

LAING HOUSE FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2017

**LAING HOUSE FOUNDATION
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DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of:
Laing House Foundation

We have audited the accompanying financial statements of **Laing House Foundation**, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in fund balances 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 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 of our audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, **Laing House Foundation** derives revenue from various sources including donations and fundraising, 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 **Laing House Foundation** and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects, if any, of the matter in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Laing House Foundation** as at December 31, 2017 and December 31, 2016 and the results of its operations and its cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.



Dartmouth, Nova Scotia
June 27, 2018

Chartered Professional Accountants
Licensed Public Accountants

**LAING HOUSE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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	2017	2016
	\$	\$
REVENUES		
Donations and grants	390,303	458,946
Special events and fundraising	340,700	298,414
Interest	<u>1,736</u>	<u>769</u>
	<u>732,739</u>	<u>758,129</u>
OPERATING EXPENSES		
Salaries and benefits	136,992	179,433
Special events and fundraising	105,994	112,567
General and administrative	23,715	18,732
Professional fees	12,436	13,165
Interest and bank charges	<u>8,112</u>	<u>8,758</u>
	<u>287,249</u>	<u>332,655</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE CONTRIBUTIONS	445,490	425,474
CONTRIBUTIONS TO LAING HOUSE ASSOCIATION (Note 7)	(398,600)	(388,627)
EXCESS OF REVENUES OVER EXPENSES	<u>46,890</u>	<u>36,847</u>

LAING HOUSE FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

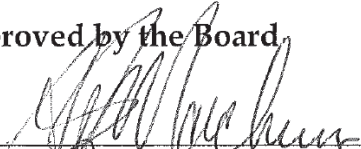
	General Fund \$	Reserve Fund \$	Endowment Fund \$	2017 \$
FUND BALANCES - beginning of year	326,007	50,000	127,563	503,570
Excess of revenues over expenses	46,890	-	-	46,890
Investment income - Endowment Fund	(5,099)	-	5,099	-
Unrealized gain on adjustment of Endowment Fund investments to fair market value	(500)	-	500	-
FUND BALANCES - end of year	<u>367,298</u>	<u>50,000</u>	<u>133,162</u>	<u>550,460</u>

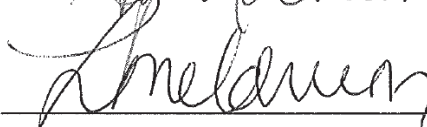
	General Fund \$	Reserve Fund \$	Endowment Fund \$	2016 \$
FUND BALANCES - beginning of year	296,904	50,000	119,819	466,723
Excess of revenues over expenses	36,847	-	-	36,847
Investment income - Endowment Fund	(223)	-	223	-
Unrealized gain on adjustment of Endowment Fund investments to fair market value	(7,521)	-	7,521	-
FUND BALANCES - end of year	<u>326,007</u>	<u>50,000</u>	<u>127,563</u>	<u>503,570</u>

**LAING HOUSE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	2017	2016
	\$	\$
ASSETS		
CURRENT		
Cash	530,726	410,660
Accounts receivable (Note 3)	<u>39,570</u>	<u>82,400</u>
	570,296	493,060
INVESTMENTS (Note 4)	<u>133,162</u>	<u>127,563</u>
	<u>703,458</u>	<u>620,623</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	12,835	20,551
Deferred revenue (Note 5)	6,500	20,400
Due to Laing House Association (Note 6)	<u>133,663</u>	<u>76,102</u>
	<u>152,998</u>	<u>117,053</u>
FUND BALANCES		
GENERAL FUND		
Restricted	6,500	20,400
Unrestricted	<u>360,798</u>	<u>305,607</u>
	367,298	326,007
RESERVE FUND	50,000	50,000
ENDOWMENT FUND	<u>133,162</u>	<u>127,563</u>
	<u>550,460</u>	<u>503,570</u>
	<u>703,458</u>	<u>620,623</u>

Approved by the Board


 _____ Director


 _____ Director

**LAING HOUSE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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	2017	2016
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess of revenues over expenses	46,890	36,847
Changes in non-cash working capital items		
Accounts receivable	42,830	(57,677)
Accounts payable and accrued liabilities	(7,716)	8,360
Deferred revenue	(13,900)	(49,258)
	<u>68,104</u>	<u>(61,728)</u>
FINANCING		
Net increase in amounts due to Laing House Association	<u>57,561</u>	<u>17,657</u>
INVESTING		
Transfers to the Endowment Fund	(5,599)	(7,744)
CHANGE IN CASH	120,066	(51,815)
CASH - beginning of year	<u>410,660</u>	<u>462,475</u>
CASH - end of year	<u><u>530,726</u></u>	<u><u>410,660</u></u>

1. NATURE OF OPERATIONS

Laing House Foundation ("the Foundation") was established by a Declaration of Trust dated December 18, 2009, formed to raise and provide financial resources for the operations of Laing House Association. As such, it has a responsibility to deploy its financial resources as effectively as possible, to account to the contributors for the raising of those resources, and to ensure that the activities supported by the Foundation are conducted in accordance with the highest legal, ethical and financial standards.

