CANDACE HOUSE, INC.

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

MARCH 31, 2019

CANDACE HOUSE, INC.

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INDEX

INDEPENDENT AUDITOR'S REPORT

To the Board of directors of Candace House, Inc.:

Qualified Opinion

We have audited the accompanying financial statements of Candace House, Inc., which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flow for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 Candace House, Inc. as at March 31, 2019, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Candace House, Inc. derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from this source 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 donation revenue, excess revenue of expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2019 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 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.

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 representing the underlying transactions and events in a manner that achieved 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.

Winnipeg, Manitoba
Date of approval

CHARTERED PROFESSIONAL ACCOUNTANTS INC.

CANDACE HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 121,756	240,984
Grants and donations receivable	5,204	17,762
GST receivable	6,224	2,823
Prepaid expenses	4,019	4,757
	137,203	266,326
TANGIBLE CAPITAL ASSETS (Note 2(b) and 3)	258,137	72,845
	$ 395,340	339,171
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 13,841	64,546
Deferred contributions (Note 4)	26,893	30,096
Current portion of capital contributions (Note 5)	11,495	-
	52,229	94,642
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	77,982	43,000
	130,211	137,642
NET ASSETS		
Invested in tangible capital assets	168,660	-
Unrestricted	96,469	201,529
	265,129	201,529
	$ 395,340	339,171

APPROVED BY THE BOARD:

________________________________ **Director**

________________________________ **Director**

DRAFT

CANDACE HOUSE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2019

	INVESTED IN TANGIBLE CAPITAL ASSETS	UNRESTRICTED	2019	2018
NET ASSETS, BEGINNING OF YEAR	$ -	201,529	201,529	46,775
EXCESS OF REVENUE OVER EXPENSES	(8,794)	72,394	63,600	154,754
DEFERRED CAPITAL CONTRIBUTIONS	(86,000)	86,000	-	-
PURCHASE OF TANGIBLE CAPITAL ASSETS	190,609	(190,609)	-	-
TRANSFER OF CONSTRUCTION IN PROGRESS	72,845	(72,845)	-	-
NET ASSETS, END OF YEAR	$ 168,660	96,469	265,129	201,529

CANDACE HOUSE, INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2019

		2019	2018
REVENUE			
Donations	$	91,412	150,249
Fundraising		16,880	20,250
Grants		93,675	85,305
Interest		221	161
Membership dues		-	301
Amortization of deferred capital contributions (Note 5)		5,747	-
		207,935	256,266
EXPENSES			
Amortization of tangible capital assets		14,541	156
Business expenses		25	-
Fundraising		3,818	5,962
Facilities and maintenance		44,373	27,675
Insurance		4,751	3,301
Office		3,954	1,332
Professional services		10,613	21,675
Public relations		509	708
Programs and services		3,142	-
Professional development		44	-
Salaries and benefits		52,034	36,538
Subscriptions and resources		2,522	2,517
Telephone, internet and website		1,797	1,057
Travel and meetings		2,212	591
		144,335	101,512
EXCESS OF REVENUES OVER EXPENSES	$	63,600	154,754

CANDACE HOUSE, INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2019

		2019	2018
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Excess of revenue over expenses	$	63,600	154,754
Add back non-cash item(s):			
Amortization of deferred capital contributions		(5,747)	-
Amortization of tangible capital assets		14,541	156
		72,394	154,910
Changes in non-cash working capital:			
Grants and donations receivable		12,558	(17,762)
GST receivable		(3,401)	(1,774)
Prepaid expenses		738	15,491
Accounts payable and accrued liabilities		(50,705)	60,862
Deferred contributions		(3,203)	16,596
		28,381	228,323
INVESTING ACTIVITIES			
Purchase of tangible capital assets		(190,609)	(72,845)
FINANCING ACTIVITIES			
Deferred capital contributions received		43,000	43,000
INCREASE (DECREASE) IN CASH		(119,228)	198,478
CASH, BEGINNING OF YEAR		240,984	42,506
CASH, END OF YEAR	$	121,756	240,984

CANDACE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

1. STATUS AND PURPOSE OF THE ORGANIZATION

Candace House, Inc. (the "Organization") is a non-profit charitable organization which provides support to victims and survivors of violent crime in Manitoba - providing a home-like day refuge during the court proceedings. The Organization was incorporated, without share capital, under the Corporations Act of Manitoba and is exempt from income taxes under the Income Tax Act of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) 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.

