



THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Financial Statements
Year Ended December 31, 2019





THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Bridge From Prison to Community (Hamilton)

Qualified Opinion

We have audited the financial statements of The Bridge From Prison to Community (Hamilton) (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations - unrestricted net assets 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 possible 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 Organization as at December 31, 2019, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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



Independent Auditor's Report to the Directors of The Bridge From Prison to Community (Hamilton)
(continued)

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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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



THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Note 4)	\$ 46,940	\$ 44,080
Accounts receivable	4,342	-
Sales tax recoverable	4,055	3,440
Prepaid expenses	9,018	8,388
	<u>64,355</u>	55,908
CAPITAL ASSETS (Note 5)	<u>129,197</u>	134,000
	<u>\$ 193,552</u>	<u>\$ 189,908</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 17,429	\$ 17,582
Current portion of deferred grants (Note 7)	23,836	12,992
Current portion of deferred capital contributions (Note 8)	1,319	1,373
	<u>42,584</u>	31,947
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>31,644</u>	32,963
	<u>74,228</u>	64,910
NET ASSETS		
Unrestricted net assets	17,447	19,689
Net assets for future property repairs	5,645	5,645
Net assets invested in capital assets	96,232	99,664
	<u>119,324</u>	124,998
	<u>\$ 193,552</u>	<u>\$ 189,908</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See Accompanying Notes to the Financial Statements





THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Unrestricted Net Assets	Net Assets for future property repairs	Net Assets invested in capital assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 19,689	\$ 5,645	\$ 99,664	\$ 124,998	\$ 112,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,242)	-	(3,432)	(5,674)	12,085
NET ASSETS - END OF YEAR	\$ 17,447	\$ 5,645	\$ 96,232	\$ 119,324	\$ 124,998





THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Statement of Operations - Unrestricted net assets
Year Ended December 31, 2019

	2019	2018
REVENUES		
Foundations and other grants	\$ 150,292	\$ 146,309
Donations	59,638	49,566
Room rentals	16,215	14,830
Municipal government funding relating to the Homelessness Partnering Strategy Program	16,031	16,031
Fundraising	13,629	15,656
Nevada	12,977	13,775
Other municipal government funding	5,630	5,520
Federal government funding	-	3,751
Provincial government funding	-	2,250
	<u>274,412</u>	<u>267,688</u>
EXPENDITURES		
Fundraising	3,338	6,008
Insurance and security	8,581	8,756
Interest and bank charges	499	398
Legal fees (recovery)	861	(30)
Nevada	5,816	6,524
Office and general	6,060	15,775
Professional fees	5,529	4,900
Program support	8,690	5,357
Rent	14,000	4,192
Repairs and maintenance	1,715	19,869
Salaries, wages and benefits	197,490	169,226
Telephone	8,016	3,070
Travel	6,241	325
Utilities	9,818	7,598
	<u>276,654</u>	<u>251,968</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,242)</u>	<u>\$ 15,720</u>





THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Statement of Operations - Net assets invested in capital assets
Year Ended December 31, 2019

	2019	2018
REVENUES		
Deferred capital contributions	\$ 1,373	\$ 1,431
EXPENDITURES		
Amortization of capital assets	<u>4,805</u>	<u>5,066</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (3,432)</u>	<u>\$ (3,635)</u>





THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (5,674)	\$ 12,085
Item not affecting cash:		
Amortization of capital assets	<u>4,805</u>	5,066
	<u>(869)</u>	<u>17,151</u>
Changes in non-cash working capital:		
Accounts receivable	(4,342)	2,250
Prepaid expenses	(630)	(4,648)
Sales Tax	(615)	13
Accounts payable and accrued liabilities	(155)	(2,880)
Current portion of deferred capital contributions	(54)	(58)
Current portion of deferred grants	<u>10,844</u>	<u>(45,316)</u>
	<u>5,048</u>	<u>(50,639)</u>
Cash flow from (used by) operating activities	<u>4,179</u>	<u>(33,488)</u>
FINANCING ACTIVITY		
Deferred capital contributions	<u>(1,319)</u>	<u>(1,373)</u>
INCREASE (DECREASE) IN CASH FLOW	2,860	(34,861)
Cash - beginning of year	<u>44,080</u>	<u>78,941</u>
CASH - END OF YEAR	\$ 46,940	\$ 44,080





THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Notes to Financial Statements
Year Ended December 31, 2019

1. NATURE OF OPERATIONS

The Bridge From Prison to Community (Hamilton) (the "Organization") is a not-for-profit organization that was incorporated without share capital under the laws of Ontario on March 22, 1990. The mandate of the Organization is to help prison inmates, former inmates and their families arrive at a more positive outlook on life and to enable them to become contributing members of society. The Organization is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Financial instruments policy

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and sales tax recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A 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. Reversals are recognized in net income.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Revenue recognition

The Bridge From Prison to Community (Hamilton) follows the deferral method of accounting for contributions, which includes grants and donations. Contributions of capital assets are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related capital asset.

Restricted contributions 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 net assets.

(continues)



THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Notes to Financial Statements
Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Deferred grants

Deferred grants consists of funds received for specific uses for which the related expenditures have not been incurred.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Building	4%	declining balance method
Fences	10%	declining balance method
Office equipment	20%	declining balance method

The Organization regularly reviews its property and equipment to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Organization is not exposed to any significant risk exposure and concentration as at December 31, 2019.

4. RESTRICTED CASH

Cash includes \$5,645 of restricted cash (2018 - \$5,645) which have been internally restricted for the use of future property repairs. The Organization maintains separate bank accounts for this purpose.



THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Notes to Financial Statements
Year Ended December 31, 2019

5. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 20,000	\$ -	\$ 20,000	\$ -
Building	216,269	108,427	216,269	103,934
Fences	1,676	1,478	1,676	1,457
Office equipment	10,136	8,979	10,136	8,690
	\$ 248,081	\$ 118,884	\$ 248,081	\$ 114,081
Net book value	\$ 129,197		\$ 134,000	

The Organization has determined that there was no impairment of capital assets as at December 31, 2019.

6. GOVERNMENT LIABILITIES

As at December 31, 2019, the amounts payable in respect of government remittances totaled \$4,600 (2018 - \$3,528) representing remittances payable for payroll taxes.

7. DEFERRED GRANTS

The Organization received grants from various sources, restricted by the grantors for use in specific projects. The remaining balances of these grants are as follows:

	2019	2018
Anglican Diocese WoW Grant	\$ -	\$ 1,382
Canadian Labour Association of Canada Grant	471	471
Halton Program Grant	17,495	1,517
Ontario Realtors' Care Association	3,870	3,750
United Church Grant	-	5,872
St. Stephens	2,000	-
	23,836	12,992
Current portion of deferred grants	(23,836)	(12,992)
	\$ -	\$ -



THE BRIDGE FROM PRISON TO COMMUNITY (HAMILTON)
Notes to Financial Statements
Year Ended December 31, 2019

8. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>
Opening balance of deferred capital contributions	\$ 32,963	\$ 34,336
Less: current portion	<u>(1,319)</u>	<u>(1,373)</u>
	<u>\$ 31,644</u>	<u>\$ 32,963</u>

The Organization has restricted contributions that were used to acquire the building. This balance is amortized to revenue at the same declining balance rate as the amortization pertaining to the building.

9. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises which expires September 14, 2024. Future minimum lease payments as at December 31, 2019, are as follows:

2020	\$ 7,308
2021	7,596
2022	7,884
2023	8,172
2024	<u>5,220</u>
	<u>\$ 36,180</u>

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. In the current year it was noted that the balance of the net assets invested in capital assets has historically represented the book value of the capital assets only and not the book value of capital assets less the deferred contributions. This has been corrected in the current year statements by moving the historical overstated balance from the net assets invested in capital assets to unrestricted net assets. This has been corrected in the comparative year as well.

11. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Organization will not be known with certainty for months to come.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's results of future operations and financial position in fiscal year 2020.