

**Fred Victor Centre and Fred Victor  
Community Homes  
Consolidated Financial Statements  
For the year ended March 31, 2009**

---

**Contents**

|   |                |
|---|----------------|
| <b>Auditors' Report</b>                                 | <b>2</b>       |
| <b>Consolidated Financial Statements</b>                |                |
| Consolidated Balance Sheet                              | <b>3</b>       |
| Consolidated Statement of Operations                    | <b>4</b>       |
| Consolidated Statement of Changes in Net Assets         | <b>5</b>       |
| Consolidated Statement of Cash Flows                    | <b>6</b>       |
| Consolidated Summary of Significant Accounting Policies | <b>7 - 10</b>  |
| Notes to Consolidated Financial Statements              | <b>11 - 14</b> |



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

1 City Centre Drive Suite 1700  
Mississauga Ontario Canada L5B 1M2  
Telephone: 905.270.7700  
Fax: 905.270.7915  
Toll Free: 1.866.248.6660

[www.bdo.ca](http://www.bdo.ca)

---

## Auditors' Report

---

### To the Members of Fred Victor Centre and Fred Victor Community Homes

We have audited the consolidated balance sheet of Fred Victor Centre and Fred Victor Community Homes as at March 31, 2009 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Except for the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In common with many charitable organizations, the Organization derives revenue from fundraising activities and 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 and we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of fundraising and donations revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario  
May 27, 2009

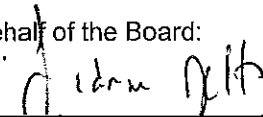
**Fred Victor Centre and Fred Victor Community Homes  
Consolidated Balance Sheet**

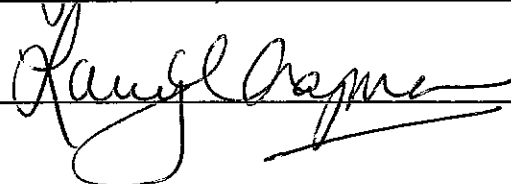
| March 31                                  | 2009          | 2008          |
|---|---------------|---------------|
| <b>Assets</b>                             |               |               |
| <b>Current</b>                            |               |               |
| Cash                                      | \$ 137,803    | \$ 512,881    |
| Accounts receivable                       | 1,136,623     | 1,402,744     |
| Prepaid expenses                          | 33,597        | 45,988        |
|   | 1,308,023     | 1,961,613     |
| <b>Marketable securities</b> (Note 1 (a)) | 5,895,043     | 6,007,937     |
| <b>Capital assets</b> (Note 2)            | 13,453,101    | 13,638,331    |
|   | \$ 20,656,167 | \$ 21,607,881 |

**Liabilities and Net Assets**

|   |               |               |
|---|---------------|---------------|
| <b>Current</b>                                |               |               |
| Accounts payable and accrued liabilities      | \$ 1,114,635  | \$ 1,057,386  |
| Deferred operating grants                     | 385,723       | 273,292       |
| Current portion of mortgages payable (Note 3) | 11,860,984    | 400,232       |
|   | 13,361,342    | 1,730,910     |
| <b>Mortgages payable</b> (Note 3)             | -             | 11,860,984    |
| <b>Deferred capital grants</b> (Note 6)       | 4,423,172     | 4,408,748     |
|   | 17,784,514    | 18,000,642    |
| <b>Net assets</b>                             |               |               |
| Externally restricted                         | 1,376,658     | 1,211,520     |
| General (Note 7)                              | 1,494,995     | 2,395,719     |
|   | 2,871,653     | 3,607,239     |
|   | \$ 20,656,167 | \$ 21,607,881 |

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Fred Victor Centre and Fred Victor Community Homes  
Consolidated Statement of Operations**

