

Harmony Place Support Services

Financial Statements

March 31, 2016

Harmony Place Support Services

Year ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF HARMONY PLACE SUPPORT SERVICES

I have audited the accompanying financial statements of Harmony Place Support Services, which comprise the statement of financial position as at March 31, 2016 and statement of operations and changes in net assets and cash flow statement 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

Harmony Place Support Services derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Harmony Place Support Services. Therefore, I was not able to determine whether any adjustments might be necessary to donation and fundraising revenue, net revenue for the year and cash flows from operations for the year ended March 31, 2016, current assets as at March 31, 2016 and net assets as at April 1, 2015 and March 31, 2016.

Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Harmony Place Support Services as at March 31, 2016, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Harmony Place Support Services for the year ended March 31, 2015, were audited by another auditing firm who expressed a qualified opinion on those financial statements on June 15, 2015.



Denis Paganelli, CPA, CA
Licensed Public Accountant

May 31, 2016
Toronto, Canada

Harmony Place Support Services

Statement of Financial Position

As At March 31, 2016

	2016	2015
Assets		
Current assets		
Cash	\$ 61,331	\$ 88,643
Cash – restricted (note 5)	70,274	36,965
Short-term investments	277,661	212,661
Amounts receivable	41,928	49,125
HST receivable	9,251	16,815
Prepaid expenses	14,532	10,382
	474,977	414,591
Capital assets (note 3)	134,362	145,306
	\$ 609,339	\$ 559,897
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 74,826	\$ 104,406
Government remittances payable	29,537	34,241
Deferred contributions (note 4)	323,103	240,304
	427,466	378,951
Deferred contributions (note 4)	85,941	80,354
	513,407	459,305
Net assets		
Unrestricted net assets	95,932	100,592
	\$ 609,339	\$ 559,897

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

Harmony Place Support Services

Statement of Operations and Changes in Net Assets

Year ended March 31, 2016

	2016	2015
Revenue		
Government grants - MCSS	\$ 546,498	\$ 521,729
Service fees	509,206	495,851
Donations and fundraising	67,743	63,855
Bingo revenue	49,758	45,379
Amortization of Peter Haggerty Memorial Fund contributions (note 4)	31,898	10,777
Amortization of MCSS Renovation Fund contributions (note 4)	31,464	21,285
Other grants	18,331	10,158
Interest	2,749	1,749
Amortization of Ontario Trillium Foundation grant (note 4)	948	808
	<u>1,258,595</u>	<u>1,171,591</u>
Expense		
Wages and benefits	978,479	919,012
Rent	82,089	80,807
Program supplies and expenses	49,098	47,290
Amortization of capital assets	36,720	25,439
Office	28,679	18,219
Utilities	17,099	17,538
Repairs and maintenance	16,508	18,690
Fundraising	10,184	8,170
Travel	8,829	7,960
Staff training	8,264	1,507
Professional fees	7,606	11,467
Insurance	7,344	12,138
Staff and volunteer recognition	7,060	6,041
Cleaning	5,296	440
	<u>1,263,255</u>	<u>1,174,718</u>
Net revenue (expense) for the year	(4,660)	(3,127)
Net assets, beginning of year	100,592	103,719
Net assets, end of year	<u>\$ 95,932</u>	<u>\$ 100,592</u>

See accompanying notes to financial statements.

