



## Financial Statements

Dixon Hall

(o/a Dixon Hall Neighbourhood Services)

March 31, 2016

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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 March 31, 2016 and the statements of operations, changes in net assets and cash flows for the period from January 1, 2015 to March 31, 2016 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 March 31, 2016 and the results of its operations and its cash flows for the period from January 1, 2015 to March 31, 2016 in accordance with Canadian accounting standards for not-for profit organizations.

Toronto, Canada  
June 24, 2016

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

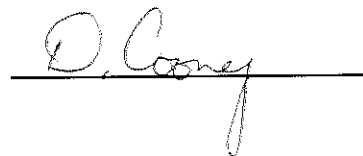
## Dixon Hall Statement of Financial Position

As at	March 31, 2016	December 31, 2014
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 324,345	\$ 299,659
Accounts receivable	890,253	1,290,739
Prepaid expenses	<u>87,817</u>	<u>87,512</u>
	1,302,415	1,677,910
Investments (Note 3)	907,577	907,588
Property and equipment (Note 4)	<u>2,179,113</u>	<u>1,979,197</u>
	<b><u>\$ 4,389,105</u></b>	<b><u>\$ 4,564,695</u></b>
<b>Liabilities and net assets</b>		
Current		
Accounts payable and accrued liabilities	\$ 1,097,911	\$ 1,181,515
Deferred contributions (Note 5)	519,728	837,887
Current portion of mortgages payable (Note 6)	<u>30,427</u>	<u>29,085</u>
	1,648,066	2,048,487
Mortgages payable (Note 6)	242,773	280,630
Deferred contributions relating to property and equipment (Note 7)	<u>1,388,753</u>	<u>1,183,180</u>
	<u>3,279,592</u>	<u>3,512,297</u>
Net assets		
Endowments (Note 8)	53,508	53,508
Unrestricted	<u>1,056,005</u>	<u>998,890</u>
	<u>1,109,513</u>	<u>1,052,398</u>
	<b><u>\$ 4,389,105</u></b>	<b><u>\$ 4,564,695</u></b>

Commitments (Note 10)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

## Dixon Hall Statement of Operations

	15 months ended March 31, 2016	12 months ended December 31, 2014
Revenue		
Grant revenue - City of Toronto (Note 12)	\$ 6,317,461	\$ 4,545,208
Grant revenue - Province of Ontario	3,862,609	3,086,215
Grant revenue - Federal government	284,231	254,421
Fundraising	1,423,148	1,183,649
United Way of Greater Toronto and York Region	1,067,325	808,146
User fees	565,670	480,767
Amortization of deferred contributions relating to property and equipment (Note 7)	202,167	148,731
Interest	<u>10,763</u>	<u>13,427</u>
	<u>13,733,374</u>	<u>10,520,564</u>
Expenses (Note 9)		
Neighbourhood programs	1,618,781	1,191,678
Housing and homelessness programs	5,563,763	4,106,346
Seniors programs	3,904,896	3,193,437
Employment programs	1,613,751	1,327,446
Community development programs	329,589	212,441
Infrastructure and support services	<u>645,479</u>	<u>481,728</u>
	<u>13,676,259</u>	<u>10,513,076</u>
Excess of revenue over expenses from continuing operations	57,115	7,488
Contribution of net assets from Mid-Toronto Community Services Inc. (Note 13)	<u>-</u>	<u>502,635</u>
Excess of revenue over expenses	<u>\$ 57,115</u>	<u>\$ 510,123</u>

See accompanying notes to the financial statements.

## Dixon Hall Statement of Changes in Net Assets

	Endowments	Unrestricted	15 months ended March 31, 2016 Total	12 months ended December 31, 2014 Total
Net assets, beginning of period	\$ 53,508	\$ 998,890	\$ 1,052,398	\$ 542,275
Excess of revenue over expenses	<u>-</u>	<u>57,115</u>	<u>57,115</u>	<u>510,123</u>
Net assets, end of period	<u>\$ 53,508</u>	<u>\$ 1,056,005</u>	<u>\$ 1,109,513</u>	<u>\$ 1,052,398</u>

See accompanying notes to the financial statements.