| <b>For the year ended March 31</b>   | <b>2009</b>         | <b>2008</b>      |
|--|---------------------|------------------|
| <b>Operating revenue</b>   |                     |                  |
| Grants and subsidies (Note 4)  | \$ 9,038,613        | \$ 7,859,350     |
| Donations  | 735,841             | 917,673          |
| Rental revenue   | 536,580             | 643,635          |
| Deferred grants  | 384,875             | 214,505          |
| Incidental revenue   | 171,096             | 102,626          |
|  | <u>10,867,005</u>   | <u>9,737,789</u> |
| <b>Expenditures</b>  |                     |                  |
| Salaries and wages   | 5,708,617           | 4,708,391        |
| Benefits   | 1,132,206           | 870,511          |
| Building occupancy   | 1,694,796           | 1,355,924        |
| Interest expense   | 763,000             | 787,435          |
| Office and general   | 596,872             | 508,728          |
| Programs   | 423,675             | 343,588          |
| Start up costs - Bethlehem United Shelter                                    | -                   | 195,426          |
| Fundraising  | 122,352             | 181,820          |
| Promotion and publications   | 57,572              | 68,811           |
| Staff training and development   | 49,922              | 65,755           |
| Minor capital purchase and repair  | 152,283             | 20,123           |
| Volunteers   | 22,008              | 4,923            |
| Professional fees  | 135,753             | 63,656           |
| Amortization   | 629,664             | 591,170          |
|  | <u>11,488,720</u>   | <u>9,766,261</u> |
| <b>Deficiency of revenue over expenditures from operations</b>               | <b>(621,715)</b>    | <b>(28,472)</b>  |
| <b>Investment income (loss) (Note 1 (b))</b>                                 | <b>(224,775)</b>    | <b>45,739</b>    |
| <b>Net excess (deficiency) of revenue over expenditures<br/>for the year</b> | <b>\$ (846,490)</b> | <b>\$ 17,267</b> |

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Fred Victor Centre and Fred Victor Community Homes  
Consolidated Statement of Changes in Net Assets**

**For the year ended March 31, 2009**

|  | 2009                     |                     |                     | 2008                |
|--|--------------------------|---------------------|---------------------|---------------------|
|  | Externally<br>Restricted | General<br>(Note 7) | Total               | Total               |
| <b>Net assets</b> , beginning of year                                | \$ 1,211,520             | \$ 2,395,719        | \$ 3,607,239        | \$ 3,482,288        |
| Net excess (deficiency) of revenue<br>over expenditures for the year | -                        | (846,490)           | (846,490)           | 17,267              |
| Housing capital reserve grants received                              | 110,904                  | -                   | 110,904             | 107,685             |
| Income earned on housing capital<br>reserve                          | 54,234                   | (54,234)            | -                   | -                   |
| <b>Net assets</b> , end of year                                      | <b>\$ 1,376,658</b>      | <b>\$ 1,494,995</b> | <b>\$ 2,871,653</b> | <b>\$ 3,607,240</b> |

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Fred Victor Centre and Fred Victor Community Homes  
Consolidated Statement of Cash Flows**

| <b>For the year ended March 31</b>  | <b>2009</b>       | <b>2008</b>        |
|---|-------------------|--------------------|
| <b>Cash provided by (used in)</b>   |                   |                    |
| <b>Operating activities</b>   |                   |                    |
| Excess (deficiency) of revenue over expenditures for the year   | \$ (846,490)      | \$ 17,267          |
| Adjustments required to reconcile net excess (deficiency) of revenue over expenditures with net cash provided by operating activities |                   |                    |
| Unrealized loss on investments  | 417,640           | 264,583            |
| Amortization of capital assets  | 629,664           | 591,170            |
| Changes in non-cash working capital balances  |                   |                    |
| Accounts receivable   | 266,121           | (510,994)          |
| Prepaid expenses  | 12,391            | (780)              |
| Accounts payable and accrued liabilities  | 57,249            | 359,553            |
| Deferred operating grants   | 112,431           | 16,774             |
|   | <u>649,006</u>    | <u>737,573</u>     |
| <b>Investing activities</b>   |                   |                    |
| Purchase of capital assets  | (444,434)         | (1,532,260)        |
| Purchase of marketable securities, net  | (304,746)         | (716,719)          |
|   | <u>(749,180)</u>  | <u>(2,248,979)</u> |
| <b>Financing activities</b>   |                   |                    |
| Mortgage principal repayment  | (400,232)         | (375,795)          |
| Housing capital reserve grants received   | 110,904           | 107,685            |
| Deferred capital grants   | 14,424            | 1,487,141          |
|   | <u>(274,904)</u>  | <u>1,219,031</u>   |
| <b>Decrease in cash during the year</b>   | <b>(375,078)</b>  | <b>(292,375)</b>   |
| <b>Cash, beginning of year</b>  | <b>512,881</b>    | <b>805,256</b>     |
| <b>Cash, end of year</b>  | <b>\$ 137,803</b> | <b>\$ 512,881</b>  |
| <b>Supplementary cash flow information</b>  |                   |                    |
| Interest paid   | \$ 763,000        | \$ 787,435         |

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

---

## Fred Victor Centre and Fred Victor Community Homes Summary of Significant Accounting Policies

**March 31, 2009**

---

### **Nature of Operations**

Fred Victor Centre and Fred Victor Community Homes, the "Organization" are incorporated under the Ontario Corporations Act as not-for-profit charitable corporations without share capital. As a registered charity, the Organization must comply with distribution quota requirements to maintain its exempt status under the Income Tax Act (Canada).

