LAING HOUSE ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

bakertilly

LAING HOUSE ASSOCIATION
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DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Laing House Association

Opinion

We have audited the financial statements of **Laing House Association** ("the Association"), which comprise the statement of financial position as at December 31, 2018 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' 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 auditors' 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
June 11, 2019

Chartered Professional Accountants
Licensed Public Accountants

LAING HOUSE ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	$	$
REVENUES		
Contributions from Laing House Foundation (Note 8)	**398,600**	398,600
Nova Scotia Department of Health and Wellness		
Operating funding	**240,000**	240,000
Community Development	**123,501**	-
Property tax rebate (Note 9)	**24,814**	19,918
Training fees and honorariums	**8,836**	2,070
Interest income	**2,769**	679
Grants	**1,137**	2,926
	799,657	664,193
OPERATING EXPENSES		
Core programming costs	**361,383**	286,065
Community Development programs (Schedule)	**174,067**	79,287
General and administrative	**148,640**	144,955
Occupancy	**43,548**	64,114
Property taxes	**31,017**	24,993
Youth Speak program	**12,896**	20,869
Amortization	**12,167**	13,895
	783,718	634,178
EXCESS OF REVENUES OVER EXPENSES	**15,939**	30,015

LAING HOUSE ASSOCIATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Operating Fund $	Capital Fund $	**2018 $**
FUND BALANCES - beginning of year	304,928	351,820	**656,748**
Excess of revenues over expenses	15,939	-	**15,939**
Amortization of capital assets	12,167	(12,167)	**-**
FUND BALANCES - end of year	333,034	339,653	**672,687**

	Operating Fund $	Capital Fund $	2017 $
FUND BALANCES - beginning of year	261,018	365,715	626,733
Deficiency 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

LAING HOUSE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
	$	$
ASSETS		
CURRENT		
Cash	**421,658**	260,549
Accounts receivable (Note 3)	**6,075**	9,724
Prepaids	**6,333**	2,678
	434,066	272,951
DUE FROM LAING HOUSE FOUNDATION (Note 4)	**54,057**	133,663
CAPITAL ASSETS (Note 5)	**339,653**	351,820
	827,776	758,434
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	**47,872**	29,480
Deferred revenue (Note 7)	**107,217**	72,206
	155,089	101,686
FUND BALANCES		
OPERATING FUND		
Restricted	**107,217**	72,206
Unrestricted	**225,817**	232,722
	333,034	304,928
CAPITAL FUND	**339,653**	351,820
	672,687	656,748
	827,776	758,434

Approved by the Board

______________________________________ **Director**

______________________________________ **Director**

LAING HOUSE ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	$	$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess of revenues over expenses	**15,939**	30,015
Item not affecting cash		
Amortization	**12,167**	13,895
	28,106	43,910
Changes in non-cash working capital items		
Accounts receivable	**3,649**	15,134
Prepaids	**(3,655)**	3,644
Accounts payable and accrued liabilities	**18,392**	(8,602)
Deferred revenue	**35,011**	65,000
	81,503	119,086
INVESTING		
Net (increase) decrease in amounts due from Laing House Foundation	**79,606**	(57,561)
CHANGE IN CASH	**161,109**	61,525
CASH - beginning of year	**260,549**	199,024
CASH - end of year	**421,658**	260,549

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.

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 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.

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.

3. ACCOUNTS RECEIVABLE

	2018	2017
	$	$
Contributions receivable	**479**	-
HST recoverable	**5,596**	9,724
	6,075	9,724

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 2018**	Net 2017
	$	$	**$**	$
Land	136,200	-	**136,200**	136,200
Buildings	311,456	133,485	**177,971**	185,387
Equipment	17,415	4,934	**12,481**	13,138
Furniture and fixtures	63,633	55,356	**8,277**	10,346
Computer equipment	88,340	83,616	**4,724**	6,749
	617,044	277,391	**339,653**	351,820

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	$	$
Trade payables	**18,449**	8,517
Accrued liabilities	**29,423**	20,963
	47,872	29,480

7. DEFERRED REVENUE

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

	2018 $	2017 $
Nova Scotia Department of Health and Wellness operating grant for following fiscal year	**95,011**	60,000
Post Stigma Project	**7,206**	7,206
Queer Club Project	**5,000**	5,000
	107,217	72,206

Changes in deferred revenue are as follows:

	2018 $	2017 $
Balance - beginning of year	**72,206**	7,206
Amount recognized as revenue	**(60,000)**	-
Amounts received related to future periods	**95,011**	65,000
	107,217	72,206

8. RELATED PARTY TRANSACTIONS

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

- The Association received contributions in the amount of $398,600 (2017 - $398,600)

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, 2018.

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:

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 50% and 45% (2017 - 60% 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 December 31, 2018 are as follows:

	2018	2017
	$	$
Revenues	**750,359**	732,739
Operating expenses	**317,092**	287,249
Excess of revenues over expenses before contributions	**433,267**	445,490
Contributions to Laing House Association	**(398,600)**	(398,600)
Excess of revenues over expenses	**34,667**	46,890
Total assets	**707,295**	703,458
Total liabilities	**122,168**	152,998
Fund Balances		
General fund		
Restricted	**49,481**	6,500
Unrestricted	**355,412**	360,798
Reserve fund	**50,000**	50,000
Endowment fund	**130,234**	133,162
	585,127	550,460
Cash provided by (used for):		
Operating	**97,945**	62,505
Financing	**(79,606)**	57,561

LAING HOUSE ASSOCIATION
SCHEDULE OF COMMUNITY DEVELOPMENT PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	$	$
COMMUNITY DEVELOPMENT ADMINISTRATION COSTS	**19,138**	69,415
YARMOUTH		
Core programming costs	**131,066**	6,914
Occupancy	**8,201**	-
General and administrative	**11,352**	-
	169,757	76,329
Other Community Development programs	**4,310**	2,958
Total Community Development programs	**174,067**	79,287