

MAINSTREAM: AN UNSHELTERED WORKSHOP

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

PARTRIDGE IGGULDEN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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CHARTERED PROFESSIONAL ACCOUNTANTS

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June 27, 2019

To the Members of
Mainstream: An Unsheltered Workshop

We have completed the audit of Mainstream: An Unsheltered Workshop for the year ended March 31, 2019 and attached the following:

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We shall be pleased to provide any further information you may require.



Lawrence A. Iggulden, Hons. B.A., FCPA, FCA, for
PARTRIDGE IGGULDEN LLP
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TEL: 905-685-9400 FAX: 905-685-5991**INDEPENDENT AUDITOR'S REPORT**

To the Members of
Mainstream: An Unsheltered Workshop

Qualified Opinion

We have audited the accompanying financial statements of Mainstream: An Unsheltered Workshop, which comprise the statement of financial position as at March 31, 2019 and the statements of revenue and expenditures, net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of Mainstream: An Unsheltered Workshop as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Mainstream: An Unsheltered Workshop derives a portion of its receipts in the form of donations and incurs cash expenses in the form of client training allowances, which are not susceptible of complete audit verification. Accordingly, our verification of these items was limited to a comparison of bank statements with the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donations revenue, client training allowances and net assets.

Note 1 describes the fixed assets and amortization accounting policy of Mainstream: An Unsheltered Workshop. Land and buildings are capitalized on the statement of financial position and where debt exists on any of the buildings they are amortized to the extent the related mortgage principal is repaid during the year. Renovation and equipment expenditures eligible for Ministry Minor Capital grants have been expensed. All other fixed asset additions are expensed on the statement of revenue and expenditure when purchased. Under Canadian accounting standards for not-for-profit organizations, all fixed assets should be capitalized and amortized over their estimated useful lives. Furthermore, the policy should be applied on a retroactive basis. The effects of not following Canadian accounting standards for not-for-profit organizations on the statement of financial position and statement of revenue and expenditures have not been determined.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.


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.

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 engagement partner on the audit resulting in this independent auditor's report is Lawrence A. Iggulden, Hons. B.A., FCPA, FCA.

St. Catharines, Ontario
June 27, 2019



PARTRIDGE IGGULDEN LLP
Chartered Professional Accountants
Licensed Public Accountants

MAINSTREAM: AN UNSHELTERED WORKSHOP
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

	<u>Operating Fund</u>	<u>Occupancy/ Fundraising Fund</u>	<u>Residential Joint Venture Fund</u> (Note 2)	<u>Total 2019</u>	<u>Total 2018</u>
<u>ASSETS</u>					
Current Assets					
Cash	\$ 63,478	\$ -	\$ 18,795	\$ 82,273	\$ 73,577
Cash - Bingo Fund	-	29,190	-	29,190	17,655
- Replacement Reserve Fund	-	-	22,519	22,519	19,143
Accounts receivable	154,882	-	-	154,882	71,080
Sales tax receivable	37,253	-	-	37,253	11,190
Prepaid expenses	14,772	-	2,192	16,964	15,274
Due from St. Catharines Mainstream Non-Profit Housing Project	17,764	-	-	17,764	12,354
Interfund receivable (payable)	(105,939)	107,717	(1,778)	-	-
	<u>182,210</u>	<u>136,907</u>	<u>41,728</u>	<u>360,845</u>	<u>220,273</u>
DUE FROM GATEWAY (Note 2)	-	-	37,557	37,557	44,529
LAND AND BUILDINGS (Note 3)	-	710,486	412,490	1,122,976	1,136,285
	<u>\$ 182,210</u>	<u>\$ 847,393</u>	<u>\$ 491,775</u>	<u>\$ 1,521,378</u>	<u>\$ 1,401,087</u>
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable and accruals (Note 5)	\$ 165,944	\$ -	\$ 7,892	\$ 173,836	\$ 74,342
Current portion of long-term debt (Note 6)	-	6,585	15,281	21,866	23,849
	<u>165,944</u>	<u>6,585</u>	<u>23,173</u>	<u>195,702</u>	<u>98,191</u>
Long-term debt due on demand (Note 6)	-	-	70,676	70,676	85,706
	<u>165,944</u>	<u>6,585</u>	<u>93,849</u>	<u>266,378</u>	<u>183,897</u>
LONG-TERM DEBT (Note 6)	-	255,631	-	255,631	262,106
	<u>165,944</u>	<u>262,216</u>	<u>93,849</u>	<u>522,009</u>	<u>446,003</u>
<u>NET ASSETS</u>					
Restricted					
Contributed equity (Note 7)	-	-	372,168	372,168	372,168
Replacement reserve	-	-	22,519	22,519	19,143
Unrestricted					
Accumulated surplus	16,266	555,987	3,239	575,492	546,118
Bingo fund	-	29,190	-	29,190	17,655
	<u>16,266</u>	<u>585,177</u>	<u>397,926</u>	<u>999,369</u>	<u>955,084</u>
	<u>\$ 182,210</u>	<u>\$ 847,393</u>	<u>\$ 491,775</u>	<u>\$ 1,521,378</u>	<u>\$ 1,401,087</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director
 St. Catharines, Ontario
 June 27, 2019