The Organization operates in Toronto assisting low income and homeless adults. Specifically, Fred Victor Centre provides affordable housing, emergency shelter, health services, direct assistance to individuals, employment assistance, low cost nutritious meals and skills development programs and opportunities. On a regular basis, Fred Victor Centre develops new services to meet the changing needs of low income and homeless men and women.

### **Basis of Consolidation**

The consolidated financial statements include the accounts of Fred Victor Centre and Fred Victor Community Homes which is an entity under common control. Any transactions between the two entities have been eliminated upon consolidation.

### **Revenue Recognition**

Rent revenue and meal receipts are recognized when service has been provided and collectibility is reasonably assured.

The Organization follows the deferral method of revenue recognition. Under the deferral method, grants, specified donations and externally restricted monies received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue.

Investment income includes interest and realized and unrealized gains and losses on held-for-trading financial assets.

Non-capital donation, legacy and bequest revenue is recorded when funds are received.

Donations specified for capital purchases are deferred and recorded as revenue over the same period as the underlying assets are amortized.

---

## Fred Victor Centre and Fred Victor Community Homes Summary of Significant Accounting Policies

March 31, 2009

---

### **Financial Instruments**

The Organization classifies equity and fixed income investments as held-for-trading where they are carried on the balance sheet at fair value with changes in fair value recognized in the statement of operations or in the externally restricted fund. Loans, accounts receivables and financial assets and liabilities other than those held-for-trading are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Any transaction costs are expensed as incurred.

#### Risks arising from financial instruments

##### (a) Interest rate risk

The Organization manages its portfolio investments based on its cash flow needs and with a view to optimizing its investment income.

##### (b) Market risk

The Organization is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices or other factors affecting the values of the investments.

### **Marketable Securities**

Marketable securities consist of cash and cash equivalents, fixed income instruments, money market funds and equity investments that are classified as held-for-trading and are carried in the consolidated financial statements at fair value. Fair value is estimated based on quoted market values.

### **Capital Assets**

Capital assets are stated at cost less accumulated amortization. Amortization is calculated on a property-by-property basis. Amortization based on the estimated useful life of the asset is calculated as follows:

|                         |  |
|-------------------------|--|
| Buildings               | - 2.5% straight-line basis                                   |
| Restaurant improvements | - 7 years straight-line basis                                |
| Leasehold improvements  | - 25 years straight-line basis over<br>the term of the lease |
| Furniture and equipment | - 3 years straight-line basis                                |

### **Pension Plan**

The Organization maintains a defined contribution pension plan for its employees. Employees contribute 4% of gross earnings, and the Organization contributes 6.5% of the employee's gross earnings to the plan. The pension expense for the year was \$271,038 (2008 - \$201,540).

---

## Fred Victor Centre and Fred Victor Community Homes Summary of Significant Accounting Policies

**March 31, 2009**

---

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Restricted Net Assets**

Restricted net assets are funds that are externally restricted by The Shelter, Support and Housing Administration Division of the City of Toronto ("the Division") for specified approved expenditures. Contributions and expenditures are recognized in the respective fund when the amount is received or the obligation incurred. The Division mandates that a portion of the subsidies it pays to sustain affordable social housing be segregated and invested in certificates of deposit and money market funds. These funds may be used exclusively for the maintenance and upgrade of the facilities it supports. Withdrawals of the invested funds for these purposes require the prior approval of the Division.

**Donated Services**

The Organization's activities include time donated by a number of volunteers. Since no objective basis exists for recording and assigning values to these services, they are not reflected in the accompanying consolidated financial statements.

**Capital Management**

CICA Handbook Section 1535, "Capital Disclosures", requires certain disclosures of an entity's objectives, policies and processes for managing capital. This standard is effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Organization's capital consists of its net assets, both restricted and unrestricted. The Organization's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services in the City of Toronto. Annual budgets are developed and monitored to ensure the Organization's capital is maintained at an appropriate level. The Organization is subject to externally imposed capital requirements from its government funders, which are subject to approved budgeted expenditures. The Organization is also subject to the restrictions as detailed in Note 3. The Organization has complied with these restrictions throughout the year.

