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**SHEENA'S PLACE  
(INCORPORATED AS THE HOSPICE  
FOR EATING DISORDERS OF  
TORONTO)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto)

### Opinion

We have audited the financial statements of Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto) (the organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in 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, the accompanying financial statements present fairly, in all material respects, the financial position of Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto) 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 Opinion

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 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 organization'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 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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.

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

March 3, 2020  
Toronto, Ontario

# **SHEENA'S PLACE**

## **STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 133,002	\$ 152,989
Accounts receivable	13,322	17,852
HST rebate recoverable	16,490	9,562
Prepaid expenses	<u>2,103</u>	<u>1,036</u>
	<u>164,917</u>	<u>181,439</u>
Capital assets (Note 3)	506,533	418,196
Long-term investments (Note 4)	<u>3,484,322</u>	<u>3,278,116</u>
	<u>\$ 4,155,772</u>	<u>\$ 3,877,751</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,725	\$ 32,676
Mortgage payable - current (Note 5)	13,789	13,422
Deferred contributions (Note 6)	<u>44,547</u>	<u>59,113</u>
	<u>81,061</u>	<u>105,211</u>
Deferred capital contributions (Note 7)	137,558	150,123
Mortgage payable - long-term (Note 5)	<u>8,240</u>	<u>22,029</u>
	<u>226,859</u>	<u>277,363</u>
Net assets		
Externally restricted endowments (Note 8)	2,681,175	2,455,205
Internally restricted endowments (Note 8)	713,773	713,773
Unrestricted	<u>533,965</u>	<u>431,410</u>
	<u>3,928,913</u>	<u>3,600,388</u>
	<u>\$ 4,155,772</u>	<u>\$ 3,877,751</u>

Approved on behalf of the Board:

  
\_\_\_\_\_, Director  
  
\_\_\_\_\_, Director

see accompanying notes

**SHEENA'S PLACE****STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>			<b>2018</b>	
	Externally Restricted Endowments	Internally Restricted Endowments	Unrestricted	Total	Total
Net assets, beginning of year	\$2,455,205	\$ 713,773	\$ 431,410	\$3,600,388	\$3,736,132
Excess revenue over expenses (expenses over revenue) for the year	-	-	102,555	102,555	(38,200)
Investment income (loss), net of fees (Note 8)	<u>225,970</u>	<u>-</u>	<u>-</u>	<u>225,970</u>	<u>(97,544)</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$2,681,175</u></b>	<b><u>\$ 713,773</u></b>	<b><u>\$ 533,965</u></b>	<b><u>\$ 3,928,913</u></b>	<b><u>\$ 3,600,388</u></b>

see accompanying notes



# **SHEENA'S PLACE**

## **STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>		
Donations and fundraising (Note 9)	\$ 467,270	\$ 373,239
Special events (Note 10)	252,618	275,819
Investment income (Note 11)	183,583	70,553
Capital contributions recognized (Note 7)	12,565	19,331
Other	<u>3,475</u>	<u>2,450</u>
	<u>919,511</u>	<u>741,392</u>
<b>EXPENSES</b>		
Personnel	435,875	428,824
Program	167,571	129,977
Event	71,975	59,754
Administration	47,291	44,459
Occupancy and maintenance	41,898	63,546
Fundraising	16,114	15,898
Amortization of capital assets	<u>36,232</u>	<u>37,134</u>
	<u>816,956</u>	<u>779,592</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>		
<b>(EXPENSES OVER REVENUE) FOR THE YEAR</b>	<u>\$ 102,555</u>	<u>\$ (38,200)</u>

see accompanying notes

**SHEENA'S PLACE****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year (excess of expenses over revenue)	\$ 102,555	\$ (38,200)
Add back non-cash items -		
Amortization of capital assets	36,232	37,134
Capital contributions recognized	(12,565)	(19,331)
Change in unrealized losses (gains) on long-term investments	(244,285)	191,708
Net change in non-cash working capital items (see below)	<u>(27,982)</u>	<u>24,813</u>
Net cash generated from (used for) operating activities	<u>(146,045)</u>	<u>196,124</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale (purchase) of long-term investments, net	38,079	(160,569)
Preservation of capital on externally restricted endowments	225,970	(97,544)
Capital assets purchased	<u>(124,569)</u>	<u>(58,000)</u>
Net cash used for investing activities	<u>(86,490)</u>	<u>(218,569)</u>
<b>FINANCING ACTIVITIES</b>		
Mortgage principal repayments made	(13,422)	(13,066)
Capital contributions received	<u>-</u>	<u>50,314</u>
Net cash generated from (used for) financing activities	<u>212,548</u>	<u>(60,296)</u>
<b>NET CASH DECREASE IN THE YEAR</b>	<b>(19,987)</b>	<b>(82,741)</b>
Cash, beginning of year	<u>152,989</u>	<u>235,730</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 133,002</u></b>	<b><u>\$ 152,989</u></b>
 Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ 4,530	\$ (13,814)
HST rebate recoverable	(6,928)	1,858
Prepaid expenses	(1,066)	6,850
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(9,951)	6,854
Deferred contributions	<u>(14,567)</u>	<u>23,065</u>
	<b><u>\$ (27,982)</u></b>	<b><u>\$ 24,813</u></b>

