

LAING HOUSE FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2018

**LAING HOUSE FOUNDATION
INDEX
DECEMBER 31, 2018**

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN FUND BALANCES	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 12



Baker Tilly Nova Scotia Inc.
Suite 201, 130 Eileen Stubbs Ave
Dartmouth, NS
Canada B3B 2C4

D: +1 902.404.4000
F: +1 902.404.3099

halifax@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of:
Laing House Foundation

Qualified Opinion

We have audited the financial statements of **Laing House Foundation** ("the Foundation"), which comprise the statement of financial position as at December 31, 2018 and the statements of operations, 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, 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 Foundation 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 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.

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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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 FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

4

	2018	2017
	\$	\$
REVENUES		
Donations and grants	446,864	390,303
Special events and fundraising	302,132	335,101
Interest	4,291	1,736
Investment income (loss)	<u>(2,928)</u>	<u>5,599</u>
	<u>750,359</u>	<u>732,739</u>
OPERATING EXPENSES		
Salaries and benefits	161,007	136,992
Special events and fundraising	111,070	105,994
General and administrative	26,860	23,715
Professional fees	9,204	12,436
Interest and bank charges	<u>8,951</u>	<u>8,112</u>
	<u>317,092</u>	<u>287,249</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE CONTRIBUTIONS	433,267	445,490
CONTRIBUTIONS TO LAING HOUSE ASSOCIATION (Note 7)	<u>(398,600)</u>	<u>(398,600)</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>34,667</u></u>	<u><u>46,890</u></u>

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

	General Fund \$	Reserve Fund \$	Endowment Fund \$	2018 \$
FUND BALANCES - beginning of year	367,298	50,000	133,162	550,460
Excess of revenues over expenses	34,667	-	-	34,667
Investment income - Endowment Fund	(4,209)	-	4,209	-
Unrealized loss on adjustment of Endowment Fund investments to fair market value	<u>7,137</u>	<u>-</u>	<u>(7,137)</u>	<u>-</u>
FUND BALANCES - end of year	<u>404,893</u>	<u>50,000</u>	<u>130,234</u>	<u>585,127</u>

	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	<u>(500)</u>	<u>-</u>	<u>500</u>	<u>-</u>
FUND BALANCES - end of year	<u>367,298</u>	<u>50,000</u>	<u>133,162</u>	<u>550,460</u>

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

6

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash	549,065	530,726
Accounts receivable (Note 3)	27,996	39,570
Investments (Note 4)	<u>130,234</u>	<u>133,162</u>
	<u>707,295</u>	<u>703,458</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	18,630	12,835
Deferred revenue (Note 5)	49,481	6,500
Due to Laing House Association (Note 6)	<u>54,057</u>	<u>133,663</u>
	<u>122,168</u>	<u>152,998</u>
FUND BALANCES		
GENERAL FUND		
Restricted	49,481	6,500
Unrestricted	<u>355,412</u>	<u>360,798</u>
	404,893	367,298
RESERVE FUND	50,000	50,000
ENDOWMENT FUND	<u>130,234</u>	<u>133,162</u>
	<u>585,127</u>	<u>550,460</u>
	<u>707,295</u>	<u>703,458</u>

Approved by the Board

_____ Director

_____ Director

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

7

	2018	2017
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess of revenues over expenses	34,667	46,890
Changes in non-cash working capital items		
Accounts receivable	11,574	42,830
Accounts payable and accrued liabilities	5,795	(7,716)
Transfers to the Endowment Fund	2,928	(5,599)
Deferred revenue	<u>42,981</u>	<u>(13,900)</u>
	<u>97,945</u>	<u>62,505</u>
FINANCING		
Net increase (decrease) in amounts due to Laing House Association	<u>(79,606)</u>	<u>57,561</u>
CHANGE IN CASH	18,339	120,066
CASH - beginning of year	<u>530,726</u>	<u>410,660</u>
CASH - end of year	<u>549,065</u>	<u>530,726</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.

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.

**LAING HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

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 certain accrued liabilities. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Contributions receivable	20,121	30,501
HST recoverable	<u>7,875</u>	<u>9,069</u>
	<u>27,996</u>	<u>39,570</u>

4. INVESTMENTS

	2018	2017
	\$	\$
RBC Dominion Securities - Mutual funds	<u>130,234</u>	<u>133,162</u>

**LAING HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

5. DEFERRED REVENUE

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

	2018	2017
	\$	\$
Capital projects	34,481	-
Creative arts	15,000	-
Community Development	<u>-</u>	<u>6,500</u>
	<u>49,481</u>	<u>6,500</u>

Changes in deferred revenue are as follows:

	2018	2017
	\$	\$
Balance - beginning of year	6,500	20,400
Amount recognized as revenue	(6,500)	(20,400)
Amounts received related to future periods	<u>49,481</u>	<u>6,500</u>
	<u>49,481</u>	<u>6,500</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 amounts, with Laing House Association as follows:

- The Foundation made contributions in the amount of \$398,600 (2017 - \$398,600).

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, 2018.

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:

8. 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 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.

9. COMPARATIVE FIGURES

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