## Dixon Hall Statement of Cash Flows

	15 months ended March 31, 2016	12 months ended December 31, 2014
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenses from continuing operations	\$ 57,115	\$ 7,488
Items not involving cash		
Amortization of property and equipment	265,260	205,913
Amortization of deferred contributions relating to property and equipment	<u>(202,167)</u>	<u>(148,731)</u>
	<u>120,208</u>	<u>64,670</u>
Net change in non-cash operating assets and liabilities		
Accounts receivable	400,486	38,158
Prepaid expenses	(305)	39,193
Accounts payable and accrued liabilities	(83,604)	(109,932)
Deferred contributions	<u>(318,159)</u>	<u>194,737</u>
	<u>(1,582)</u>	<u>162,156</u>
	<u>118,626</u>	<u>226,826</u>
<b>Financing</b>		
Repayment of mortgages payable	<u>(36,515)</u>	<u>(26,967)</u>
<b>Investing</b>		
Net change in investments	11	(126,216)
Purchase of property and equipment	(465,176)	(172,172)
Contributions for property and equipment	<u>407,740</u>	<u>167,956</u>
	<u>(57,425)</u>	<u>(130,432)</u>
Net change in cash and cash equivalents during the period	24,686	69,427
Cash and cash equivalents, beginning of period	299,659	44,320
Cash and cash equivalents received from merger (Note 13)	-	<u>185,912</u>
Cash and cash equivalents, end of period	<u>\$ 324,345</u>	<u>\$ 299,659</u>

See accompanying notes to the financial statements.



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# Dixon Hall

## Notes to the Financial Statements

For the period from January 1, 2015 to March 31, 2016

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### 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. The Agency operates over 50 programs and services designed to support the vision.

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

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### 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.

#### Basis of presentation

These financial statements present the financial position of the Agency as at March 31, 2016 and the results of its activities for the period from January 1, 2015 to March 31, 2016. The prior years' comparative figures include activities for the 12 month period ended December 31, 2014. The change in year end was approved by the Canada Revenue Agency during fiscal 2016.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a 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 includes 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.

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**Dixon Hall**  
**Notes to the Financial Statements**  
For the period from January 1, 2015 to March 31, 2016

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**2. Summary of significant accounting policies – continued**

**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 arms 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.

**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 its charitable purposes. 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.

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**3. Investments**

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

	<u>March 31, 2016</u>	<u>December 31, 2014</u>
Province of Ontario bonds with maturities ranging from June 2016 to June 2018 earning interest at 0.9% to 1.4%	\$ 360,100	\$ 354,624
Guaranteed investment certificates with maturities ranging from October 2016 to January 2017 earning interest at 0.6%	<u>547,477</u>	<u>552,964</u>
	<u>\$ 907,577</u>	<u>\$ 907,588</u>

## Dixon Hall

### Notes to the Financial Statements

For the period from January 1, 2015 to March 31, 2016

#### 4. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>March 31, 2016 Net Book Value</u>	<u>December 31, 2014 Net Book Value</u>
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Building and improvements				
- Heyworth House Shelter	1,530,014	1,015,009	515,005	610,631
- Sumach and other locations	2,333,510	1,678,469	655,041	628,313
Children and Youth Centre	273,306	-	273,306	-
Equipment	1,237,581	1,075,810	161,771	155,277
Leasehold improvements	25,257	25,257	-	13,891
Automotive	119,915	45,925	73,990	71,085
	<u>\$ 6,019,583</u>	<u>\$ 3,840,470</u>	<u>\$ 2,179,113</u>	<u>\$ 1,979,197</u>

Additions to property and equipment in fiscal 2016 consisted of \$81,452 (2014 - \$42,360) in building improvements, \$273,306 (2014 - \$Nil) in the Children and Youth Centre and \$110,418 (2014 - \$129,812) in equipment purchases.

