

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
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Year Ended March 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of Adsum Association for Women & Children

We have audited the accompanying financial statements of Adsum Association for Women & Children, which comprise the statement of financial position as at March 31, 2012, and the statements of revenues and expenditures, changes in net assets 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 generally accepted accounting principles, 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.

Auditor's 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 auditor's 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 auditor considers 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 for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the association derives revenue from (specify type of contributions affected) the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

(continues)

Independent Auditor's Report to the Members of Adsum Association for Women & Children *(continued)*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Adsum Association for Women & Children as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Halifax, Nova Scotia
June 19, 2012

SUTHERLAND WATT
Chartered Accountants

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Statement of Revenues and Expenditures
Year Ended March 31, 2012

	2012	2011
Revenue		
Amortization of deferred contributions	\$ 111,197	\$ 98,754
Donations	383,357	264,263
Fundraising events	88,193	82,750
Government grants	413,606	355,824
Investment	9,846	10,436
Other	62,807	63,410
Per diems to authorities	541,663	528,985
Rental operations	202,684	145,337
	<u>1,813,353</u>	<u>1,549,759</u>
Expenses		
Administration	61,549	49,567
Amortization	122,150	97,852
Employee services	968,612	879,143
Interest	19,445	7,613
Operations	318,094	279,612
Other	57,658	58,153
Promotion and fundraising	68,769	60,782
Property expenses	210,795	164,723
	<u>1,827,072</u>	<u>1,597,445</u>
Deficiency of revenue over expenses for the year	\$ (13,719)	\$ (47,686)

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Statement of Financial Position
March 31, 2012

	2012	2011
ASSETS		
Current		
Cash (Note 3)	\$ 95,317	\$ 201,093
Accounts receivable (Note 4)	154,336	170,232
Prepaid expenses	13,444	18,192
	<u>263,097</u>	389,517
Property, plant and equipment (Note 5)	3,058,926	2,896,669
Long term Investments - unrestricted	37,806	29,122
Long term Investments - restricted	476,884	251,239
	<u>\$ 3,836,713</u>	<u>\$ 3,566,547</u>
LIABILITIES		
Current		
Accounts payable	\$ 58,001	\$ 218,377
Current portion of long term debt (Note 6)	9,590	5,367
Tenants' damage deposits	6,256	4,077
	<u>73,847</u>	227,821
Long term debt (Note 6)	343,321	106,792
Deferred contributions - capital assets	2,390,583	1,529,698
Deferred contributions - future expenditures	28,380	913,580
	<u>2,836,131</u>	<u>2,777,891</u>
Net assets		
Investment in property and equipment	315,432	443,319
Investment in endowment fund	476,884	251,239
Unrestricted fund	208,266	94,098
	<u>1,000,582</u>	788,656
	<u>\$ 3,836,713</u>	<u>\$ 3,566,547</u>

ON BEHALF OF THE BOARD

_____ Director
 _____ Director

See notes to financial statements

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Statement of Changes in Net Assets
Year Ended March 31, 2012

	Investment in Property and Equipment	Investment in Endowment Fund	Unrestricted Fund	2012	2011
Net assets - beginning of year	\$ 443,319	\$ 251,239	\$ 94,098	\$ 788,656	\$ 836,342
Building and equipment additions	44,087	-	(44,087)	-	-
Adjustment of previous years opening balance	(99,139)	-	99,139	-	-
Deficiency of revenue over expenses	-	-	(13,719)	(13,719)	(47,686)
Endowment fund contributions	-	230,660	-	230,660	-
New unrealized gain (loss) in investments	-	(5,015)	-	(5,015)	-
Deferred funding for property, plant and equipment	49,315	-	(49,315)	-	-
Depreciation for the year	(122,150)	-	122,150	-	-
Net assets - end of year	\$ 315,432	\$ 476,884	\$ 208,266	\$ 1,000,582	\$ 788,656

