

**Fred Victor Centre
Financial Statements
For the year ended March 31, 2011**

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Independent Auditor's Report

To the Members of Fred Victor Centre

We have audited the accompanying financial statements of Fred Victor Centre, which comprise the balance sheet as at March 31, 2011, and the statement 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 generally accepted accounting principles, 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 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fred Victor Centre as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario
June 16, 2011

**Fred Victor Centre
Balance Sheet**

March 31 2011 2010

Assets

Current

Cash	\$ 238,504	\$ -
Accounts receivable	2,033,775	945,818
Prepaid expenses	48,148	36,408
	2,320,427	982,226

Marketable securities (Note 1 (a))	5,562,081	5,630,584
Capital assets (Note 2)	20,237,641	13,088,823
	\$ 28,120,149	\$ 19,701,633

Liabilities and Net Assets

Current

Bank overdraft	\$ -	\$ 126,063
Accounts payable and accrued liabilities	1,399,898	1,022,800
Deferred operating grants	203,255	150,951
Current portion of mortgages payable (Note 3)	586,081	565,505
	2,189,234	1,865,319

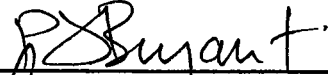

Mortgages payable (Note 3)	10,234,286	10,820,368
Deferred capital grants (Note 4)	12,362,489	4,196,540
	24,786,009	16,882,227

Net assets

Externally restricted	1,222,048	1,085,684
General (Note 5)	2,112,092	1,733,722
	3,334,140	2,819,406

\$ 28,120,149 **\$ 19,701,633**

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
Statement of Operations**

For the year ended March 31	2011	2010
Operating revenue		
Grants and subsidies (Note 6)	\$ 9,403,638	\$ 9,048,835
Donations	679,817	843,954
Rental revenue	332,675	484,809
Deferred grants (Note 7)	505,700	494,908
Incidental revenue	244,976	258,875
Proceeds from insurance claims	204,290	-
	<u>11,371,096</u>	<u>11,131,381</u>
Expenditures		
Salaries and wages	6,112,709	6,306,170
Benefits	1,257,841	1,241,140
Building occupancy	1,400,485	1,512,858
Interest expense	394,701	585,329
Office and general	572,399	543,112
Programs	363,411	370,239
Fundraising	68,329	148,647
Promotion and publications	27,431	43,311
Staff training and development	38,378	53,253
Minor capital purchase and repair	253,418	214,232
Professional fees	110,589	135,703
Amortization	634,046	663,749
	<u>11,233,737</u>	<u>11,817,743</u>
Excess (deficiency) of revenue over expenditures from operations	137,359	(686,362)
Investment income (Note 1 (b))	<u>241,011</u>	<u>525,642</u>
Net excess (deficiency) of revenue over expenditures for the year	<u>\$ 378,370</u>	<u>\$ (160,720)</u>

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

**Fred Victor Centre
Statement of Changes in Net Assets**

For the year ended March 31, 2011

	2011			2010
	Externally Restricted	General (Note 5)	Total	Total
Net assets , beginning of year	\$ 1,085,684	\$ 1,733,722	\$ 2,819,406	\$ 2,871,653
Net excess (deficiency) of revenue over expenditures for the year	-	378,370	378,370	(160,720)
Housing capital reserve grants received	108,854	-	108,854	108,473
Income earned on housing capital reserve	27,510	-	27,510	-
Net assets , end of year	\$ 1,222,048	\$ 2,112,092	\$ 3,334,140	\$ 2,819,406