The accompanying notes are an integral part of the financial statements

MAINSTREAM: AN UNSHELTERED WORKSHOPSTATEMENT OF REVENUE AND EXPENDITURESYEAR ENDED MARCH 31, 2019

	Operating Fund	Occupancy/ Fundraising Fund	Residential Joint Venture Fund (Note 2)	Total 2019	Total 2018
REVENUE					
Ministry of Children, Community and Social Services	\$ 949,444	\$ -	\$ -	\$ 949,444	\$ 911,888
United Way grants	33,468	9,996	-	43,464	47,163
Donations	-	12,628	-	12,628	22,736
Fee for services	-	27,860	-	27,860	85,309
Fundraising income	-	59,191	-	59,191	56,908
Youth-Canada Summer Jobs	8,430	-	-	8,430	23,276
Rental income/Occupancy recovery	25,030	107,668	52,516	185,214	185,134
Participation fees and other income	15,604	560,796	-	576,400	398,743
	<u>1,031,976</u>	<u>778,139</u>	<u>52,516</u>	<u>1,862,631</u>	<u>1,731,157</u>
EXPENDITURES					
Advertising and promotion	229	1,393	-	1,622	1,587
Amortization	-	6,229	14,160	20,389	15,345
Building costs	-	21,704	5,299	27,003	31,191
Capital expenditures	29,256	23,511	-	52,767	21,774
Client training allowances	-	7,563	-	7,563	12,907
Consulting fees	2,890	5,390	-	8,280	8,990
Equipment rental	-	4,903	-	4,903	4,993
Fundraising costs	-	25,897	-	25,897	23,656
Insurance	8,892	5,978	3,279	18,149	13,761
Interest and bank charges	2,953	2	118	3,073	3,656
Interest on long-term debt	-	11,442	5,820	17,262	8,866
Municipal taxes	-	13,224	-	13,224	11,692
Occupancy	36,500	-	-	36,500	39,500
Office and meetings	4,330	53,134	2,999	60,463	50,965
Personal support grants	27,875	-	-	27,875	28,349
Professional fees	4,000	-	909	4,909	4,909
Purchased services	3,438	357,702	90	361,230	192,989
Replacement reserve contribution	-	-	3,000	3,000	-
Salaries and benefits	901,989	106,174	1,762	1,009,925	1,059,217
Supplies	2,242	5,740	-	7,982	6,209
Training	7,492	1,451	-	8,943	8,833
Utilities and telephone	-	43,118	14,320	57,438	50,432
Vehicle and travel	1,940	57,494	-	59,434	78,279
	<u>1,034,026</u>	<u>752,049</u>	<u>51,756</u>	<u>1,837,831</u>	<u>1,678,100</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE FUND TRANSFERS	(2,050)	26,090	760	24,800	53,057
TRANSFER TO GATEWAY	-	-	(380)	(380)	(895)
TRANSFER FROM BINGO FUND	2,058	2,896	-	4,954	22,695
NET EXCESS OF REVENUE OVER EXPENDITURES	\$ 8	\$ 28,986	\$ 380	\$ 29,374	\$ 74,857

The accompanying notes are an integral part of the financial statements

MAINSTREAM: AN UNSHELTERED WORKSHOP**STATEMENT OF NET ASSETS****YEAR ENDED MARCH 31, 2019****OPERATING FUND**

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 16,258	\$ 19,222
Excess (deficiency) of revenue over expenditures Community Participation (Schedule 1)	8	(50)
TPAR subsidy settlement	<u>-</u>	<u>(2,914)</u>
Balance, end of year	<u>\$ 16,266</u>	<u>\$ 16,258</u>