---

## Fred Victor Centre and Fred Victor Community Homes Summary of Significant Accounting Policies

**March 31, 2009**

---

### **New Accounting Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Organization, are as follows:

#### *Financial Statement Presentation by Not-for-Profit Organizations*

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization early adopted the new standard.

#### *Disclosure of Related Party Transactions by Not-for-Profit Organizations*

Section 4460 has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The Organization is currently assessing the impact of the new standard.

#### *Disclosure of Allocated Expenses by Not-for-Profit Organizations*

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The Organization is currently assessing the impact of the new standard.

#### *Financial Statement Concepts*

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Organization is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

## Fred Victor Centre and Fred Victor Community Homes Notes to Consolidated Financial Statements

March 31, 2009

### 1. Marketable Securities

| (a)                       | 2009                | 2008                |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 1                | \$ 1                |
| Fixed income              | 2,634,568           | 2,689,032           |
| Money market funds        | 1,949,640           | 1,865,597           |
| Equity investments        | 1,310,834           | 1,453,307           |
|                           | <b>\$ 5,895,043</b> | <b>\$ 6,007,937</b> |

Marketable securities of \$5,895,043 (2008 - \$6,007,937) include money market trust units of \$1,376,658 (2008 - \$1,211,520) which were held specifically for housing capital reserves as mandated by the City of Toronto Department of Shelter, Housing and Support.

| (b)                        | 2009                | 2008             |
|----------------------------|---------------------|------------------|
| Realized investment income | \$ 220,060          | \$ 334,301       |
| Unrealized investment loss | (417,640)           | (264,583)        |
| Investment council fees    | (27,195)            | (23,979)         |
|                            | <b>\$ (224,775)</b> | <b>\$ 45,739</b> |

### 2. Capital Assets

|                         | 2009                 |                          | 2008                 |                      |
|-------------------------|----------------------|--------------------------|----------------------|----------------------|
|                         | Cost                 | Accumulated Amortization | Net Book Value       | Net Book Value       |
| Buildings               | \$ 16,729,546        | \$ 7,032,718             | \$ 9,696,828         | \$ 9,816,936         |
| Land                    | 460,001              | -                        | 460,001              | 460,001              |
| Construction in process | 163,917              | -                        | 163,917              | 115,777              |
| Restaurant improvements | 565,424              | 278,335                  | 287,089              | 355,909              |
| Furniture and equipment | 277,869              | 155,525                  | 122,344              | 84,927               |
| Leasehold improvements  | 2,941,294            | 218,372                  | 2,722,922            | 2,804,781            |
|                         | <b>\$ 21,138,051</b> | <b>\$ 7,684,950</b>      | <b>\$ 13,453,101</b> | <b>\$ 13,638,331</b> |

Construction in process will be amortized when complete and put into use, as it was not completed at year end.

## Fred Victor Centre and Fred Victor Community Homes Notes to Consolidated Financial Statements

**March 31, 2009**

### 3. Mortgages Payable

|  | 2009         | 2008          |
|--|--------------|---------------|
| Great West Life Assurance Company - Repayment terms are \$75,176 monthly, including principal and interest at 6.40%, due October 1, 2009. The properties at 139 Jarvis Street and 147 Queen Street East have been pledged as collateral. | \$ 8,931,017 | \$ 9,257,734  |
| Great West Life Assurance Company - Repayment terms are \$21,760 monthly, including principal and interest at 6.40% due October 1, 2009. The Mortimer Avenue Housing property has been pledged as collateral.                            | 2,929,967    | 3,003,482     |
|  | 11,860,984   | 12,261,216    |
| Less: current portion  | 11,860,984   | 400,232       |
|  | \$ -         | \$ 11,860,984 |

The mortgages payable have been classified as current because they are due October 1, 2009 and as of the audit report date, these mortgages have not yet been renegotiated. It is expected that they will be renegotiated on a long-term basis subsequent to year end. The Province of Ontario is responsible for renegotiating these mortgages on behalf of the Organization.

Interest and principal payments are subsidized by the City of Toronto Department of Shelter, Housing and Support. Subsidies are recognized as revenue in the period the related interest and principal payments are due.