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Statement of Cash Flows
Year Ended March 31, 2012

	2012	2011
Operating activities		
Deficiency of revenue over expenses	\$ (13,719)	\$ (47,686)
Items not affecting cash:		
Amortization of property, plant and equipment	122,150	97,852
Amortization of deferred contributions	(111,197)	(98,754)
	<u>(2,766)</u>	<u>(48,588)</u>
Changes in non-cash working capital:		
Accounts receivable	15,896	(54,970)
Accounts payable	(160,375)	158,307
Unearned income	-	(1,524)
Prepaid expenses	4,748	(6,157)
Tenants' damage deposits	2,179	662
	<u>(137,552)</u>	<u>96,318</u>
Cash flow from (used by) operating activities	<u>(140,318)</u>	<u>47,730</u>
Investing activity		
Purchase of property, plant and equipment	<u>(284,839)</u>	<u>(956,239)</u>
Financing activities		
Proceeds from long term financing	250,000	-
Repayment of long term debt	(9,248)	(5,011)
Increase in deferred contributions	78,629	889,998
Cash flow from financing activities	<u>319,381</u>	<u>884,987</u>
Decrease in cash flow	(105,776)	(23,522)
Cash and cash equivalents - beginning of year	<u>201,093</u>	<u>224,615</u>
Cash and cash equivalents - end of year	\$ 95,317	\$ 201,093

See notes to financial statements

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Notes to Financial Statements
Year Ended March 31, 2012

1. Description of business

Adsum Association for Women & Children(the "association") is a society incorporated under the provisions of the Societies Act of Nova Scotia and is a registered charity under the provisions of the income Tax Act. The Association provides housing and other support services to women and children in an effort to reduce homelessness and promote independent living. The Association operates the following facilities with Halifax Regional Municipality:

Adsum House, an emergency shelter for women and children who are homeless.

Adsum Court, a supportive complex with affordable apartments.

Adsum Centre, a short term residential centre for women and children

The Alders, a supportive complex with affordable apartments.

2. Summary of significant accounting policies

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated amortization. Contributed property, plant and equipment are recorded at their fair value at the date of contribution. Property, plant and equipment are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	35 years
Equipment	5 years
Computer equipment	3 years
Leasehold improvements	5 years
Playground	10 years

Revenue recognition

Adsum Association for Women & Children follows the deferral method of accounting for contributions.

Restricted contribution, other than endowments, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in endowment net assets.

Contributions of non-depreciable capital assets and contributions for purposes of acquiring such assets are recognized as direct increase in investment in capital assets in the period in which the capital assets are acquired..

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Notes to Financial Statements
Year Ended March 31, 2012

2. Summary of significant accounting policies *(continued)*

Accounting estimates

Preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

3. Cash

	<u>2012</u>	<u>2011</u>
Savings account	\$ 53,656	\$ 77,493
Operating bank accounts	35,405	119,523
Royal Bank - Security Deposits	<u>6,256</u>	<u>4,077</u>
	<u>\$ 95,317</u>	<u>\$ 201,093</u>

4. Accounts receivable

	<u>2012</u>	<u>2011</u>
Due from provincial/municipal governments	\$ 107,553	\$ 78,240
Due from federal government	11,713	64,860
Other	<u>48,850</u>	<u>47,936</u>
Subtotal	168,116	191,036
Less: Allowance for doubtful accounts	<u>(13,780)</u>	<u>(13,405)</u>
	<u>\$ 154,336</u>	<u>\$ 177,631</u>

5. Property, plant and equipment

	Cost	Accumulated amortization	<u>2012 Net book value</u>	2011 Net book value
Land	\$ 495,428	\$ -	\$ 495,428	\$ 257,800
Buildings	2,852,441	420,863	2,431,578	1,565,810
Equipment	218,516	158,155	60,361	35,254
Playground	26,076	19,553	6,523	9,130
Computer equipment	62,802	50,710	12,092	10,569
Leasehold improvements	52,944	-	52,944	75,236
Assets under construction	-	-	-	942,870
	<u>\$ 3,708,207</u>	<u>\$ 649,281</u>	<u>\$ 3,058,926</u>	<u>\$ 2,896,669</u>