see accompanying notes

# **SHEENA'S PLACE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto) (the "organization") is incorporated without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The purposes of the organization are as follows:

- i) to establish, maintain and operate a non-residential, community based centre that provides support programs and services for people living with eating disorders, their families, caregivers and community service providers; and
- ii) to develop and promote education and community understanding regarding eating disorders.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions, which includes donations and grants. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except for endowments, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expense are incurred. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.
- ii) Donated materials and services which are purchased on behalf of the organization are not recorded in the accounts.
- iii) Special events revenue, which includes sponsorships, is recognized when the event takes place.
- iv) Investment income, which consists of interest, dividends, realized and unrealized gains and losses, is recorded in the statement of operations, except to the extent that it is earned on externally restricted endowments. In years where investment income earned on externally restricted endowments is in excess of the amount made available for spending, the excess is recorded as a direct increase in externally restricted endowment net assets. In years where investment income earned on externally restricted endowments is below the amount made available for spending, the shortfall is recorded as a direct decrease in externally restricted endowment net assets.



# SHEENA'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital assets

Capital asset purchases are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives using the straight-line method as follows:

Building and building improvements	- 10 - 40 years
Healing garden	- 20 years
Furniture, fixtures and equipment	- 5 years
Computer equipment	- 5 years

### 2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization records financial instruments, which include cash, accounts receivable, long-term investments, accounts payable and accrued liabilities, and mortgage payable, initially at fair value. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at amortized cost and net of any provisions for impairment in value.

The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization buys and sells investments denominated in foreign currencies, and is therefore exposed to foreign currency risk as the fair value and future cash flows will fluctuate due to changes in the relative value of foreign currencies against the Canadian dollar.
- ii) The organization holds fixed-income investments which may be subject to unfavourable market interest rate fluctuations.
- iii) The organization 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.

### 3. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2019 Net	2018 Net
Building	\$ 420,526	\$ (247,933)	\$ 172,593	\$ 183,105
Building improvements	333,281	(78,849)	254,432	141,256
Healing garden	150,012	(99,334)	50,678	58,179
Computer equipment	23,630	(5,513)	18,117	21,156
Furniture, fixtures and equipment	<u>18,930</u>	<u>(8,217)</u>	<u>10,713</u>	<u>14,500</u>
	<u>\$ 946,379</u>	<u>\$ (439,846)</u>	<u>\$ 506,533</u>	<u>\$ 418,196</u>

## SHEENA'S PLACE

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 4. LONG-TERM INVESTMENTS

Long-term investments comprise the following:

	2019	2018
Mutual funds - Canadian bonds	\$ 1,133,800	\$ 1,136,479
U.S. equity fund series	823,378	701,560
Canadian equity fund series	693,245	452,074
Mutual funds - international equities	347,273	308,184
Bond and preferred shares series	303,604	496,389
Cash and cash equivalents	135,942	116,160
International equities	<u>47,080</u>	<u>67,270</u>
	<u>\$ 3,484,322</u>	<u>\$ 3,278,116</u>

Long-term investments are held for endowment purposes and to fund long-term commitments.

#### 5. MORTGAGE PAYABLE

The mortgage is for the building located at 87 Spadina Road, Toronto. The building has been provided as security for the mortgage. On December 22, 2016, the organization renewed its mortgage at a fixed interest rate of 2.70%. The mortgage is due in July 2021. The blended monthly principal and interest payments are \$1,184.

