LAING HOUSE ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

COLLINS
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DECEMBER 31, 2017

COLLINS BARROW

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Laing House Association

We have audited the accompanying financial statements of **Laing House Association**, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Laing House Association** as at December 31, 2017, 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.

Collins Barrow Inc.

Dartmouth, Nova Scotia
June 27, 2018

Chartered Professional Accountants
Licensed Public Accountants

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

	2017	2016
	$	$
REVENUES		
Contributions from Laing House Foundation (Note 8)	**398,600**	343,000
Nova Scotia Department of Health and Wellness	**240,000**	240,000
Property tax rebate (Note 9)	**19,918**	18,427
Grants	**2,926**	15,671
Training fees and honorariums	**2,070**	110
Interest income	**679**	43
Youth Speak program (Note 8)	**-**	39,028
Community Development (Note 8)	**-**	6,599
	664,193	662,878
OPERATING EXPENSES		
Core programming costs	**286,065**	333,671
General and administrative	**131,340**	125,014
Occupancy	**89,107**	86,203
Community Development programs	**79,287**	46,792
Youth Speak program	**20,869**	38,517
Amortization	**13,895**	16,140
Communications	**13,615**	21,303
	634,178	667,640
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**30,015**	(4,762)

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

	Operating Fund $	Capital Fund $	**2017 $**
FUND BALANCES - beginning of year	261,018	365,715	**626,733**
Excess of revenues over expenses	30,015	-	**30,015**
Amortization of capital assets	13,895	(13,895)	**-**
FUND BALANCES - end of year	304,928	351,820	**656,748**

	Operating Fund $	Capital Fund $	2016 $
FUND BALANCES - beginning of year	249,640	381,855	631,495
Deficiency of revenues over expenses	(4,762)	-	(4,762)
Amortization of capital assets	16,140	(16,140)	-
FUND BALANCES - end of year	261,018	365,715	626,733

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

	2017	2016
	$	$
ASSETS		
CURRENT		
Cash	**260,549**	199,024
Accounts receivable (Note 3)	**9,724**	24,858
Prepaids	**2,678**	6,322
	272,951	230,204
DUE FROM LAING HOUSE FOUNDATION (Note 4)	**133,663**	76,102
CAPITAL ASSETS (Note 5)	**351,820**	365,715
	758,434	672,021
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	**29,480**	38,082
Deferred revenue (Note 7)	**72,206**	7,206
	101,686	45,288
FUND BALANCES		
OPERATING FUND		
Restricted	**72,206**	7,206
Unrestricted	**232,722**	253,812
	304,928	261,018
CAPITAL FUND	**351,820**	365,715
	656,748	626,733
	758,434	672,021

Approved by the Board

________________________ **Director**

________________________ **Director**

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

	2017	2016
	$	$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess (deficiency) of revenues over expenses	**30,015**	(4,762)
Item not affecting cash		
Amortization	**13,895**	16,140
	43,910	11,378
Changes in non-cash working capital items		
Accounts receivable	**15,134**	(9,620)
Prepaids	**3,644**	(1,218)
Accounts payable and accrued liabilities	**(8,602)**	(27,236)
Deferred revenue	**65,000**	-
	119,086	(26,696)
INVESTING		
Net increase in amounts due from Laing House Foundation	**(57,561)**	(17,657)
CHANGE IN CASH	**61,525**	(44,353)
CASH - beginning of year	**199,024**	243,377
CASH - end of year	**260,549**	199,024

1. OPERATIONS

Laing House Association ("the Association") was registered under the Societies Act of Nova Scotia on February 28, 2000 and operates a community support centre located in Halifax, Nova Scotia and provides programming in communities across the Province of Nova Scotia for youth aged 16-30 living with psychotic, mood or anxiety disorders. As an organization rooted in youth leadership and peer support, the Association engages youth with mental illness as both recipients and providers of service. Youth are engaged through an ongoing process designed to enable them to identify and build on their assets and strengths, reach their goals and develop leadership and mentorship roles. The Association receives funding from the Laing House Foundation to support its operations.

The Association's mission is to empower youth living with mental illness through innovative youth engagement and peer support. Through involvement in Laing House Association, members find their path - building friendships, reducing isolation, increasing their self esteem, wellness and ability to cope, furthering their education, securing employment and living independently.

The Association is a registered charity as defined in the 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:

Controlled entities

The Association has chosen not to consolidate the not-for-profit organization it controls and, instead, to disclose summarized financial information of the controlled organization.