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Notes to Financial Statements
Year Ended March 31, 2012

6. Long term debt

	<u>2012</u>	<u>2011</u>
Royal Bank loan bearing interest at 6.75% per annum, repayable in monthly blended payments of \$1,055, subject to renewal in August, 2014. The loan matures on October 1, 2024 and is secured by a mortgage on land and building with a net book value of \$220,306.	\$ 106,804	\$ 112,159
Royal Bank loan bearing interest at 5.6% per annum, repayable in monthly blended payments of \$1,555. The loan matures on and is secured by a mortgage on land and building with a net book value of \$367,000.	246,107	-
	352,911	112,159
Amounts payable within one year	(9,590)	(5,367)
	\$ 343,321	\$ 106,792

Principal repayment terms are approximately:

2013	\$ 9,590
2014	10,247
2015	10,950
2016	11,700
2017	12,503
	<u>\$ 54,990</u>

7. Endowment Fund

The endowment fund is subject to externally imposed restrictions stipulating that the capital be maintained for a period of at least ten years and the investment income be used towards operating expenses. During the year the Association received an endowment contribution of \$230,660 (2011 - nil) and earned \$8,684 (2011 - \$8,379) in investment revenue which has been reported as income. These funds are classified as held for trading and are recorded at cost with annual adjustments to reflect fair value and are comprised of cash and equivalents of \$236,821 and Canadian and foreign equities of \$277,867.

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
Notes to Financial Statements
Year Ended March 31, 2012

8. Commitments/Contingencies

- a) The Association leases the Adsum House premises under a year to year lease with the Halifax Regional Municipality for a nominal annual rent of \$ 1 / year. Due to the unique circumstances surrounding the lease, the Association writes off its leasehold improvements over a period greater than the term of the lease.
- b) The Association's ownership of Adsum Centre is subject to the terms of a buy-back agreement entered into with the Halifax Regional Municipality in conjunction with the property's acquisition in 2002.
- c) During the prior year, the Association entered into funding agreements with the Government of Canada and the Province of Nova Scotia to design and build a 10 unit housing complex that is affordable and supportive in the Halifax Regional Municipality. The Association has undertaken a commitment to both the Government of Canada and the Province of Nova Scotia to operate this facility for its intended use for a period of not less than 15 years. If the Association does not meet the terms and conditions of the funding agreement then certain amounts may be repayable to the Province of Nova Scotia.
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9. Financial instruments

The Association's financial instruments consist of cash, short-term deposits, receivables, prepaid expenses, payables and accruals, tenants' damage deposits and mortgage payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

10. Capital risk management

The Association's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and to conduct operations and execute strategic plans in the best interests and support of the Association.

The Association's objectives are met by maintaining adequate funds to guard against the possibility that cash flows from its operations will not be sufficient to meet future cash flow requirements. In addition, the Association actively monitors its capital structure to make necessary adjustments as a result to changes in economic conditions.

The Association's capital structure consists of equity in investment in property and equipment, investment in endowment fund and unrestricted net assets. As at March 31, 2012, the Association's investment in property and equipment was \$315,432 (2011 - \$443,319), investment in endowment fund was \$ 476,884 (2011 - \$253,418) and in unrestricted net assets \$208,266 (2011 - \$91,919).

The Association has internally imposed restrictions as follows:

- (a) The Association is required to maintain the capital balance in the endowment fund as described in Note 7.
- (b) The Association's objective with respect to its net assets invested in property and equipment is to fund the past acquisition of capital assets, in the form property and equipment, required for operating purposes.
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11. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

ADSUM ASSOCIATION FOR WOMEN & CHILDREN