OCCUPANCY/FUNDRAISING FUND

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 527,001	\$ 452,988
Excess (deficiency) of revenue over expenditures Occupancy/Fundraising (Schedule 2) Graffiti Project (Schedule 3)	23,335 <u>5,651</u>	75,498 <u>(1,485)</u>
	<u>28,986</u>	<u>74,013</u>
Balance, end of year	<u>\$ 555,987</u>	<u>\$ 527,001</u>

RESIDENTIAL JOINT VENTURE FUND

	<u>2019</u>	<u>2018</u>
<u>Unrestricted Accumulated Surplus</u>		
Balance, beginning of year	\$ 2,859	\$ 1,965
Excess of revenue over expenditures	<u>380</u>	<u>894</u>
Balance, end of year	<u>\$ 3,239</u>	<u>\$ 2,859</u>
<u>Replacement Reserve</u>		
Balance, beginning of year	\$ 19,143	\$ 18,739
Transfer from operations	3,000	-
Interest income	<u>376</u>	<u>404</u>
Balance, end of year	<u>\$ 22,519</u>	<u>\$ 19,143</u>

The accompanying notes are an integral part of the financial statements

MAINSTREAM: AN UNSHELTERED WORKSHOPSTATEMENT OF NET ASSETS

(continued)

YEAR ENDED MARCH 31, 2019BINGO FUND

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 17,655	\$ 17,944
Receipts for the year	16,489	22,406
Transfer to Operating Fund	(2,058)	(15,048)
Transfer to Occupancy/Fundraising Fund	<u>(2,896)</u>	<u>(7,647)</u>
Balance, end of year	<u>\$ 29,190</u>	<u>\$ 17,655</u>

The accompanying notes are an integral part of the financial statements

MAINSTREAM: AN UNSHELTERED WORKSHOPSTATEMENT OF CASH FLOWSYEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures:		
Operating Fund	\$ 8	\$ (50)
Occupancy/Fundraising Fund	28,986	74,013
Ontario Street Joint Venture	380	894
Bingo Fund	<u>16,489</u>	<u>22,406</u>
	45,863	97,263
Prior year subsidy settlement	-	(2,914)
Add (deduct) items not effecting cash:		
Amortization	20,389	15,345
Transfer from Bingo Fund	(4,954)	(22,695)
Gateway portion of Joint Venture amortization	<u>(7,080)</u>	<u>(6,895)</u>
	54,218	80,104
Effects on cash from changes in operating assets and liabilities		
Accounts receivable	(83,802)	(30,861)
Sales tax receivable	(26,063)	(3,303)
Prepaid expenses	(1,690)	(5,158)
Accounts payable and accruals	99,494	10,380
Due (to) from St. Catharines Mainstream Non-Profit Housing Project	<u>(5,410)</u>	<u>(12,631)</u>
	<u>36,747</u>	<u>38,531</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of long-term debt	-	270,000
Repayment of long-term debt	<u>(23,488)</u>	<u>(18,979)</u>
	<u>(23,488)</u>	<u>251,021</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Decrease in due from Gateway	6,972	7,790
Purchase of land and building	<u>-</u>	<u>(449,174)</u>
	<u>6,972</u>	<u>(441,384)</u>
INCREASE (DECREASE) IN CASH FOR YEAR	20,231	(151,832)
CASH, BEGINNING OF YEAR	<u>91,232</u>	<u>243,064</u>
CASH, END OF YEAR	<u>\$ 111,463</u>	<u>\$ 91,232</u>
Cash consists of the following:		
Cash	\$ 82,273	\$ 73,577
Cash - Bingo Fund	<u>29,190</u>	<u>17,655</u>
	<u>\$ 111,463</u>	<u>\$ 91,232</u>

The accompanying notes are an integral part of the financial statements

MAINSTREAM: AN UNSHELTERED WORKSHOP

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Mainstream: An Unsheltered Workshop is a registered charitable organization which received its Letters Patent from the Ministry of Consumer and Commercial Relations on May 29, 1985. The non-profit Organization provides vocational and life skills for adults with a developmental disability.