The Foundation is a registered charity as defined in Section 149.1(1) of the Income Tax Act, and accordingly, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

General Fund

The General Fund is held to support current and future operations of the Laing House Association and the Foundation. This includes costs relating to programs, administration and operation of premises.

Reserve Fund

The Reserve Fund is internally restricted and is held for the work of the Laing House Association.

Endowment Fund

The Endowment Fund was established in 2005. The Endowment Fund is governed by a Statement of Investment Policies that stipulates the principal amounts donated to the fund are to be protected in perpetuity and only the income generated is to be available to fund activities at the Laing House Association. To date, the fund income has not been drawn down.

Cash

Cash consists of cash on hand and a bank balance held with a financial institution.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

Restricted contributions for expenses of future years are deferred and recognized as revenue in the same year or years as the related expenses.

Unrestricted contributions are recognized as revenue of the General Fund when received or receivable.

Endowment contributions are recognized as direct increases in net assets in the Endowment Fund.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations. Net investment income that is externally restricted and must be added to the resources held for endowment is recognized as direct increases or decreases in net assets in the Endowment Fund.

Contributed goods and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The Foundation benefits from donated services in the form of volunteer time for various programs and objectives of the Foundation. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as certain accrued liabilities. Actual results could differ from those estimates.

**LAING HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial 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 the statement of operations.

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

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to Laing House Association.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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 a reversal is recognized in excess of revenues over expenses.

3. ACCOUNTS RECEIVABLE	2017	2016
	\$	\$
Contributions receivable	30,501	66,250
HST recoverable	<u>9,069</u>	<u>16,150</u>
	<u>39,570</u>	<u>82,400</u>
 4. INVESTMENTS	 2017	 2016
	\$	\$
RBC Dominion Securities - Mutual funds	<u>133,162</u>	<u>127,563</u>

**LAING HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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5. DEFERRED REVENUE

Deferred revenue consists of externally restricted contributions received for the following programs:

	2017	2016
	\$	\$
Community Development	<u>6,500</u>	<u>20,400</u>

Changes in deferred revenue are as follows:

	2017	2016
	\$	\$
Balance - beginning of year	20,400	69,658
Amount recognized as revenue	(20,400)	(69,658)
Amounts received related to future periods	<u>6,500</u>	<u>20,400</u>
	<u>6,500</u>	<u>20,400</u>

6. DUE TO LAING HOUSE ASSOCIATION

The amount due to Laing House Association, related through common control, has no set terms of repayment and is non-interest bearing.

7. RELATED PARTY TRANSACTIONS

During the year, the Foundation entered into transactions, recorded at exchange values, with Laing House Association as follows:

- a) The Foundation made contributions in the amount of \$398,600 (2016 - \$343,000), including \$NIL (2016 - \$24,031) to fund capital projects, to the Laing House Association.
- b) The Foundation made contributions of \$NIL (2016 - \$6,599) to the Laing House Association to fund Community Development and Peer Mentor programs.
- c) The Foundation made contributions of \$NIL (2016 - \$39,028) to the Laing House Association to fund the Youth Speak program.

Total contributions made during the year to the Laing House Association were \$398,600 (2016 - \$388,627) and were recorded in the statement of operations.

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at December 31, 2017.

It is management's opinion that the Foundation is not exposed to significant currency or interest rate risks from its financial instruments. The risks arising on financial instruments are limited to the following:

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. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash, accounts receivable and investments. The Foundation deposits its cash and holds investments in a reputable financial institution and therefore believes the risk of loss to be remote. The Foundation is exposed to credit risk from contributions receivable. The Foundation believes this credit risk is minimized as the Foundation has a strong history of collection. A provision for impairment of accounts receivable is established when there is objective evidence that the Foundation will not be able to collect all amounts pledged.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation generates sufficient cash flow from operating activities to fund operations and fulfil obligations as they become due.

Market risk

Market risk is the risk that the fair value or 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. The Foundation is mainly exposed to other price risk.

Other price risk

The Foundation is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities and pooled funds. The Foundation believes this risk is minimized as the Foundation has invested in diversified mutual funds.