

**Raising the Roof/Chez Toit**

**Financial Statements**

**June 30, 2017**



## **Independent Auditor's Report**

To the Members of

### **Raising the Roof/Chez Toit**

We have audited the accompanying financial statements of **Raising the Roof/Chez Toit**, which comprise the statement of financial position as at **June 30, 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 qualified audit opinion.

# Raising the Roof/Chez Toit

## Independent Auditor's Report

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### Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2017 and 2016, current assets as at June 30, 2017 and 2016, and net assets as at July 1 and June 30 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended June 30, 2016 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Raising the Roof/Chez Toit** as at **June 30, 2017** and the results of its operations and cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario  
November 2, 2017

Clarkson Rouble LLP  
Chartered Professional Accountants  
Licensed Public Accountants

# Raising the Roof/Chez Toit

## Statement of Financial Position As at June 30

	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 441,400	\$ 445,001
Accounts receivable	24,918	9,626
Sales taxes receivable	16,160	19,010
Inventory (Note 2)	45,299	55,713
Prepaid expenses	3,218	3,218
	<u>530,995</u>	<u>532,568</u>
<b>Equipment</b>		
Computer and office equipment	24,015	14,591
Less: accumulated depreciation	16,476	14,591
	<u>7,539</u>	<u>-</u>
	<u>\$ 538,534</u>	<u>\$ 532,568</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued charges	\$ 195,466	\$ 235,521
<b>Net Assets</b>		
Unrestricted net assets	43,068	(2,953)
Continuation Fund (Note 3)	300,000	300,000
	<u>343,068</u>	<u>297,047</u>
	<u>\$ 538,534</u>	<u>\$ 532,568</u>

*See accompanying notes to the financial statements*

**On behalf of the Board:**

\_\_\_\_\_ Director \_\_\_\_\_ Director

# Raising the Roof/Chez Toit

## Statement of Changes in Net Assets Year Ended June 30

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	Unrestricted	Continuation Fund	2017 Total	2016 Total
<b>Balance, beginning of year</b>	\$ (2,953)	\$ 300,000	\$ 297,047	\$ 314,861
<b>Excess (deficiency) of revenue over expenses</b>	46,021	-	46,021	(17,814)
<b>Balance, end of year</b>	<b>\$ 43,068</b>	<b>\$ 300,000</b>	<b>\$ 343,068</b>	<b>\$ 297,047</b>

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*See accompanying notes to the financial statements*

# Raising the Roof/Chez Toit

## Statement of Operations Year Ended June 30

	2017	2016
<b>Revenues</b>		
Donations from foundations, corporations and individuals	\$ 532,956	\$ 419,449
Donations from toque campaign	348,893	458,613
Special events	106,862	101,259
Government funding	82,919	3,706
Interest and other	28,980	3,043
	<u>1,100,610</u>	<u>986,070</u>
<b>National Program and Development expenses</b>		
Grants to community groups	219,850	247,305
The Upstream project	293,463	185,511
Child & Family Initiative / Host Homes programs	80,189	138,706
Public education	66,476	95,638
Toque purchases	78,244	99,636
Marketing, venues, food and events	25,386	16,291
Purchased services	37,656	4,085
Salaries and benefits (Note 4)	65,807	52,516
	<u>867,071</u>	<u>839,688</u>
<b>Administrative expenses</b>		
Rent	42,961	42,364
Office and general	48,576	42,590
Postage and courier	13,099	6,510
Insurance	3,778	3,644
Bank charges	6,311	5,676
Telephone	8,131	7,404
Printing	10,908	10,959
Board teleconferencing and meeting	3,813	4,135
Audit and bookkeeping	6,029	6,029
Salaries and benefits (Note 4)	42,027	34,189
Amortization	1,885	696
	<u>187,518</u>	<u>164,196</u>
<b>Total expenses</b>	<u>1,054,589</u>	<u>1,003,884</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<u>\$ 46,021</u>	<u>\$ (17,814)</u>

*See accompanying notes to the financial statements*

## Raising the Roof/Chez Toit

### Statement of Cash Flows Year Ended June 30

	2017	2016
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 46,021	\$ (17,814)
Items not requiring an outlay of cash		
Amortization	1,885	696
	47,906	(17,118)
Cash generated from (used for)		
Operating working capital		
Accounts receivable	(15,292)	(8,710)
Sales tax receivable	2,850	(7,464)
Inventory	10,414	(23,277)
Accounts payable	(40,055)	1,782
<b>Increase (decrease) from operating activities</b>	<b>5,823</b>	<b>(54,787)</b>
<b>Investing activity</b>		
Additions to capital assets	(9,424)	-
<b>Decrease from investing activity</b>	<b>(9,424)</b>	<b>-</b>
<b>Decrease in cash</b>	<b>(3,601)</b>	<b>(54,787)</b>
<b>Cash, beginning of year</b>	<b>445,001</b>	<b>499,788</b>
<b>Cash, end of year</b>	<b>\$ 441,400</b>	<b>\$ 445,001</b>

