



Financial Statements

Dixon Hall

(o/a Dixon Hall Neighbourhood Services)

March 31, 2018

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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, 2018 and the statements of operations, 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.

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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organizations.

Toronto, Canada
June 22, 2018



Chartered Professional Accountants
Licensed Public Accountants

Dixon Hall

Statement of Financial Position

As at March 31

2018

2017

Assets

Current

Cash and cash equivalents	\$ 1,578,650	\$ 958,662
Accounts receivable	1,177,083	978,004
Prepaid expenses	<u>336,989</u>	<u>192,686</u>
	3,092,722	2,129,352

Investments (Note 3)	919,461	914,890
Property and equipment (Note 4)	<u>2,037,005</u>	<u>2,278,969</u>
	\$ 6,049,188	\$ 5,323,211

Liabilities and net assets

Current

Accounts payable and accrued liabilities	\$ 1,279,022	\$ 1,002,282
Deferred contributions (Note 5)	932,664	708,803
Current portion of mortgages payable (Note 6)	<u>110,439</u>	<u>142,773</u>
	2,322,125	1,853,858

Deferred contributions relating to property and equipment (Note 7)	<u>2,538,629</u>	<u>2,307,602</u>
	4,860,754	4,161,460

Net assets

Endowments (Note 8)	53,508	53,508
Unrestricted	<u>1,134,926</u>	<u>1,108,243</u>
	1,188,434	1,161,751
	\$ 6,049,188	\$ 5,323,211

Commitments (Note 10)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Dixon Hall

Statement of Operations

For the year ended March 31

2018

2017

Revenue		
City of Toronto (Note 12)	\$ 5,066,471	\$ 4,818,473
Province of Ontario	3,045,303	3,033,974
Federal government	288,530	269,828
Fundraising	1,432,578	895,539
United Way of Greater Toronto and York Region	816,765	821,025
User fees	637,909	848,217
Forgiveness of mortgage	-	100,000
Interest	6,162	7,865
Amortization of deferred contributions relating to property and equipment (Note 7)	<u>279,104</u>	<u>151,331</u>
	<u>11,572,822</u>	<u>10,946,252</u>
Expenses (Note 9)		
Neighbourhood programs	1,013,269	1,311,166
Housing and homelessness programs	4,825,886	4,473,748
Seniors programs	3,271,876	3,159,440
Employment programs	1,600,436	1,214,320
Community development programs	278,805	270,341
Infrastructure and support services	<u>555,867</u>	<u>464,999</u>
	<u>11,546,139</u>	<u>10,894,014</u>
Excess of revenue over expenses	<u>\$ 26,683</u>	<u>\$ 52,238</u>

See accompanying notes to the financial statements.

Dixon Hall Statement of Changes in Net Assets

For the year ended March 31,	Endowments	Unrestricted	2018 Total	2017 Total
Net assets, beginning of period	\$ 53,508	\$ 1,108,243	\$ 1,161,751	\$ 1,109,513
Excess of revenue over expenses	<u>-</u>	<u>26,683</u>	<u>26,683</u>	<u>52,238</u>
Net assets, end of period	<u>\$ 53,508</u>	<u>\$ 1,134,926</u>	<u>\$ 1,188,434</u>	<u>\$ 1,161,751</u>

See accompanying notes to the financial statements.

Dixon Hall

Statement of Cash Flows

For the year ended March 31,

2018

2017

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses	\$ 26,683	\$ 52,238
Items not involving cash		
Amortization of property and equipment	334,805	199,951
Amortization of deferred contributions relating to property and equipment	(279,104)	(151,331)
Forgiveness of mortgage	-	(100,000)
	<u>82,384</u>	<u>858</u>
Net change in non-cash operating assets and liabilities		
Accounts receivable	(199,079)	(87,751)
Prepaid expenses	(144,303)	(104,869)
Accounts payable and accrued liabilities	276,740	(95,629)
Deferred contributions	<u>223,861</u>	<u>189,075</u>
	<u>157,219</u>	<u>(99,174)</u>
	<u>239,603</u>	<u>(98,316)</u>
Financing		
Repayment of mortgages payable	<u>(32,334)</u>	<u>(30,427)</u>
Investing		
Net change in investments	(4,571)	(7,313)
Purchase of property and equipment	(92,841)	(299,807)
Contributions for property and equipment	<u>510,131</u>	<u>1,070,180</u>
	<u>412,719</u>	<u>763,060</u>
Net change in cash and cash equivalents during the period	619,988	634,317
Cash and cash equivalents, beginning of period	<u>958,662</u>	<u>324,345</u>
Cash and cash equivalents, end of period	<u>\$ 1,578,650</u>	<u>\$ 958,662</u>

See accompanying notes to the financial statements.

Dixon Hall

Notes to the Financial Statements

For the year ended March 31, 2018

1. Nature of operations

Dixon Hall (operating as Dixon Hall Neighbourhood Services) (the "Agency") was founded in 1929. The Agency's mission is to create lasting solutions to end poverty, social injustices and isolation in Toronto. The Agency operates over 35 programs and services designed to support this mission. The Agency works in partnership with other agencies, institutions, donors, corporate and government partners, and volunteers to provide a range of programs and services.

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

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 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	term of the lease
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 period 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.

