

BRUCE HOUSE

FINANCIAL STATEMENTS

MARCH 31, 2020

BRUCE HOUSE

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Bruce House

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Bruce House (the Organization), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Organization derives revenue from donations, fundraising and rental income, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit 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 these revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019 and net assets as at March 31, 2020 and 2019 and April 1, 2018.

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 audit opinion.

Other Matter

The financial statements of the Organization for the year ended March 31, 2019 were audited by another auditor who expressed a modified opinion on those financial statements on June 19, 2018.

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.

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.

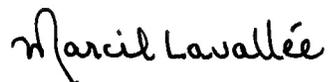
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

Report on Other Legal and Regulatory Requirements

As required by the Ontario Corporations Act, we report that, in our opinion Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 16, 2020

BRUCE HOUSE

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
REVENUE		
Grants and contributions (Note 3)	\$ 491,809	\$ 479,760
Rental	159,521	155,697
Donations	34,447	35,205
Pride Run event	7,075	6,660
Fundraising	69,357	81,328
Other	30,091	29,969
Amortization of deferred contributions related to capital assets	-	729
	792,300	789,348
EXPENSES		
Salaries and benefits	361,066	332,030
Apartment	188,034	154,109
Rent, utilities and maintenance	59,682	66,014
Other fundraising costs	24,435	45,199
Other program	19,761	5,047
Office expenses	15,714	18,160
Volunteers	12,687	7,029
Staff education and travel	10,101	7,708
Insurance	8,594	10,613
Memberships	1,191	1,474
Housing research projects	23,486	10,997
Bad debt (recovery)	(608)	7,324
Professional fees	2,230	11,167
Amortization of capital assets	978	2,045
	727,351	678,916
EXCESS OF REVENUE OVER EXPENSES	64,949	110,432
NET ASSETS, BEGINNING OF YEAR	96,426	(14,006)
NET ASSETS, END OF YEAR	\$ 161,375	\$ 96,426

BRUCE HOUSE

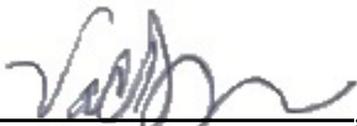
STATEMENT OF FINANCIAL POSITION

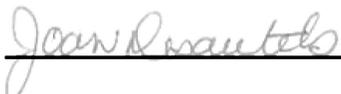
MARCH 31, 2020

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	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 189,872	\$ 160,947
Accounts receivable (Note 4)	8,831	27,279
Prepaid expenses	8,991	6,121
	207,694	194,347
CAPITAL ASSETS (Note 5)	5,959	316
	\$ 213,653	\$ 194,663
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 29,110	\$ 48,895
Deferred revenue	4,100	18,008
Deferred grants and contributions (Note 7)	19,068	31,334
	52,278	98,237
NET ASSETS		
Unrestricted	161,375	96,426
	\$ 213,653	\$ 194,663

ON BEHALF OF THE BOARD


_____, Director


_____, Director

BRUCE HOUSE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 64,949	\$ 110,432
Adjustments for:		
Amortization of capital assets	978	2,045
Amortization of deferred contributions related to capital assets	-	(729)
	65,927	111,748
Net change in non-cash working capital items:		
Accounts receivable	18,448	(6,927)
Prepaid expenses	(2,870)	349
Accounts payable and accrued liabilities	(19,785)	6,613
Deferred revenue	(13,908)	1,090
Deferred grants and contributions	(12,266)	-
	(30,381)	1,125
	35,546	112,873
INVESTING ACTIVITY		
Acquisition of capital assets	(6,621)	-
INCREASE IN CASH AND CASH EQUIVALENTS	28,925	112,873
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	160,947	48,074
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 189,872	\$ 160,947

Cash and cash equivalents consist of cash.