	2019	2018
Total mortgage payable	\$ 22,029	\$ 35,451
Less current portion	<u>(13,789)</u>	<u>(13,422)</u>
Long-term portion	<u>\$ 8,240</u>	<u>\$ 22,029</u>

Annual principal repayment requirements are as follows:

2020	\$ 13,789
2021	<u>8,240</u>
	<u>\$ 22,029</u>

## **SHEENA'S PLACE**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **6. DEFERRED CONTRIBUTIONS**

Deferred contributions are composed of the following:

	2019	2018
Healing garden maintenance	\$ 24,013	\$ 27,154
RBC Foundation	20,534	21,058
Bell Let's Talk Community Fund	-	6,612
Sarah's Place	<u>-</u>	<u>4,289</u>
	<u>\$ 44,547</u>	<u>\$ 59,113</u>

Continuity of deferred contributions for the year is as follows:

	2019	2018
Deferred contributions, beginning of year	\$ 59,113	\$ 36,049
Restricted contributions received	51,881	42,789
Less restricted contributions recognized as revenue	<u>(66,447)</u>	<u>(19,725)</u>
Deferred contributions, end of year	<u>\$ 44,547</u>	<u>\$ 59,113</u>

#### **7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions are for the following:

	2019	2018
Building improvements	\$ 81,371	\$ 83,986
Healing garden	50,673	58,174
Furniture, fixtures and equipment	<u>5,514</u>	<u>7,963</u>
	<u>\$ 137,558</u>	<u>\$ 150,123</u>

Continuity of deferred capital contributions for the year is as follows:

	2019	2018
Deferred capital contributions, beginning of year	\$ 150,123	\$ 119,140
Capital contributions received	-	50,314
Less capital contributions recognized as revenue	<u>(12,565)</u>	<u>(19,331)</u>
Deferred capital contributions, end of year	<u>\$ 137,558</u>	<u>\$ 150,123</u>

# **SHEENA'S PLACE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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### **8. ENDOWMENT NET ASSETS**

Endowment net assets include internally restricted and externally restricted endowed net assets. Externally restricted endowments are amounts that must be maintained on a permanent basis as required by the donor. Internally restricted endowments are amounts designated by the Board of Directors to be used for endowment purposes. These funds provide a dependable and sustainable source of income to support the organization's mandate.

In fiscal 2018, the organization established a preservation of capital policy with the objective of protecting the real value of externally restricted endowments by limiting the amount of income made available for spending. The amount made available for spending recognized in the statement of operations is limited to the dividend and interest income earned on externally restricted endowments. The amount not made available for spending is recognized as a direct increase(decrease) to externally restricted endowments and is reinvested for future years. All investment income earned on internally restricted endowments is recognized in the statement of operations.

	2019	2018
<b>Externally restricted endowments</b>		
Investment income (loss) earned on externally restricted endowments, net of management fees	\$ 306,610	\$ (23,307)
Amount made available for spending	<u>(80,640)</u>	<u>(74,237)</u>
Preservation of capital recognized as a direct increase(decrease) to externally restricted endowments	<u>\$ 225,970</u>	<u>\$ (97,544)</u>

### **9. DONATIONS AND FUNDRAISING**

Donations and fundraising revenue were from the following sources:

	2019	2018
Individuals	\$ 273,359	\$ 191,436
Foundations	186,591	139,416
Corporations	<u>7,320</u>	<u>42,387</u>
	<u>\$ 467,270</u>	<u>\$ 373,239</u>

# **SHEENA'S PLACE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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### **10. SPECIAL EVENTS**

Included in special events revenue are corporate sponsorships of \$145,000 (2018 - \$155,000).

### **11. INVESTMENT INCOME**

a) Total investment income is calculated as follows:

	2019	2018
Realized gains	\$ 87,163	\$ 101,778
Interest and dividends	108,258	93,434
Unrealized gains (losses)	<u>244,285</u>	<u>(191,708)</u>
	439,706	3,504
Less: Management fees	<u>(30,153)</u>	<u>(30,495)</u>
	<u>\$ 409,553</u>	<u>\$ (26,991)</u>

b) Total investment income (loss) recorded in the statement of operations is calculated as follows:

	2019	2018
Total investment income (loss)	\$ 409,553	\$ (26,991)
Preservation of capital of externally restricted endowments (Note 8)	<u>(225,970)</u>	<u>97,544</u>
	<u>\$ 183,583</u>	<u>\$ 70,553</u>

c) Sources of investment income (loss), net of investment management fees, as recorded in the statement of operations is as follows:

	2019	2018
Operating	\$ 13,005	\$ 1,783
Internally restricted endowments	89,938	(5,467)
Externally restricted endowments (Note 8)	<u>80,640</u>	<u>74,237</u>
	<u>\$ 183,583</u>	<u>\$ 70,553</u>