Dixon Hall is planning to construct a new Children and Youth Centre. The facility is to be a four-story building constructed at the corner of Wyatt and Nicholas Avenues on land to be leased from Toronto Community Housing. To date, design-related costs and expenses related to the Capital Campaign have been capitalized. Subject to sufficient pledges and donations being received, construction is scheduled to begin in the spring of 2017. Amortization of these costs has not been recorded in fiscal 2016 since the assets are not in use.

#### 5. Deferred contributions

	<u>March 31, 2016</u>	<u>December 31, 2014</u>
Deferred contributions, beginning of period	\$ 837,887	\$ 590,917
Add: funds received or receivable during the period	13,202,285	10,605,376
Less: revenue recognized during the period	<u>(13,520,444)</u>	<u>(10,358,406)</u>
Deferred contributions, end of period	<u>\$ 519,728</u>	<u>\$ 837,887</u>

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**Dixon Hall**  
**Notes to the Financial Statements**  
For the period from January 1, 2015 to March 31, 2016

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**6. Mortgages payable**

	<u>March 31, 2016</u>	<u>December 31, 2014</u>
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	\$ 173,200	\$ 209,715
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>
	273,200	309,715
Less: current portion	<u>(30,427)</u>	<u>(29,085)</u>
	<u>\$ 242,773</u>	<u>\$ 280,630</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 \$8,744 for fiscal 2016 (2014 - \$10,065).

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**7. Deferred contributions relating to property and equipment**

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

	<u>March 31, 2016</u>	<u>December 31, 2014</u>
Balance, beginning of period	\$ 1,183,180	\$ 1,066,858
Add: contributions assumed from Mid-Toronto Community Services (Note 13)	-	97,097
other contributions received	407,740	167,956
Less: amounts recognized as revenue during the period	<u>(202,167)</u>	<u>(148,731)</u>
Balance, end of period	<u>\$ 1,388,753</u>	<u>\$ 1,183,180</u>

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**8. 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

For the period from January 1, 2015 to March 31, 2016

### 9. Allocation of expenses

	Neighbourhood programs	Housing and homelessness programs	Seniors programs	Employment programs	Community development programs	Infrastructure and support services	15 months ended March 31, 2016 Total	12 months ended December 31, 2014 Total
Salaries and benefits	\$ 939,224	\$ 4,018,804	\$ 2,907,131	\$ 949,356	\$ 289,136	\$ 256,247	\$ 9,369,898	\$ 7,195,624
Social, educational and food	369,205	910,804	650,890	179,189	20,803	14,021	2,144,912	1,643,029
Premises	139,470	381,878	118,433	376,316	1,135	23,971	1,041,203	806,594
Support services	158,427	156,651	163,027	90,152	18,515	278,214	864,986	661,916
Amortization of property and equipment	12,455	95,626	65,415	18,738	-	73,026	265,260	205,913
	<u>\$ 1,618,781</u>	<u>\$ 5,563,763</u>	<u>\$ 3,904,896</u>	<u>\$ 1,613,751</u>	<u>\$ 329,589</u>	<u>\$ 645,479</u>	<u>\$ 13,676,269</u>	<u>\$ 10,513,076</u>

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## Dixon Hall

### Notes to the Financial Statements

For the period from January 1, 2015 to March 31, 2016

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#### 10. Commitments

Dixon Hall leases certain premises and office equipment. The minimum payments over the next five years are as follows:

2017	\$ 294,642
2018	253,506
2019	187,646
2020	173,612
2021	173,669

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#### 11. Financial instrument risks

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. 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 period (2014 - 50%). Grants from the Province of Ontario represent 29% (2014 - 20%) of the Agency's total revenues.

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#### 12. Grant revenue - City of Toronto

Included in grant revenue - City of Toronto is a \$20,000 grant received from the Toronto Arts Council for the period January 1, 2015 to December 31, 2015 in support of the music school program.

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#### 13. Contribution from Mid-Toronto Community Services Inc.

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.

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**Dixon Hall**  
**Notes to the Financial Statements**  
For the period from January 1, 2015 to March 31, 2016

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**13. Contribution from Mid-Toronto Community Services Inc. - continued**

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. was recorded in the 2014 statement of operations.