BRUCE HOUSE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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1. STATUTE AND NATURE OF OPERATIONS

Bruce House, legally know as AIDS Housing Group of Ottawa until July 8, 1999, was incorporated without share capital under the Ontario Corporations Act for the purpose of providing housing for persons living with AIDS. The Organization is a registered charity under the Income Tax Act and, as such, is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies Canadian accounting standards for not-for-profit organizations (ASNFPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Contribution receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Revenue recognition

The Organization follows the deferral method of accounting for grants and contributions. Under this method, grants and contributions restricted for future period expenses are deferred and are recognized in the year in which the related expenses are incurred and when the amount can be reasonably estimated and the collection is reasonably assured.

Rental income for housing and apartment units are recognized when the service is rendered, over the lease term, on a straight-line basis.

Fundraising and donation revenue from events is recognized when the event occurs.

Revenue from general donations is recognized upon receipt of funds.

Revenue from other sources is recognized in the period to which they relate.

Contributed services

The work of the Organization is dependent on the voluntary service of many members. Because of the inherent difficulty in compiling these hours and determining their fair value, contributed services are not recognized in these financial statements.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

BRUCE HOUSE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method over the following periods:

Computer equipment	5 years
Website	5 years
Office furniture	5 years

Write-down of capital assets

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

BRUCE HOUSE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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3. GRANTS AND CONTRIBUTIONS

	2020	2019
Ministry of Health (Core operations)	\$ 253,142	\$ 253,142
City of Ottawa (Supportive daily living)	144,500	144,500
M.A.C. AIDS Fund (Program and services)	41,500	25,751
Ottawa Community Foundation (REST program)	21,159	50,000
Other	31,508	6,367
	\$ 491,809	\$ 479,760

4. ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts	\$ 7,677	\$ 22,041
Allowance for doubtful accounts	(5,277)	(7,324)
	2,400	14,717
Harmonized sales tax receivable	6,431	12,562
	\$ 8,831	\$ 27,279

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020	2019
Computer equipment	\$ 17,789	\$ 14,756	\$ 3,033	\$ 316
Website	5,000	5,000	-	-
Office furniture	3,251	325	2,926	-
	\$ 26,040	\$ 20,081	\$ 5,959	\$ 316

6. BANK LOAN

The Organization has an authorized line of credit of \$15,000, at prime lending rate plus 2.9%. This line of credit is secured by a general security agreement on all assets of the Organization.

As at March 31, 2020, the line of credit was unused.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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7. DEFERRED GRANTS AND CONTRIBUTIONS

The changes in deferred grants and contribution are as follows:

	2020	2019
Balance, beginning of year	\$ 31,334	\$ 48,252
Plus: Amount granted during the year	479,543	462,842
Less: Amount recognized as revenue in the year	(491,809)	(479,760)
	\$ 19,068	\$ 31,334

Deferred grants and contributions are detailed as follows:

	2020	2019
City of Ottawa	\$ 12,402	\$ -
Ottawa Community Foundation	6,666	-
M.A.C. AIDS Fund	-	14,667
Other grants and contributions	-	16,667
	\$ 19,068	\$ 31,334

8. COMMITMENTS

The commitment of the Organization under a lease agreement aggregates to \$335,500. The instalments over the next four years are the following:

2021	\$ 88,100
2022	\$ 88,400
2023	\$ 90,900
2024	\$ 68,100

9. SUBSEQUENT EVENTS

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The extent to which these events may impact the Organizations's business activities will depend on future developments, such as the duration of the outbreak, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Organization cannot determine the ultimate financial impacts at this time.

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NOTES TO THE FINANCIAL STATEMENTS

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10. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Organization signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

11. ECONOMIC DEPENDENCE

The Organization is significantly dependant on the Ministry of Health and the City of Ottawa for its funding. The economic dependence results from the fact that the viability of the Organization would be affected by the loss of this funding.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

BRUCE HOUSE

ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2020

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2020

2019

SCHEDULE A - REVENUE AND EXPENSES - MINISTRY OF HEALTH

In accordance with the requirements of the Ministry of Health, the revenue and expenses financed by the AIDS Bureau are as follows:

REVENUE

Core funding	\$	253,142	\$	253,142
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OPERATING EXPENSES

Salaries, wages and remuneration		147,841		147,841
Benefits		26,977		26,977
Rent		41,590		41,590
Supplies and other expenses		36,734		36,898
	\$	253,142	\$	253,306