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

**Fred Victor Centre
Statement of Cash Flows**

For the year ended March 31	2011	2010
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 378,370	\$ (160,720)
Adjustments required to reconcile net excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Unrealized (income) loss on investments (Note 1 (b))	(154,495)	(442,177)
Amortization of capital assets	634,046	663,749
Changes in non-cash working capital balances		
Accounts receivable	(1,087,957)	190,805
Prepaid expenses	(11,740)	(2,811)
Accounts payable and accrued liabilities	377,098	(91,835)
Deferred operating grants	52,304	(234,772)
	187,626	(77,761)
Financing and investing activities		
Purchase of capital assets	(7,782,864)	(299,471)
Redemption of marketable securities, net	222,998	706,636
Mortgage principal repayment	(565,506)	(475,111)
Income earned on housing capital reserve	27,510	-
Housing capital reserve grants received	108,854	108,473
Deferred capital grants	8,165,949	(226,632)
Bank overdraft	(126,063)	126,063
	50,878	(60,042)
Increase (decrease) in cash during the year	238,504	(137,803)
Cash, beginning of year	-	137,803
Cash, end of year	\$ 238,504	\$ -
Supplementary cash flow information		
Interest paid	\$ 394,701	\$ 585,329

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

Fred Victor Centre Summary of Significant Accounting Policies

March 31, 2011

Nature of Operations

As of April 1, 2010, Fred Victor Centre and Fred Victor Community Homes amalgamated to operate under the name Fred Victor Centre.

Fred Victor Centre (the "Organization") is incorporated under the Ontario Corporations Act as a registered charitable corporation without share capital. The Organization is exempt from income tax within the meaning of the Income Tax Act (Canada).

The Organization operates in Toronto assisting low income and homeless adults. It 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.

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 Summary of Significant Accounting Policies

March 31, 2011

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. Mortgages and other financial liabilities are recorded as other financial liabilities that are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Accounts receivable and financial assets are recorded as loans and receivables that 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 with a view of 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. The Organization is also subject to market risk in terms of fair value fluctuations since the mortgages bear interest at fixed rates.

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 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
Furniture and equipment	- 3 years straight-line basis
Leasehold improvements	- 25 years straight-line basis over the term of the lease

Fred Victor Centre Summary of Significant Accounting Policies

March 31, 2011

Employee RRSP Savings Plan	The Organization maintains an RRSP savings 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 expense for the year was \$337,158 (2010 - \$316,910).
Use of Estimates	The preparation of 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 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. Amounts are transferred from the externally restricted fund to the general fund as they are required to cover the specified expenditures.
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 financial statements.
Capital Management	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
Notes to Financial Statements**

March 31, 2011

1. Marketable Securities

(a)	2011	2010
Fixed income	\$ 2,743,070	\$ 2,763,109
Money market funds	1,423,721	1,497,735
Equity investments	1,395,290	1,369,740
	\$ 5,562,081	\$ 5,630,584

The cost of the marketable securities was \$5,401,469 (2010 - \$5,597,330).

Marketable securities include money market trust units of \$1,222,048 (2010 - \$1,085,684) which were held specifically for housing capital reserves as mandated by the City of Toronto Department of Shelter, Housing and Support.

(b)	2011	2010
Realized investment income	\$ 107,727	\$ 105,504
Unrealized investment income	154,495	442,177
Investment counsel fees	(21,211)	(22,039)
	\$ 241,011	\$ 525,642

2. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 16,533,997	\$ 7,649,938	\$ 8,884,059	\$ 9,522,773
Land	460,001	-	460,001	460,001
Construction in process	8,191,139	-	8,191,139	188,608
Restaurant improvements	565,424	415,975	149,449	218,269
Furniture and equipment	289,053	259,761	29,292	63,380
Leasehold improvements	2,997,171	473,470	2,523,701	2,635,792
	\$ 29,036,785	\$ 8,799,144	\$ 20,237,641	\$ 13,088,823

Construction in process for renovations at 145 and 147 Queen Street East and 139 Jarvis Street will be amortized when the projects are completed and put into use.