Dixon Hall

Notes to the Financial Statements

For the year ended March 31, 2018

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.

3. Investments

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

	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
Cash and Province of Ontario bonds with maturity of June 2018 earning interest at 1.4% (2017 – June 2017 to June 2018, 0.9% to 1.4%)	\$ 362,770	\$ 361,900
Guaranteed investment certificates with maturities ranging from October 2018 to January 2019 earning interest at 0.9% (2017 – October 2017 to January 2018, 0.5% to 0.8%)	<u>556,691</u>	<u>552,990</u>
	<u>\$ 919,461</u>	<u>\$ 914,890</u>

Dixon Hall

Notes to the Financial Statements

For the year ended March 31, 2018

4. Property and equipment

	Cost	Accumulated Amortization	<u>March 31, 2018</u> Net Book Value	March 31, 2017 Net Book Value
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Buildings and improvements				
- Heyworth House Shelter	1,530,014	1,171,947	358,067	438,505
- Sumach and other locations	2,333,510	1,890,063	443,447	609,209
Construction in progress				
- Children and Youth Centre	633,264	-	633,264	540,423
Equipment	1,270,841	1,187,725	83,116	140,834
Leasehold improvements	25,257	25,257	-	-
Automotive	119,346	100,235	19,111	49,998
	<u>\$ 6,412,232</u>	<u>\$ 4,375,227</u>	<u>\$ 2,037,005</u>	<u>\$ 2,278,969</u>

Additions to property and equipment in fiscal 2018 consisted of \$92,841 (2017 – \$267,117) in construction in progress on the Children and Youth Centre and \$Nil (2017 - \$32,690) 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. Construction is scheduled to begin in July 2018. Amortization of these costs has not been recorded since the asset is not in use.

5. Deferred contributions

	<u>March 31, 2018</u>	March 31, 2017
Deferred contributions, beginning of period	\$ 708,803	\$ 519,728
Add: funds received or receivable during the period	11,511,417	10,876,131
Less: revenue recognized during the period	<u>(11,287,556)</u>	<u>(10,687,056)</u>
Deferred contributions, end of period	<u>\$ 932,664</u>	<u>\$ 708,803</u>

Dixon Hall

Notes to the Financial Statements

For the year ended March 31, 2018

6. Mortgages payable

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Mortgage bearing a floating interest rate of prime plus 0.25% with monthly payments and a 3 year 11 month amortization period, secured by the Heyworth House Shelter property and a first charge general security agreement, payable on demand	<u>\$ 110,439</u>	<u>\$ 142,773</u>

Interest paid on long-term debt totaled \$5,087 (2017 - \$5,781).

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. At March 31, 2018, the Agency has \$1,246,836 of deferred contributions related to the Children and Youth Centre which have not yet been utilized. Changes in the deferred contributions related to property and equipment and the Children and Youth Centre fundraising balances are as follows:

	<u>Property and equipment</u>	<u>Children and Youth Centre fundraising</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Balance, beginning of period	\$ 1,478,056	\$ 829,546	\$ 2,307,602	\$ 1,388,753
Add: contributions received	92,841	417,290	510,131	1,070,180
Less: amounts recognized as revenue during the period	<u>(279,104)</u>	<u>-</u>	<u>(279,104)</u>	<u>(151,331)</u>
Balance, end of period	<u>\$ 1,291,793</u>	<u>\$ 1,246,836</u>	<u>\$ 2,538,629</u>	<u>\$ 2,307,602</u>

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 year ended March 31, 2018

9. Allocation of expenses

	Neighbourhood programs	Housing and homelessness programs	Seniors programs	Employment programs	Community development programs	Infrastructure and support services	2018 Total	2017 Total
Salaries and benefits	\$ 598,608	\$ 3,487,693	\$ 2,290,867	\$ 1,104,291	\$ 245,926	\$ 240,050	\$ 7,967,435	\$ 7,692,350
Social, educational and food	132,248	757,340	622,982	246,430	13,544	22,509	1,795,053	1,760,179
Premises	50,689	292,772	176,248	90,134	933	21,228	632,004	663,692
Support services	101,974	207,643	119,907	152,245	18,402	216,671	816,842	577,842
Amortization of property and equipment	<u>129,750</u>	<u>80,438</u>	<u>61,872</u>	<u>7,336</u>	<u>-</u>	<u>55,409</u>	<u>334,805</u>	<u>199,951</u>
	<u>\$ 1,013,269</u>	<u>\$ 4,825,886</u>	<u>\$ 3,271,876</u>	<u>\$ 1,600,436</u>	<u>\$ 278,805</u>	<u>\$ 555,867</u>	<u>\$ 11,546,139</u>	<u>\$ 10,894,014</u>

Dixon Hall

Notes to the Financial Statements

For the year ended March 31, 2018

10. Commitments

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

2019	\$	111,661
2020		107,061
2021		101,535
2022		66,000
2023		66,000

Dixon Hall has entered into commitments of \$3,800,000 (2017 – \$Nil) related to the construction of the Children and Youth Centre. The project is expected to commence in fiscal 2019.

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.

12. Grant revenue - City of Toronto

Included in grant revenue - City of Toronto is a \$20,000 grant received from the Toronto Arts Council.