



Financial Statements

Dixon Hall

(o/a Dixon Hall Neighbourhood Services)

March 31, 2017

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# Independent Auditor's Report

To the Members of  
Dixon Hall

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We have audited the accompanying financial statements of Dixon Hall, which comprise the statement of financial position as at March 31, 2017 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, 2017 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 29, 2017



Chartered Professional Accountants  
Licensed Public Accountants

# Dixon Hall

## Statement of Financial Position

As at March 31

2017

2016

### Assets

#### Current

Cash and cash equivalents	\$ 958,662	\$ 324,345
Accounts receivable	978,004	890,253
Prepaid expenses	<u>192,686</u>	<u>87,817</u>
	<b>2,129,352</b>	1,302,415

Investments (Note 3)	914,890	907,577
Property and equipment (Note 4)	<u>2,278,969</u>	<u>2,179,113</u>
	<b><u>\$ 5,323,211</u></b>	<b><u>\$ 4,389,105</u></b>

### Liabilities and net assets

#### Current

Accounts payable and accrued liabilities	\$ 1,002,282	\$ 1,097,911
Deferred contributions (Note 5)	708,803	519,728
Current portion of mortgages payable (Note 6)	<u>142,773</u>	<u>30,427</u>
	<b>1,853,858</b>	1,648,066

Mortgages payable (Note 6)	-	242,773
Deferred contributions relating to property and equipment (Note 7)	<u>2,307,602</u>	<u>1,388,753</u>
	<b><u>4,161,460</u></b>	<b><u>3,279,592</u></b>

#### Net assets

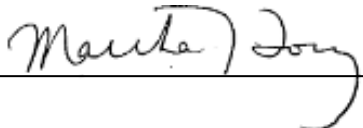
Endowments (Note 8)	53,508	53,508
Unrestricted	<u>1,108,243</u>	<u>1,056,005</u>
	<b><u>1,161,751</u></b>	<b><u>1,109,513</u></b>
	<b><u>\$ 5,323,211</u></b>	<b><u>\$ 4,389,105</u></b>

Commitments (Note 10)

On behalf of the Board

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Director

See accompanying notes to the financial statements.

## Dixon Hall Statement of Operations

	12 months ended March 31, 2017	15 months ended March 31, 2016
Revenue		
City of Toronto (Note 12)	\$ 4,818,473	\$ 6,317,461
Province of Ontario	3,033,974	3,862,609
Federal government	269,828	284,231
Fundraising	895,539	1,423,148
United Way of Greater Toronto and York Region	821,025	1,067,325
User fees	848,217	565,670
Amortization of deferred contributions relating to property and equipment (Note 7)	151,331	202,167
Forgiveness of mortgage (Note 6)	100,000	-
Interest	7,865	10,763
	<u>10,946,252</u>	<u>13,733,374</u>
Expenses (Note 9)		
Neighbourhood programs	1,311,166	1,618,781
Housing and homelessness programs	4,473,748	5,563,763
Seniors programs	3,159,440	3,904,896
Employment programs	1,214,320	1,613,751
Community development programs	270,341	329,589
Infrastructure and support services	464,999	645,479
	<u>10,894,014</u>	<u>13,676,259</u>
Excess of revenue over expenses	<u>\$ 52,238</u>	<u>\$ 57,115</u>

See accompanying notes to the financial statements.

## Dixon Hall Statement of Changes in Net Assets

	Endowments	Unrestricted	12 months ended March 31, 2017 Total	15 months ended March 31, 2016 Total
Net assets, beginning of period	\$ 53,508	\$ 1,056,005	\$ 1,109,513	\$ 1,052,398
Excess of revenue over expenses	<u>-</u>	<u>52,238</u>	<u>52,238</u>	<u>57,115</u>
Net assets, end of period	<u>\$ 53,508</u>	<u>\$ 1,108,243</u>	<u>\$ 1,161,751</u>	<u>\$ 1,109,513</u>

See accompanying notes to the financial statements.

## Dixon Hall Statement of Cash Flows

	12 months ended March 31, 2017	15 months ended March 31, 2016
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenses	\$ 52,238	\$ 57,115
Items not involving cash		
Amortization of property and equipment	199,951	265,260
Amortization of deferred contributions relating to property and equipment	(151,331)	(202,167)
Forgiveness of mortgage	<u>(100,000)</u>	<u>-</u>
	<u>858</u>	<u>120,208</u>
Net change in non-cash operating assets and liabilities		
Accounts receivable	(87,751)	400,486
Prepaid expenses	(104,869)	(305)
Accounts payable and accrued liabilities	(95,629)	(83,604)
Deferred contributions	<u>189,075</u>	<u>(318,159)</u>
	<u>(99,174)</u>	<u>(1,582)</u>
	<u>(98,316)</u>	<u>118,626</u>
<b>Financing</b>		
Repayment of mortgages payable	<u>(30,427)</u>	<u>(36,515)</u>
<b>Investing</b>		
Net change in investments	(7,313)	11
Purchase of property and equipment	(299,807)	(465,176)
Contributions for property and equipment	<u>1,070,180</u>	<u>407,740</u>
	<u>763,060</u>	<u>(57,425)</u>
Net change in cash and cash equivalents during the period	<b>634,317</b>	24,686
Cash and cash equivalents, beginning of period	<u>324,345</u>	<u>299,659</u>
Cash and cash equivalents, end of period	<b><u>\$ 958,662</u></b>	<b><u>\$ 324,345</u></b>

See accompanying notes to the financial statements.



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# Dixon Hall

## Notes to the Financial Statements

For the year ended March 31, 2017

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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 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.

