

**The Redwood...**  
**For Women And Children Fleeing Abuse**

**Financial Statements**

**March 31, 2019**



## Independent Auditors' Report

To the Members of

### **The Redwood...For Women And Children Fleeing Abuse**

#### **Qualified Opinion**

We have audited the financial statements of **The Redwood...For Women And Children Fleeing Abuse** (the Organization), which comprise the statement of financial position as at **March 31, 2019 and 2018**, the statements of revenue and expenses, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019 and 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, **The Redwood...For Women And Children Fleeing Abuse** derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. 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 March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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## Independent Auditors' Report

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Clarkson Rouble LLP*

Mississauga, Ontario  
July 16, 2019

**Clarkson Rouble LLP**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**



# The Redwood...For Women And Children Fleeing Abuse

## Statement of Financial Position As at March 31

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash and short term investments - unrestricted	\$ 780,879	\$ 540,495
Cash and short term investments - internally restricted	750,000	750,000
Accounts receivable	35,260	22,483
HST rebate receivable	44,910	75,742
Prepaid expenses	19,368	20,738
	<u>1,630,417</u>	<u>1,409,458</u>
<b>Capital assets (Note 2)</b>	<u>874,372</u>	<u>916,616</u>
	<b>\$ 2,504,789</b>	<b>\$ 2,326,074</b>

## Liabilities

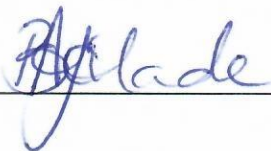
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 355,928	\$ 260,207
Deferred revenue	109,532	79,532
	<u>465,460</u>	<u>339,739</u>

## Net Assets

<b>Capital assets fund (Note 3)</b>	874,372	916,616
<b>Internally restricted fund (Note 4)</b>	750,000	750,000
<b>Unrestricted fund</b>	414,957	319,719
	<u>2,039,329</u>	<u>1,986,335</u>
	<b>\$ 2,504,789</b>	<b>\$ 2,326,074</b>

See accompanying notes to financial statements

On behalf of the Board:



Director



Director

# The Redwood...For Women And Children Fleeing Abuse

## Statement of Operations Year Ended March 31

	2019	2018
<b>Revenue</b>		
Ministry of Community and Social Services (Note 5)	\$ 1,405,454	\$ 1,489,148
Federal grant	-	195,100
Fundraising and donations	728,621	706,210
Bequests	10,000	60,000
Grants	85,891	88,749
City of Toronto	94,044	84,096
United Way Toronto	287,017	195,672
Interest and other	20,520	16,660
	<u>2,631,547</u>	<u>2,835,635</u>
<b>Expenses</b>		
Salaries, benefits and staff development	1,713,258	1,599,618
Occupancy	183,887	196,380
Repairs, maintenance and minor capital - MCSS funded	9,251	165,620
Repairs, maintenance and minor capital - Federal funded	-	195,100
Fundraising	119,578	78,074
Minor furniture and equipment	29,038	28,517
Office and general	21,147	24,461
Professional	24,632	30,799
Program	264,607	197,383
Personal needs allowance - City of Toronto	35,542	45,447
Promotion and publicity	8,118	5,596
Special projects	108,255	63,270
Volunteer	18,996	25,083
	<u>2,536,309</u>	<u>2,655,348</u>
<b>Excess of revenue over expenses from operations</b>	95,238	180,287
Amortization of capital assets	42,244	45,689
<b>Excess of revenue over expenses for the year</b>	<u>\$ 52,994</u>	<u>\$ 134,598</u>

*See accompanying notes to financial statements*

# The Redwood...For Women And Children Fleeing Abuse

## Statement of Changes in Net Assets Year Ended March 31

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	<b>Capital Assets Fund</b>	<b>Internally Restricted Fund</b>	<b>Unrestricted Fund</b>	<b>2019 Total</b>	<b>2018 Total</b>
<b>Balance, beginning of year</b>	\$ 916,616	\$ 750,000	\$ 319,719	\$1,986,335	\$1,851,736
<b>Excess (deficiency) of revenue over expenses</b>	(42,244)	-	95,238	52,994	134,598
<b>Balance, end of year</b>	<b>\$ 874,372</b>	<b>\$ 750,000</b>	<b>\$ 414,957</b>	<b>\$ 2,039,329</b>	<b>\$ 1,986,334</b>

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*See accompanying notes to financial statements*