**Fred Victor Centre
Notes to Financial Statements**

March 31, 2011

3. Mortgages Payable

	2011	2010
Royal Bank of Canada - Repayment terms are \$21,444 monthly, including principal and interest at 3.75% due October 1, 2014. The 139 Jarvis Street property has been pledged as collateral.	\$ 2,740,570	\$ 2,892,838
Royal Bank of Canada - Repayment terms are \$41,921 monthly, including principal and interest at 3.75% due October 1, 2014. The 147 Queen Street East property has been pledged as collateral.	5,357,600	5,655,272
Royal Bank of Canada - Repayment terms are \$16,650 monthly, including principal and interest at 3.044% due October 1, 2014. The Mortimer Avenue Housing property has been pledged as collateral.	2,722,197	2,837,763
	10,820,367	11,385,873
Less: current portion	586,081	565,505
	\$ 10,234,286	\$ 10,820,368

Principal repayments for the next four years and thereafter are as follows:

2012	\$	586,081
2013		607,410
2014		629,520
2015 and thereafter		8,997,356
	\$	10,820,367

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.

**Fred Victor Centre
Notes to Financial Statements**

March 31, 2011

3. Mortgages Payable (continued)

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, 2011, calculated from January 1, 1960, amounted to \$4,074,712 (2010 - \$4,018,315). This mortgage has been postponed in favour of the mortgage payable to the Royal Bank of Canada.

4. Deferred Capital Grants

	2011	2010
Deferred capital grants comprise the following:		
St. James Bond United Church grant	\$ 295,713	\$ 309,573
Deferred capital donations	1,447,485	1,611,162
City of Toronto and provincial grants	2,272,125	2,275,805
City of Toronto - Phase 1 construction	7,752,807	-
Province of Ontario - Phase 2 construction	594,359	-
	\$ 12,362,489	\$ 4,196,540

5. General Fund

	2011	2010
Unrestricted funds	\$ 5,057,307	\$ 4,227,312
Capital assets	20,237,641	13,088,823
Mortgages payable	(10,820,367)	(11,385,873)
Deferred capital grants - spent funds	(10,915,004)	(2,585,378)
Deferred capital grants - unspent funds	(1,447,485)	(1,611,162)
	\$ 2,112,092	\$ 1,733,722

Fred Victor Centre
Notes to Financial Statements

March 31, 2011

6. Grants and Subsidies

Grants and subsidies recognized in the year were as follows:

	2011	2010
City of Toronto:		
Housing	\$ 3,243,436	\$ 2,937,342
Hostel	2,306,810	2,309,989
Housing Access and Support Services	781,038	723,840
Employment Training Program	245,237	253,638
Rapid Access Pilot Program	326,466	320,101
Food Access Program	37,239	34,466
Women's Day Program	165,563	153,234
Emergency Hostel Redirect	99,855	114,385
Harm Reduction Program	55,239	51,125
Supports to Daily Living	150,858	148,640
Hostels to Homes	-	22,499
Streets to Homes	226,857	222,408
Skills Development	103,765	102,903
Toronto Central Local Health Integration Network	1,014,541	1,012,068
Human Resource Skill Development Canada	629,208	551,373
Other	17,526	90,824
	\$ 9,403,638	\$ 9,048,835

7. Deferred Grants

Deferred grants recognized in the year were as follows:

	2011	2010
Deferred grants - capital	\$ 157,081	\$ 157,081
Deferred grants - operating	348,619	337,827
	\$ 505,700	\$ 494,908

Fred Victor Centre
Notes to Financial Statements

March 31, 2011

8. Commitments

The Organization has the following operating leases for its premises:

- 59 Adelaide Street East, \$3,865 monthly to April 2011, with a lease extension to April 2016 with an average monthly amount of \$5,352
- 100 Lombard Street, \$2,749 monthly with an expiry of December 2012
- 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:

2012	\$ 579,568
2013	580,458
2014	536,647
2015	492,478
2016	492,478
Thereafter	6,890,610

The Organization entered into contracts for renovations at 145 and 147 Queen Street East and 139 Jarvis Street with a remaining balance of approximately \$2,678,000 to be completed by March 31, 2012, which will be funded by a combination of Federal/Provincial stimulus funding and funds generated through the Fred Victor Capital Campaign.

9. Comparative Figures

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