Harmony Place Support Services

Statement of Cash Flows

Year ended March 31, 2016

	2016	2015
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ (4,660)	\$ (3,127)
Adjustment for items not affecting cash:		
Amortization of capital assets	36,720	25,439
Amortization of Peter Haggerty Memorial Fund contributions (note 4)	(31,898)	(10,777)
Amortization of MCSS Renovation Fund contributions (note 4)	(31,464)	(21,285)
Amortization of Marsha Cook Memorial Fund contributions (note 4)	(2,302)	-
Amortization of Ontario Trillium Foundation grant (note 4)	(948)	(808)
Contributions received in year – Peter Haggerty Memorial Fund (note 4)	100,000	50,723
Contributions received in year – Ontario Trillium Foundation Grant (note 4)	33,200	-
Contributions received in year – Marsha Cook Memorial Fund (note 4)	800	112
Contributions received in year – MCSS Renovation Fund (note 4)	5,998	86,973
Contributions received in year – Other restricted Funds (note 4)	15,000	-
	120,446	127,250
Change in non-cash working capital balances		
Amounts receivable	7,197	(26,041)
HST receivable	7,564	-
Prepaid expenses	(4,150)	(1,661)
Accounts payable and accrued liabilities	(29,580)	67,159
Government remittances payable	(4,704)	-
	96,773	166,707
Investing activities		
Redemption (Purchase) of Short-term investments	(65,000)	25,000
Purchase of Capital assets	(25,776)	(107,738)
	(90,776)	(82,738)
Increase (decrease) in cash during the year	5,997	83,969
Cash, beginning of year	125,608	41,639
Cash, end of year	\$ 131,605	\$ 125,608
Cash consists of:		
Cash	\$ 61,331	\$ 88,643
Cash – restricted (note 5)	70,274	36,965
	\$ 131,605	\$ 125,608

See accompanying notes to financial statements.

Harmony Place Support Services

Notes to Financial Statements

Year ended March 31, 2016

1. Legal form and nature of activities

Harmony Place Support Services was incorporated in Ontario by letters patent dated February 27, 1992 and is a registered charity and is exempt from income taxes. It provides care and support to developmentally and physically challenged young adults.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Revenue Recognition

Contributions

Harmony Place Support Services follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Investment income

Investment income is recognized on an accrual basis.

Service fees

Service fees revenue is reported in the year that the services are provided.

(b) Capital assets

Contributed capital assets are recorded at fair value at the time of contribution if the fair value can be reasonably determined. Purchased capital assets are recorded at cost. Capital assets are amortized over their estimated lives using the following rates:

Vehicles	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	Straight line basis over lease term

(c) Contributed services

The Board of Directors and others contribute many hours of volunteer services to allow Harmony Place Support Services in carrying out its operating activities. Because of the difficulty in compiling these hours, contributed services are not recognized in the financial statements.

(d) Cash and cash equivalents

Harmony Place Support Services' policy is to present cash and cash-restricted balances including overdrafts and short-term deposits with original maturities of three months or less under cash and cash equivalents.

Harmony Place Support Services

Notes to Financial Statements

Year ended March 31, 2016

2. Significant accounting policies (continued)

(e) Financial Instrument measurement

Harmony Place Support Services initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, fixed income securities and mutual funds which are measured at fair value. The fair value of these investments are measured by using the bid price. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, cash – restricted, short-term investments, amounts receivable and HST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts payable in respect of government remittances.

3. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net	Net
Leasehold Improvements	\$ 232,739	\$ 169,012	\$ 63,727	\$ 87,961
Furniture and fixtures	135,038	79,403	55,635	55,460
Vehicles	15,000	–	15,000	1,885
	\$ 382,777	\$ 248,415	\$ 134,362	\$ 145,306

4. Deferred contributions

	2016	2015
Peter Haggerty Memorial Fund	\$ 236,646	\$ 168,544
Ontario Trillium Foundation Grants	33,200	948
Marsha Cook Memorial Fund	38,680	40,182
MCSS Renovation Fund	85,518	110,984
Other restricted Funds	15,000	–
	409,044	320,658
Less: Long-term portion of MCSS Renovation Fund	(51,201)	(80,354)
Long-term portion of Ontario Trillium Foundation Grants	(23,240)	–
Long-term portion of Other restricted Funds	(11,500)	–
	\$ 323,103	\$ 240,304

The Peter Haggerty Memorial Fund is externally restricted to expenditures related to client outings, specified leasehold improvements and other uses that are subject to the approval of the donor.

