assets from Mid-Toronto Community Services Inc. has been recorded in the statement of operations.

The 2013 comparative numbers included in the 2014 financial statements represent the financial statements of Dixon Hall prior to the voluntary integration.

Dixon Hall is incorporated under the Corporations Act (Ontario). As a registered charitable organization, Dixon Hall is exempt from income taxes.

Dixon Hall

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and improvements	20 years
Equipment	5 years
Leasehold improvements	10 years
Automotive	5 years

Revenue recognition

The Agency follows the deferral method of accounting for contributions, which include grants and donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts.

User fees are recognized when the services have been provided.

Financial instruments

The Agency considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Agency's financial instruments consist of:

- cash and cash equivalents
- accounts receivable
- investments
- accounts payable
- mortgages payable

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount. The Agency subsequently measures all of its financial assets and financial liabilities at amortized cost.

Dixon Hall

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies – continued

Contributed materials and services

Volunteers contribute numerous hours to the Agency in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, they are not reflected in the financial statements.

Other contributed services and materials are also not recognized in the financial statements.

Allocation of expenses

The Agency allocates salaries and benefits, premises, finance support services and amortization of property and equipment to neighbourhood programs, housing and homelessness programs, seniors programs, employment programs, community development programs and infrastructure and support services. Allocations of salaries and benefits are based on the time spent by the employees on each function. Allocations of premises, support services and amortization are based on the number of staff, time spent, program requirements and office space utilization.

3. Investments

Investments classified as long-term are held for investing rather than liquidity purposes and consist of the following:

	<u>2014</u>	<u>2013</u>
		(Note 1)
Province of Ontario bonds with maturities ranging from June 2016 to June 2018	\$ 354,624	\$ -
Guaranteed investment certificates due before December 31, 2015 with interest rates of 0.8%	<u>552,964</u>	<u>415,457</u>
	<u>\$ 907,588</u>	<u>\$ 415,457</u>

4. Property and equipment

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
				(Note 1)
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Building and improvements				
- Heyworth House Shelter	1,530,014	919,383	610,631	687,132
- Sumach and other locations	2,252,058	1,623,745	628,313	536,079
Equipment	1,157,057	1,001,780	155,276	176,213
Leasehold improvements	25,257	11,366	13,892	16,417
Automotive	<u>90,021</u>	<u>18,935</u>	<u>71,086</u>	<u>-</u>
	<u>\$ 5,554,406</u>	<u>\$ 3,575,209</u>	<u>\$ 1,979,197</u>	<u>\$ 1,915,841</u>

Additions to property and equipment in 2014 consisted of \$42,360 (2013 - \$120,619) in building improvements and \$129,812 (2013 - \$Nil) in equipment purchases.

Property and equipment received from Mid-Toronto Community Services Inc. as a result of the voluntary integration totaled \$97,097 and consisted of \$90,916 in automotive and \$6,181 in equipment (Note 1).

Dixon Hall

Notes to the Financial Statements

December 31, 2014

5. Mortgages payable

	<u>2014</u>	<u>2013</u> (Note 1)
First mortgage bearing an interest rate of 3.628% per annum, payments of principal and interest totaling \$3,017 are required monthly, secured by the Heyworth House Shelter property and a first charge general security agreement, maturing August 1, 2017	\$ 209,717	\$ 236,682
Second mortgage due to the City of Toronto, secured by the Heyworth House Shelter property and a general security agreement on assets relating to the Heyworth House Shelter	<u>100,000</u>	<u>100,000</u>
	309,715	336,682
Less: current portion	<u>(29,085)</u>	<u>(236,682)</u>
	<u>\$ 280,630</u>	<u>\$ 100,000</u>

Interest on the second mortgage is at 7.5% per annum. However, if the mortgage has not been in default, on August 31, 2016, the principal amount and all accrued interest will be deemed to be zero. Accordingly, interest on this mortgage has not been recorded in the accounts.

Interest paid on long-term debt totaled \$10,065 for fiscal 2014 (2013 - \$11,846).

6. Deferred contributions relating to property

Deferred contributions relating to property represent the unamortized amount of designated grants and donations for capital purchases. Changes in the deferred contributions balance for the year are as follows:

	<u>2014</u>	<u>2013</u> (Note 1)
Balance, beginning of year	\$ 1,066,858	\$ 1,166,311
Add: contributions assumed from Mid-Toronto Community Services (Note 1)	97,097	-
other contributions received	167,956	82,702
Less: amounts amortized and recognized as revenue during the year	<u>(148,731)</u>	<u>(182,155)</u>
Balance, end of year	<u>\$ 1,183,180</u>	<u>\$ 1,066,858</u>

7. Endowment net assets

Endowment net assets consist of amounts that have been gifted to the Agency that must be held in perpetuity with the income used to provide support for the instruction of music to neighbourhood children.

Dixon Hall

Notes to the Financial Statements

December 31, 2014

8. Allocation of expenses

	Neighbourhood programs	Housing and homelessness programs	Seniors programs	Employment programs	Community development programs	Infrastructure and support services	2014 Total	2013 Total
Salaries and benefits	\$ 774,035	\$ 3,037,110	\$ 2,399,195	\$ 641,584	\$ 175,238	\$ 168,462	\$ 7,195,624	\$ 5,698,454
Social, educational and food	247,515	625,097	478,211	257,732	25,383	9,091	1,643,029	1,162,027
Premises	79,785	263,746	101,677	338,727	3,098	19,561	806,594	758,768
Support services	80,379	103,893	171,346	84,425	8,722	213,151	661,916	527,044
Amortization of property and equipment	9,964	76,500	43,008	4,978	-	71,463	205,913	242,509
	<u>\$ 1,191,678</u>	<u>\$ 4,106,346</u>	<u>\$ 3,193,437</u>	<u>\$ 1,327,446</u>	<u>\$ 212,441</u>	<u>\$ 481,728</u>	<u>\$ 10,513,076</u>	<u>\$ 8,388,802</u>

(Note 1)

Dixon Hall

Notes to the Financial Statements

December 31, 2014

9. Financial instruments

Dixon Hall has the following risks associated with its financial instruments:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Dixon Hall does not consider credit risk on its accounts receivable to be significant given the high quality nature of the Agency's sources of revenue.

Interest rate risk

The Agency is exposed to interest rate risk on its short-term investments when the value of these financial instruments fluctuates due to changes in market interest rates.

Concentration risk

Dixon Hall's largest funder is the City of Toronto. These grants represent 43% of revenues during the current year (2013 - 50%). Grants from the Province of Ontario represent 29% (2013 - 20%) of the Agency's total revenues.

10. Grant revenue - City of Toronto

Included in grant revenue - City of Toronto is a \$20,000 grant received from the Toronto Art Council in support of the music school program.

11. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.