(b) Tangible Capital Assets

Tangible capital assets acquired by the Organization are recorded at cost. Donated capital assets are recorded at estimated fair market values. Amortization based on the estimated useful life of the underlying asset is calculated on a straight-line basis at the following rates:

Furniture and fixtures	5 years
Leasehold improvements	10 years

Assets under development or construction are not amortized until available for use.

(c) Contributed Services and Donated Materials

Contributed services and donated materials are not recognized in the financial statements. Donated capital assets are capitalized in the year they are received.

(d) Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved and amortization. Actual results may differ from estimates.

(e) Financial Instruments

Financial instruments held by the Organization include cash, accounts receivable and accounts payable and accrued liabilities. The organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The organization subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

3. TANGIBLE CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements - under development	$ -	-	72,845	-
Leasehold improvements	254,545	12,727	-	-
Furniture and fixtures	19,068	2,749	936	936
	$ 273,613	15,476	73,781	936
Net book value	$ 258,137		72,845	

During the year, the Organization received $9,224 (2018 - $ nil) in donated furniture and leasehold improvements.

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for the resource library and executive director salary. Changes in the deferred contributions are as follows:

2019

	Opening Balance	Contributions Received	Revenue Recognized	Closing Balance
The Winnipeg Foundation - Resource Library	$ 13,054	-	1,923	11,131
The Winnipeg Foundation - Executive Director	17,042	35,000	36,842	15,200
Assiniboine Credit Union - Sustainable Organization Grant	-	5,000	4,438	562
	$ 30,096	40,000	43,203	26,893

2018

	Opening Balance	Contributions Received	Revenue Recognized	Closing Balance
The Winnipeg Foundation - Resource Library	$ 13,500	-	446	13,054
The Winnipeg Foundation - Excutive Director	-	35,000	17,958	17,042
	$ 13,500	35,000	18,404	30,096

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized balance of contributions received for the purchase of tangible capital assets and donated capital assets. Changes in deferred capital contribution balances are as follows:

2019

	Opening Balance	Contributions Received	Amortization of Contributions	Closing Balance
In-kind donations	$ -	9,224	797	8,427
The Winnipeg Foundation - Capital Assistance	$ 25,000	-	1,250	23,750
The Winnipeg Committee For Safety - Security System	3,000	-	150	2,850
The Thomas Sill Foundation - Capital Assistance	15,000	-	750	14,250
The Cardinal Foundation - Smudge Facilities	-	5,000	250	4,750
Province of Manitoba - CPF Funding	-	25,000	1,250	23,750
Province of Manitoba - Municipal Relations Grant	-	13,000	1,300	11,700
	$ 43,000	61,448	5,747	89,477
Less: Current portion				(11,495)
				$ 77,982

2018

	Opening Balance	Contributions Received	Amortization of Contributions	Closing Balance
The Winnipeg Foundation - Capital Assistance	$ -	25,000	-	25,000
The Winnipeg Committee For Safety - Security System	-	3,000	-	3,000
The Thomas Sill Foundation - Capital Assistance	-	15,000	-	15,000
	$ -	43,000	-	43,000

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accrued liabilities	$ 4,930	-
Construction holdbacks payable	-	4,252
Leasehold improvements	-	55,830
Trade payables	5,056	3,672
Vacation accrual	3,855	792
	$ 13,841	64,546

7. COMMITMENTS

On May 1, 2017, the Organization signed a five year lease for operational space located at 183 Kennedy Street. The future annual lease commitments under this lease are as follows:

March 31,	2020	$ 37,800
	2021	39,375
	2022	39,375
	2023	13,125
		$ 129,675

8. FINANCIAL RISK MANAGEMENT

(a) Credit Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than three months.

The organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due.

(b) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial instruments which potentially subject the Organization to credit risk and concentrations of credit risk consist principally of cash, temporary investments, and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

9. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.