Ontario Trillium Foundation Grants are externally restricted for the purchase of an accessible van.

The Marsha Cook Memorial Fund is externally restricted for assisting clients in financial difficulty.

MCSS Renovation Fund is externally restricted for leasehold improvements and for the purchase of equipment.

Harmony Place Support Services

Notes to Financial Statements

Year ended March 31, 2016

4. Deferred contributions (continued)

	2016	2015
Peter Haggerty Memorial Fund		
Balance, beginning of year	\$ 168,544	\$ 128,598
Contributions received in the year	100,000	50,000
Interest income	-	723
Less: amounts recognized as revenue	(31,898)	(10,777)
Balance, end of year	\$ 236,646	\$ 168,544
Ontario Trillium Foundation Grants		
Balance, beginning of year	\$ 948	\$ 1,756
Contributions received in the year	33,200	-
Less: amounts recognized as revenue	(948)	(808)
Balance, end of year	\$ 33,200	\$ 948
Marsha Cook Memorial Fund		
Balance, beginning of year	\$ 40,182	\$ 40,070
Contributions received in the year	800	-
Interest income	-	112
Less: amounts recognized as revenue	(2,302)	-
Balance, end of year	\$ 38,680	\$ 40,182
MCSS Renovation Fund		
Balance, beginning of year	\$ 110,984	\$ 45,296
Contributions received in the year	5,998	86,973
Less: amounts recognized as revenue	(31,464)	(21,285)
Balance, end of year	\$ 85,518	\$ 110,984
Other Restricted Funds		
Balance, beginning of year	\$ -	\$ -
Contributions received in the year	15,000	-
Less: amounts recognized as revenue	-	-
Balance, end of year	\$ 15,000	\$ -

Harmony Place Support Services

Notes to Financial Statements

Year ended March 31, 2016

5. Cash - Restricted

Cash-restricted are bank accounts that are to be used for restricted purposes.

The funds in the bingo bank account are restricted to be used for the listed eligible expenses.
The Peter Haggerty Memorial Fund bank account is restricted for the use as approved by the donor.

6. Lease Commitment

Harmony Place Support Services is committed to payments under an operating lease for office space that expires on December 31, 2018. Annual minimum payments are as follows:

2017	\$54,043
2018	\$55,719
2019	\$42,732

Operating costs and taxes are also payable under the terms of the lease.

7. Financial instruments

Harmony Place Support Services is exposed to various risks with respect to its financial instruments. The following analysis presents their exposure to significant risks at the reporting date, i.e. March 31, 2016.

Credit Risk

Harmony Place Support Services is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. It is exposed to credit risk with respect to its amounts receivable and short-term investments. The risk has not changed from the prior year.

Interest Rate Risk

Harmony Place Support Services is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its short-term investments in Canadian GIC's. The risk has not changed from the prior year.

Liquidity Risk

Harmony Place Support Services is subject to liquidity risk which is the risk that the organization may encounter difficulty in meeting its obligations associated with financial liabilities. This risk has not changed from the prior year.

8. Comparative figures

Certain of the comparative figures for 2015 have been reclassified to conform to the presentation adopted in 2016.

Harmony Place Support Services

Notes to Financial Statements

Year ended March 31, 2016

9. Government assistance

Harmony Place Support Services has a service contract with the Ministry of Community and Social Services (MCSS), in which one requirement of the contract is the production by Management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract. The following is the surplus/deficit position of the year ended March 31, 2016 on each of the contracts. Net expenses have been allocated to the contracts pro rata based on the approved budget.

Detail Code	Service Name	MCSS Funding	Net Expenses	Surplus (Deficit)
9131	DS Community Participation Services	\$ 546,498	\$ 551,158	\$ (4,660)
9132	DS Professional and Specialized Services	5,998	5,998	-
		\$ 552,496	\$ 557,156	\$ (4,660)