*See accompanying notes to the financial statements*

# Raising the Roof/Chez Toit

## Notes to Financial Statements

June 30, 2017

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Raising the Roof/Chez Toit's mission is to provide national leadership on long-term solutions to homelessness through partnership and collaboration with diverse stakeholders, investment in local communities, and public education. The organization provides opportunities for corporations, organizations, governments and individuals to invest in local solutions for men, women and children who are homeless or at risk of being homeless. The organization achieves this goal by providing financial support to community based charities, by educating the general public about the issues of homelessness and the solutions, and by building partnerships so Canadians can work together on long-term solutions to homelessness.

Raising the Roof/Chez Toit is a non-profit organization federally incorporated without share capital and a registered Canadian charitable organization which is exempt from income taxes under Section 149 of the Income Tax Act.

### 1. Significant accounting policies

These financial statements have been prepared in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

#### a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with financial institutions and redeemable fixed income investments with maturities of less than 90 days.

#### b) Revenue recognition

The organization 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on an accrual basis.

Special events revenue is recognized on completion of the event.

#### c) Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined by reference to selling price (suggested donation) less costs to sell.



# Raising the Roof/Chez Toit

## Notes to Financial Statements

June 30, 2017

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### 1. Summary of significant accounting policies (continued)

#### d) Equipment

Equipment is recorded at cost. Amortization of computer equipment is provided for on the straight line basis over its useful life estimated to be five years.

#### e) Donated services

The organization derives a significant benefit from volunteer services from its members. Since these services are not normally purchased by the organization and because it is not possible to determine their precise fair market value, the value of these services is not recognized in these financial statements. The organization also receives substantial in-kind donations from their media, web development, printing and creative development partners. The value of these donations is also not reflected in the financial statements.

#### f) Financial instruments

##### *Financial instruments*

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization does not have any financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

##### *Transaction costs*

The organization recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

# Raising the Roof/Chez Toit

## Notes to Financial Statements

June 30, 2017

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### 1. Significant accounting policies (continued)

#### g) Impairment of long-lived assets

A long lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### h) Allocation of expenses

Raising the Roof/Chez Toit engages in various programs such as The Upstream Project, Child & Family Initiative / Host Homes and Public Education. The costs for these programs include the costs of personnel and other expenses that are directly related to providing the program. Raising the Roof/Chez Toit also incurs payroll expenses that are common to the administration of the organization and each of its programs. The organization allocates certain of its payroll expenses on the basis of estimated time spent on each function. This basis is applied consistently each year.

#### i) Measurement uncertainty

The preparation of Raising the Roof/Chez Toit's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the financial statements relate to certain accrued liabilities and the estimated useful lives of capital assets. Actual results could differ from those estimates.

### 2. Inventory

Inventory consists of:

	2017	2016
Toques, caps, socks and other items for the campaign	\$ 45,299	\$ 55,713

### 3. Continuation Fund

The organization has designated an internally restricted fund, which represents reserve funds set aside by the board of directors for use at its discretion to ensure that it could operate in case of unforeseen financial difficulties, emergencies or temporary cash flow needs. The funds can also be utilized for special projects or grants to community groups.

# Raising the Roof/Chez Toit

## Notes to Financial Statements

June 30, 2017

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### 4. Salaries and benefits

The organization has paid salaries and benefits which are recorded in the programs on the statement of operations. These are the salaries and benefits portion of the program costs.

	2017	2016
The Upstream Project	\$ 237,494	\$ 131,435
Child & Family Initiative / Host Homes programs	74,339	74,500
Public Education	60,156	62,055
National Program	65,807	52,516
Administrative	42,027	34,189
	<hr/>	<hr/>
	\$ 479,823	\$ 354,695

### 6. Financial instruments risk exposure

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The organization has not had issues with these collections over the past several years. The allowance for doubtful accounts is \$Nil (2016 - \$Nil).

#### Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to risk mainly in respect of its accounts payable. The organization expects to meet these obligations as they come due through sufficient cash flow from operations. The organization has not had issues with meeting obligations in the past several years.

There has been no change in risk assessment from the prior year.