The titles to the housing properties at 139 Jarvis Street and 147 Queen Street East were transferred to Fred Victor Centre from the Toronto United Church Council (the "Council") in consideration for one dollar and a mortgage on the property to the value of the Council's investment in Fred Victor Centre as carried on the Council's books (\$1,127,948). Title for the Mortimer Avenue Housing property is held by the Toronto United Church Council.

The mortgages for 139 Jarvis Street and 147 Queen Street East are repayable only in the event of a sale of the property or discontinuance of its intended use. As this contingent event has not occurred, no liability has been recognized. Interest accrues at a simple rate of 5% from the date of the advancement of the funds by the Council to build the present Fred Victor Centre premises, to the date of repayment. Principal and accrued simple interest as at March 31, 2009, calculated from January 1, 1960, amounted to \$3,961,917 (2008 - \$3,905,520). This mortgage has been postponed in favour of the mortgage payable to The Great West Life Assurance Company.

---

## Fred Victor Centre and Fred Victor Community Homes

### Notes to Consolidated Financial Statements

**March 31, 2009**

---

#### 4. Grants and Subsidies

Grants and subsidies recognized in the year were as follows:

|   | 2009                | 2008                |
|---|---------------------|---------------------|
| City of Toronto:                        |                     |                     |
| Housing                                 | \$ 2,873,913        | \$ 2,840,968        |
| Hostel                                  | 2,227,852           | 1,438,135           |
| Housing Access and Support Services     | 709,647             | 698,596             |
| Employment Training Program             | 297,216             | 305,833             |
| Rapid Access Pilot Program              | 296,598             | 213,192             |
| Food Access Program                     | 38,196              | 35,795              |
| Women's Day Program                     | 169,826             | 156,790             |
| Emergency Hostel Redirect               | 112,142             | 111,584             |
| Harm Reduction Program                  | 56,661              | 52,315              |
| Supports to Daily Living                | 145,725             | 137,649             |
| Hostels to Homes                        | 201,583             | 155,370             |
| Streets to Homes                        | 183,074             | 157,317             |
| Skills Development                      | 115,101             | -                   |
| Ministry of Health                      | 938,209             | 884,740             |
| Human Resource Skill Development Canada | 589,434             | 555,680             |
| Other                                   | 83,436              | 115,386             |
|   | <b>\$ 9,038,613</b> | <b>\$ 7,859,350</b> |

---

#### 5. Commitments

The Organization has the following operating leases for its premises:

- 59 Adelaide Street East, \$3,865 monthly with an expiry of April 2011
- 100 Lombard Street, \$5,097 monthly with an expiry of December 2009
- 418 Dawes Road, \$35,490 monthly with an expiry of May 2032
- 248 Queen Street East, \$4,940 average monthly with an expiry of November 2013

The minimum annual lease payments for the next five years and thereafter are as follows:

|            |            |
|------------|------------|
| 2010       | \$ 571,310 |
| 2011       | 528,924    |
| 2012       | 489,896    |
| 2013       | 489,517    |
| 2014       | 475,570    |
| Thereafter | 7,701,330  |

---

**Fred Victor Centre and Fred Victor Community Homes**  
**Notes to Consolidated Financial Statements**

**March 31, 2009**

---

**6. Deferred Capital Grants**

|   | <b>2009</b>         | <b>2008</b>         |
|---|---------------------|---------------------|
| Deferred capital grants comprise the following: |                     |                     |
| St. James Bond United Church grant              | \$ 323,434          | \$ 337,294          |
| Deferred capital donations                      | 1,722,038           | 1,591,859           |
| City of Toronto and provincial grants           | 2,377,700           | 2,479,595           |
|   | <b>\$ 4,423,172</b> | <b>\$ 4,408,748</b> |

---

**7. General Fund**

|   | <b>2009</b>         | <b>2008</b>         |
|---|---------------------|---------------------|
| Unrestricted funds                      | \$ 4,326,049        | \$ 5,427,352        |
| Capital assets                          | 13,453,101          | 13,638,331          |
| Mortgages payable                       | (11,860,984)        | (12,261,216)        |
| Deferred capital grants - spent funds   | (2,701,134)         | (2,816,890)         |
| Deferred capital grants - unspent funds | (1,722,038)         | (1,591,858)         |
|   | <b>\$ 1,494,994</b> | <b>\$ 2,395,719</b> |

---

**8. Comparative Figures**

Certain comparative figures have been restated to conform with the method of presentation adopted for the current year.