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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, 2017 and the results of its activities for the year then ended. The prior period's comparative figures include activities for the 15 month period ended March 31, 2016. 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	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.

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# Dixon Hall

## Notes to the Financial Statements

For the year ended March 31, 2017

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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,</u> <u>2017</u>	<u>March 31,</u> <u>2016</u>
Province of Ontario bonds with maturities ranging from June 2017 to June 2018 earning interest at 0.9% to 1.4% ( 2016 – June 2016 to June 2018, 0.9% to 1.4%)	\$ 361,900	\$ 360,100
Guaranteed investment certificates with maturities ranging from October 2017 to January 2018 earning interest at 0.5% to 0.8% (2016 – October 2016 to January 2017, 0.6%)	<u>552,990</u>	<u>547,477</u>
	<u>\$ 914,890</u>	<u>\$ 907,577</u>

# Dixon Hall

## Notes to the Financial Statements

For the year ended March 31, 2017

### 4. Property and equipment

	Cost	Accumulated Amortization	<u>March 31, 2017</u> Net Book Value	March 31 2016 Net Book Value
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Buildings and improvements				
- Heyworth House Shelter	1,530,014	1,091,509	438,505	515,005
- Sumach and other locations	2,333,510	1,724,301	609,209	655,041
Construction in progress				
- Children and Youth Centre	540,423	-	540,423	273,306
Equipment	1,270,841	1,130,007	140,834	161,771
Leasehold improvements	25,257	25,257	-	-
Automotive	119,346	69,348	49,998	73,990
	<u>\$ 6,319,391</u>	<u>\$ 4,040,422</u>	<u>\$ 2,278,969</u>	<u>\$ 2,179,113</u>

Additions to property and equipment in fiscal 2017 consisted of \$Nil (2016 - \$81,452) in buildings and improvements, \$267,117 (2016 - \$273,306) in construction in progress on the Children and Youth Centre and \$32,690 (2016 - \$110,418) 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 (Note 13). 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 fiscal 2018. Amortization of these costs has not been recorded in the year ended March 31, 2017 since the asset is not in use.

### 5. Deferred contributions

	<u>March 31, 2017</u>	March 31, 2016
Deferred contributions, beginning of period	\$ 519,728	\$ 837,887
Add: funds received or receivable during the period	10,876,131	13,202,285
Less: revenue recognized during the period	<u>(10,687,056)</u>	<u>(13,520,444)</u>
Deferred contributions, end of period	<u>\$ 708,803</u>	<u>\$ 519,728</u>

# Dixon Hall

## Notes to the Financial Statements

For the year ended March 31, 2017

### 6. Mortgages payable

	<u>March 31, 2017</u>	March 31, <u>2016</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	\$ 142,773	\$ 173,200
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>-</u>	<u>100,000</u>
	<b>142,773</b>	273,200
Less: current portion	<u>(142,773)</u>	<u>(30,427)</u>
	<b>\$ -</b>	<b>\$ 242,773</b>

Performance conditions were met in the period ended March 31, 2017 which caused the City of Toronto to forgive the second mortgage along with the interest on the mortgage. Interest on the second mortgage was at 7.5% per annum, however, interest on this mortgage was not recorded in the accounts since inception as it was expected to be forgiven.

Interest paid on long-term debt totaled \$5,781 (2016 - \$8,744).

### 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, 2017, the Agency has \$829,546 of deferred contributions related to the Children and Youth Centre. Changes in the deferred contributions related to property and equipment balance are as follows:

	<u>March 31, 2017</u>	March 31, <u>2016</u>
Balance, beginning of period	\$ 1,388,753	\$ 1,183,180
Add: contributions received	1,070,180	407,740
Less: amounts recognized as revenue during the period	<u>(151,331)</u>	<u>(202,167)</u>
Balance, end of period	<b>\$ 2,307,602</b>	<b>\$ 1,388,753</b>

### 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, 2017

### 9. Allocation of expenses

	Neighbourhood programs	Housing and homelessness programs	Seniors programs	Employment programs	Community development programs	Infrastructure and support services	12 months ended March 31, 2017 Total	15 months ended March 31, 2016 Total
Salaries and benefits	\$ 792,727	\$ 3,302,498	\$ 2,300,695	\$ 832,916	\$ 242,849	\$ 220,665	\$ 7,692,350	\$ 9,359,898
Social, educational and food	293,086	720,426	579,064	140,248	16,077	11,278	1,760,179	2,144,912
Premises	107,907	280,309	107,009	151,415	960	16,092	663,692	1,041,203
Support services	107,482	94,015	118,149	82,397	10,455	165,344	577,842	864,986
Amortization of property and equipment	9,964	76,500	54,523	7,344	-	51,620	199,951	265,260
	<u>\$ 1,311,166</u>	<u>\$ 4,473,748</u>	<u>\$ 3,159,440</u>	<u>\$ 1,214,320</u>	<u>\$ 270,341</u>	<u>\$ 464,999</u>	<u>\$ 10,894,014</u>	<u>\$ 13,676,259</u>

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# Dixon Hall

## Notes to the Financial Statements

For the year ended March 31, 2017

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### 10. Commitments

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

2018	\$	118,503
2019		110,548
2020		107,061
2021		101,535
2022		66,000

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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.

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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.

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### 13. Subsequent events

In June 2017, the Agency signed a lease agreement with Toronto Community Housing Corporation for land on which the new Children and Youth Centre will be built. The lease term is 50 years less one day and requires the Agency to pay \$1 per year in rent plus additional taxes and fees if required.