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

Fund Accounting

Mainstream: An Unsheltered Workshop follows the restricted fund method of accounting.

The Operating Fund records all funding related to the Ministry of Community and Social Services and other revenues related to funding the Organization's regular operations.

The Occupancy/Fundraising Fund records all revenue from donations, fundraising activities, fee for services, participation fees and occupancy recoveries and related expenses that are not included in the Operating Fund.

The Residential Joint Venture Fund jointly operates a nine unit residential complex as disclosed in note 2.

Revenue Recognition

Government funding is recognized in the year to which the approved budget relates. Subsequent adjustment by the government, if any, based on their review of actual expenses versus the approved budget will be reflected by the Organization in the year of adjustment to the statement of operations.

Other revenue is reported in the year it relates to.

The Organization uses the deferral method of accounting for its revenue contributions, in which restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred. Funding received to operate specific projects is recognized in the period the project expenses are incurred.

Contributions related to the purchase of fixed assets are recognized as revenue in the period in which the fixed asset is expensed or amortized.

Fixed Assets and Amortization

The land and buildings are capitalized on the statement of financial position at cost. Where debt exists on the buildings they are amortized to the extent the related long-term debt is repaid monthly during the year or approval has been granted to apply any current year subsidy surplus against the mortgage payable after the year end date. No amortization is taken for the payment of long term debt at maturity.

Operating Fund equipment additions are expensed on the statement of revenue and expenditure when purchased. Capital expenditure in the amount of \$52,767 (2018: \$21,774) were expensed in the current year.

Financial Instruments

Financial instruments included in the statement of financial position consist of cash, accounts receivable, due from/to St. Catharines Mainstream Non-Profit Housing Project, due from Gateway, accounts payable and accruals, and long-term debt.

The carrying value of all financial instruments approximate their fair market values.

MAINSTREAM: AN UNSHELTERED WORKSHOPNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 20191. **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** (continued)Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The main estimates include the fair value of assets acquired, liabilities assumed, collectability of accounts receivable, and the useful life of fixed assets. Actual results could differ from those estimates.

2. **RESIDENTIAL JOINT VENTURE - 160 ONTARIO STREET**

Mainstream: An Unsheltered Workshop and Gateway Residential & Community Support Services of Niagara Inc. ("Gateway") entered into a joint venture agreement to construct and operate a nine unit residential complex at 160 Ontario Street, St. Catharines.

The assets, liabilities and net assets reported on the statement of financial position reflect Mainstream: An Unsheltered Workshop's 50% share of the joint venture assets, liabilities and net assets.

Mainstream: An Unsheltered Workshop is reporting 100% of the revenue and expenditure of the 160 Ontario Street residential joint venture. Fifty percent of any excess (deficiency) of revenue over expenditure will be payable to/(recovered from) Gateway.

3. **LAND AND BUILDINGS**

	Net Book Value Apr. 1/18	Amort. Charged For Year	March 31, 2019		
			Cost	Accum. Amort.	Net Book Value
263 Pelham Rd.					
Land	\$ 156,000	\$ -	\$ 156,000	\$ -	\$ 156,000
Building	77,599	-	392,505	314,906	77,599
	<u>233,599</u>	<u>-</u>	<u>548,505</u>	<u>314,906</u>	<u>233,599</u>
91 Pelham Rd.					
Land	25,650	-	25,650	-	25,650
Building	9,847	-	59,847	50,000	9,847
	<u>35,497</u>	<u>-</u>	<u>85,497</u>	<u>50,000</u>	<u>35,497</u>
35 Fawell Ave					
Land	112,000	-	112,000	-	112,000
Building	335,619	6,229	337,174	7,784	329,390
	<u>447,619</u>	<u>6,229</u>	<u>449,174</u>	<u>7,784</u>	<u>441,390</u>
Sub-total	<u>716,715</u>	<u>6,229</u>	<u>1,083,176</u>	<u>372,690</u>	<u>710,486</u>
160 Ontario Street (50%)					
Land	109,675	-	109,675	-	109,675
Building	297,508	7,080	341,299	50,871	290,428
Fixtures	12,387	-	12,387	-	12,387
Sub-total	<u>419,570</u>	<u>7,080</u>	<u>463,361</u>	<u>50,871</u>	<u>412,490</u>
Total	<u>\$ 1,136,285</u>	<u>\$ 13,309</u>	<u>\$ 1,546,537</u>	<u>\$ 423,561</u>	<u>\$ 1,122,976</u>

MAINSTREAM: AN UNSHELTERED WORKSHOPNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2019**4. LINE OF CREDIT**

The Organization has an authorized line of credit in the amount of \$25,000 with the Meridian Credit Union. It is payable on demand, bears interest at prime plus 2% and is secured by a general security agreement. There are no amounts outstanding on this line of credit at March 31, 2019.