# The Redwood...For Women And Children Fleeing Abuse

## Statement of Cash Flows Year Ended March 31

	2019	2018
<b>Cash provided by operating activities</b>		
Excess of revenue over expenses for the year	\$ 52,994	\$ 134,598
Items not requiring an outlay of cash		
Amortization	42,244	45,689
	<u>95,238</u>	<u>180,287</u>
<b>Changes in working capital</b>		
Accounts receivable	(12,777)	(13,729)
HST rebate receivable	30,832	(28,074)
Prepaid expenses	1,370	111
Accounts payable and accrued liabilities	95,721	60,135
Deferred revenue	30,000	(20,000)
	<u>240,384</u>	<u>178,730</u>
<b>Increase in operating activities</b>	<b>240,384</b>	<b>178,730</b>
<b>Increase in cash</b>	<b>240,384</b>	<b>178,730</b>
<b>Cash, beginning of year</b>	<b>1,290,494</b>	<b>1,111,764</b>
	<u>1,290,494</u>	<u>1,111,764</u>
<b>Cash, end of year</b>	<b>\$ 1,530,878</b>	<b>\$ 1,290,494</b>
	<u>1,530,878</u>	<u>1,290,494</u>
<b>Represented by:</b>		
Cash and short term investments - unrestricted	\$ 780,879	\$ 540,495
Cash and short term investments - internally restricted	750,000	750,000
	<u>750,000</u>	<u>750,000</u>
	<b>\$ 1,530,879</b>	<b>\$ 1,290,495</b>
	<u>1,530,879</u>	<u>1,290,495</u>

*See accompanying notes to financial statements*

# The Redwood...For Women And Children Fleeing Abuse

## Notes to Financial Statements

March 31, 2019

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The Redwood...For Women And Children Fleeing Abuse was incorporated as a corporation without share capital on April 5, 1990. Effective April 1, 1991, the organization was granted tax-exempt status as a charitable organization. The organization is dedicated to breaking the cycle of family violence through the provision of a haven of safety and support for women and children fleeing abuse, as well as through community education and advocacy.

### 1. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

#### a) Revenue recognition

The organization follows the deferral method of accounting for revenue.

Grant revenue is recorded as revenue in the year earned. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Donations are recorded as received on a cash basis since pledges are not legally enforceable claims.

#### b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with financial institutions and short term investments, which are redeemable or have maturity dates of less than 90 days. Redeemable term deposits are classified as cash equivalents. They are stated at cost, which together with accrued interest income approximates fair value given the short term nature of these investments.

#### c) Capital assets

Capital assets purchased are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Asset		Rate
Building	5%	declining balance
Building improvement	5%	declining balance
Computer equipment	30%	declining balance
Equipment, furniture and fixtures	20%	declining balance

#### d) Prepaid expenses

Prepaid expenses consist primarily of deposits and other costs incurred prior to special events and meetings held subsequent to year end. The remaining balance consists of prepaid insurance.



# The Redwood...For Women And Children Fleeing Abuse

## Notes to Financial Statements

March 31, 2019

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### 1. Significant accounting policies (continued)

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

A long lived asset is tested for impairment whenever events or changes in circumstances indicated 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.

#### f) Donated goods and services

The organization records the value of donated materials and services where the fair value can be reasonably estimated and where the materials and services would normally be purchased by the organization, if not donated.

#### g) 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, short term investments and accounts receivable.

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

The organization has no financial assets measured at fair value and has not elected to recognize 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.

# The Redwood...For Women And Children Fleeing Abuse

## Notes to Financial Statements

March 31, 2019

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### 1. Significant accounting policies (continued)

#### h) Measurement uncertainty

The preparation of the organization'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 items subject to such estimates and assumptions include valuation of accounts receivable, certain accrued liabilities and the estimated useful lives of capital assets. Actual results could differ from those estimates.

### 2. Capital assets

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 109,385	\$ -	\$ 109,385	\$ 109,385
Building	300,000	200,387	99,613	104,856
Building improvements	1,603,768	945,622	658,146	692,785
Computer equipment	33,582	33,582	-	-
Equipment, furniture and fixtures	277,164	269,936	7,228	9,590
	<b>\$ 2,323,899</b>	<b>\$ 1,449,527</b>	<b>\$ 874,372</b>	<b>\$ 916,616</b>

### 3. Capital assets fund

The capital assets fund consists of the capital assets net book value as disclosed in Note 2.

### 4. Internally restricted fund

The Redwood has designated an internally restricted fund to ensure that the agency could operate in case of unforeseen financial difficulties or emergencies. The amount reflects the estimated cost of operating the shelter for a three-month period.

# The Redwood...For Women And Children Fleeing Abuse

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### 5. Contract with the Ministry of Community and Social Services

The Redwood has a service contract with the Ministry of Community 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 for the year ended March 31, 2019 on each of the contracts:

Detail Code	Service Name	MCSS Funding	Net Expenses	Surplus (Deficit)
8771	VAW Emergency Shelter	\$ 1,388,754	\$ 1,388,754	\$ -
8786	VAW Capacity Building	7,500	7,500	-
8915	Partner Facility Renewal - Capital	9,200	9,200	-
		<b>\$ 1,405,454</b>	<b>\$ 1,405,454</b>	<b>\$ -</b>

### 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 (2018 - \$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 this 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.

# The Redwood...For Women And Children Fleeing Abuse

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### 6. Financial instruments risk exposure (continued)

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. The exposure of the organization to interest rate risk arises from the possibility that changes in interest rates will affect the value of short term investments held by the organization. The organization manages this risk by holding short term guaranteed investment certificates with fixed interest rate.