Fund accounting

Operating Fund

The Operating Fund is used to account for the primary operations of the Association, including costs relating to programs, administration and operation of premises. Government grants and other support recorded directly in this fund include only those available for unrestricted purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting (Continued)

Capital Fund

The Capital Fund is used to account for capital assets, including their acquisition, financing, amortization and disposal. Operating costs of capital assets are accounted for in the Operating Fund. Contributions to the Capital Fund are internally restricted.

Cash

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

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives as follows:

Buildings	4%	Diminishing balance
Equipment	5%	Diminishing balance
Furniture and fixtures	30%	Diminishing balance
Computer equipment	30%	Diminishing balance

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Revenue recognition

The Association 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 Operating Fund when received or receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Association's operations and would otherwise have been purchased.

The Association benefits from donated services in the form of volunteer time for various programs and objectives of the Association. 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 useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

Financial instruments

Measurement of financial instruments

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

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

Financial assets measured at amortized cost include cash, accounts receivable and amounts due from Laing House Foundation.

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 impairment. The amount of any write down is recognized in excess (deficiency) 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 (deficiency) of revenues over expenses.

3. ACCOUNTS RECEIVABLE

	2017	2016
	$	$
Contributions receivable	**-**	383
HST recoverable	**9,724**	24,475
	9,724	24,858

4. DUE FROM LAING HOUSE FOUNDATION

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

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	**Net 2017**	Net 2016
	$	$	**$**	$
Land	136,200	-	**136,200**	136,200
Buildings	311,456	126,069	**185,387**	193,111
Equipment	17,415	4,277	**13,138**	13,829
Furniture and fixtures	63,633	53,287	**10,346**	12,933
Computer equipment	88,340	81,591	**6,749**	9,642
	617,044	265,224	**351,820**	365,715

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	$	$
Trade payables	**8,517**	16,583
Accrued liabilities	**20,963**	21,499
	29,480	38,082

7. DEFERRED REVENUE

Deferred revenue consists of externally restricted contributions received for the Post Stigma Project of $7,206 (2016 - $7,206), for the Queer Club Project of $5,000 (2016 - NIL) and for 2018 operations from the Nova Scotia Department of Health and Wellness of $60,000 (2016 - NIL).

8. RELATED PARTY TRANSACTIONS

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

a) The Association received contributions in the amount of $398,600 (2016 - $343,000), including $NIL (2016 - $24,031) to fund capital projects, from the Laing House Foundation.

b) The Association received $NIL (2016 - $6,599) from the Laing House Foundation to fund Community Development programs.

c) The Association received $NIL (2016 - $39,028) from the Laing House Foundation to fund the Youth Speak program.

These contributions are recorded as revenue in the statement of operations.

9. PROPERTY TAX REBATE

Under Halifax Regional Municipality By-Law T-200, the Association is entitled to a reduction in its property taxes such that it pays property tax at 50% of the residential rate instead of the full commercial rate. The Association records property tax expense at the full commercial rate and recognizes the resulting reduction as property tax rebate revenue.

10. FINANCIAL INSTRUMENTS

Risks and concentrations

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

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

10. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

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

11. ECONOMIC DEPENDENCE

The Association generates substantially all of its revenues from Laing House Foundation and from the Nova Scotia Department of Health and Wellness, which represent 60% and 36% (2016 - 59% and 36%) of total revenues respectively.

12. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

13. LAING HOUSE FOUNDATION

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. 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. The Foundation has its own Board of Trustees, but due to the significance of the economic interest between the Association and the Foundation resulting from the contributions made by the Foundation to the Association and the integration of their activities, the Association is considered to control the Foundation. The assets, liabilities, revenue and expenses of the Foundation have not been included in these financial statements.

The summarized financial statement of the Foundation as at and for the year ended March 31 are as follows:

	2017	2016
	$	$
Revenues	**732,739**	758,129
Operating expenses	**287,249**	332,655
Excess of revenues over expenses before contributions	**445,490**	425,474
Contributions to Laing House Association	**(398,600)**	(388,627)
Excess of revenues over expenses	**46,890**	36,847
Total assets	**703,458**	620,623
Total liabilities	**152,998**	117,053
Fund Balances		
General fund		
Restricted	**6,500**	20,400
Unrestricted	**360,798**	305,607
Reserve fund	**50,000**	50,000
Endowment fund	**133,162**	127,563
	550,460	503,570
Cash provided by (used for):		
Operating	**68,104**	(61,728)
Financing	**57,561**	17,657
Investing	**(5,599)**	(7,744)