5. ACCOUNTS PAYABLE AND ACCRUALS

	<u>Operating Fund</u>	<u>Residential Joint Venture Fund</u>	<u>Total 2019</u>	<u>Total 2018</u>
Trade payables	\$ 71,768	\$ 6,373	\$ 78,141	\$ 13,302
Accrued payroll	50,749	-	50,749	35,110
Accrued charges	42,962	1,045	44,007	24,915
Other	465	474	939	1,015
	<u>\$ 165,944</u>	<u>\$ 7,892</u>	<u>\$ 173,836</u>	<u>\$ 74,342</u>

6. LONG-TERM DEBT

	<u>2019</u>			<u>2018</u>
	<u>Occupancy/ Fundraising Fund</u>	<u>Residential Joint Venture Fund</u>	<u>Total</u>	<u>Total</u>
Meridian Credit Union				
Mortgage repayable in monthly instalments of \$1,471 consisting of principal and interest calculated at 4.3%, secured by land and building at 35 Fawell Avenue and due October 1, 2023.	\$ 262,216	\$ -	\$ 262,216	\$ 268,445
Bank of Nova Scotia				
Loan repayable in bi-weekly instalments of \$142 consisting of principal and interest calculated at 0.99% per annum, due February 22, 2019.	-	-	-	3,098
Meridian Credit Union				
Open term loan due on demand and repayable in monthly instalments of \$1,665 consisting of principal and interest calculated at prime plus 2.5%, secured by a collateral mortgage on land and buildings owned by Mainstream and Gateway.	-	85,957	85,957	100,118
	262,216	85,957	348,173	371,661
Less : current portion	6,585	15,281	21,866	23,849
: balance of term loan due on demand	-	70,676	70,676	85,706
	<u>\$ 255,631</u>	<u>\$ -</u>	<u>\$ 255,631</u>	<u>\$ 262,106</u>

MAINSTREAM: AN UNSHELTERED WORKSHOP**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2019****6. LONG-TERM DEBT (continued)**

Based on the assumption that the mortgage and loans will be renewed under similar terms when they come due, the principal payments due in each of the next five years are as follows:

Years ending March 31,	2020	\$	21,866
	2021		23,127
	2022		24,418
	2023		25,783
	2024		26,774
	Thereafter		<u>226,205</u>
		\$	<u>348,173</u>

7. CONTRIBUTED EQUITY

The Residential Joint Venture received Federal and Provincial government forgivable loans, a grant from the Regional Municipality of Niagara and completed various fundraising activities to assist in the capital costs related to the Joint Venture. The Federal and Provincial government loans are forgivable over 20 years as long as the Joint Venture maintains ownership of 160 Ontario Street and there is no change in use of the property during this time frame.

The Board of Directors determined that a fair presentation would be to report these sources of funding as contributed equity rather than to apply the amounts against the construction cost of the assets or to record them as deferred revenue.

If the Residential Joint Venture disposes of the real estate, the Federal and Provincial forgivable loans are required to be repaid.

8. FINANCIAL RISKS

The significant financial risks to which the Organization is exposed are credit risk, interest rate risk and liquidity risk. There have been no changes to risk exposures from prior year.

Credit Risk Exposure

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge the obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. These accounts are generally rent and program fees settled monthly and the Organization does not anticipate any significant loss for non-performance.

Interest Rate Risk Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization currently holds long-term debt that incurs interest at variable rates.

Liquidity Risk Exposure

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Operating funding from the Ministry provides funding for the Organizations various programs. Management believes that annual budgeted cash flows are sufficient to meet its current operating liabilities.

PARTRIDGE IGGULDEN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

110 Hannover Drive, Suite B201
St. Catharines, Ontario L2W 1A4
TEL: 905-685-9400 FAX: 905-685-5991**REPORT OF THE INDEPENDENT AUDITOR ON THE
SUPPLEMENTARY FINANCIAL INFORMATION**

To the Members of
Mainstream: An Unsheltered Workshop

Opinion

The supplemental financial information, which comprise the statement of revenue and expenditures by program, are derived from the audited financial statements of Mainstream: An Unsheltered Workshop (the Organization) for the year ended March 31, 2019.

In our opinion, the accompanying supplementary financial information is a fair summary of the audited financial statements.

Supplementary Financial Information

The supplementary financial information does not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the supplemental financial information is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed a qualified audit opinion on the audited financial statements in our report dated June 27, 2019. The basis for our qualified opinion was the Organization follows the accounting policies of expensing fixed assets in the year acquired and recognizing funding designated for fixed assets as income in the year received. Canadian accounting standards for not-for-profit organizations require that fixed assets should be capitalized and amortized over their estimated useful lives, and the funding designated for fixed assets be deferred and recognized as income over the estimated useful lives of the related assets.

Management's Responsibility for the Supplementary Financial Information

Management is responsible for the preparation of the supplementary financial information.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the supplementary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian generally accepted auditing standards.

St. Catharines, Ontario
June 27, 2019



PARTRIDGE IGGULDEN LLP
Chartered Professional Accountants
Licensed Public Accountants

MAINSTREAM: AN UNSHELTERED WORKSHOP**SCHEDULE 1 - COMMUNITY PARTICIPATION****YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
REVENUE		
Ministry of Children, Community and Social Services	\$ 949,444	\$ 911,888
United Way grants	33,468	37,167
Fee for services - Cleaning services	-	1,710
Youth-Canada Summer Jobs	8,430	23,276
Rental income	25,030	25,289
Participation fees	15,604	13,956
	<u>1,031,976</u>	<u>1,013,286</u>
EXPENDITURES		
Advertising and promotion	229	1,587
Capital expenditures	29,256	-
Client training allowances	-	3,737
Consulting fees	2,890	8,635
Insurance	8,892	5,176
Interest and bank charges	2,954	3,541
Occupancy	36,500	36,500
Office and meetings	4,329	6,114
Personal support grants	27,875	28,349
Professional fees	4,000	4,000
Purchased services	3,438	-
Salaries and benefits	901,989	919,112
Supplies	2,242	1,709
Training	7,492	8,358
Vehicle and travel	1,940	1,566
	<u>1,034,026</u>	<u>1,028,384</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE FUND TRANSFER	(2,050)	(15,098)
TRANSFER FROM BINGO FUND	<u>2,058</u>	<u>15,048</u>
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 8</u>	<u>\$ (50)</u>

See Report of the Independent Auditor on the Supplementary Financial Information

MAINSTREAM: AN UNSHELTERED WORKSHOP
SCHEDULE 2 - OCCUPANCY/FUNDRAISING FUND
YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Donations	\$ 12,628	\$ 22,736
Fee for services	4,525	60,639
Fundraising income	59,191	56,908
Occupancy recovery	107,668	107,668
Passport and other income	<u>560,796</u>	<u>384,787</u>
	<u>744,808</u>	<u>632,738</u>
EXPENDITURES		
Advertising and promotion	1,393	-
Amortization	6,229	1,555
Building costs	21,704	24,422
Capital expenditures	23,511	21,774
Client training allowances	7,563	9,170
Consulting fees	5,390	355
Equipment rental	4,903	4,993
Fundraising costs	25,897	23,656
Insurance	5,978	5,850
Interest on long-term debt	11,445	2,907
Municipal taxes	13,224	11,692
Office and meetings	53,065	41,727
Purchased services	357,701	192,989
Rent	-	3,000
Salaries and benefits	79,782	105,686
Supplies	4,836	3,514
Training	1,451	-
Utilities and telephone	43,118	34,964
Vehicle and travel	<u>57,179</u>	<u>76,633</u>
	<u>724,369</u>	<u>564,887</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE FUND TRANSFER	20,439	67,851
TRANSFER FROM BINGO FUND	<u>2,896</u>	<u>7,647</u>
NET EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 23,335</u>	<u>\$ 75,498</u>

MAINSTREAM: AN UNSHELTERED WORKSHOP**SCHEDULE 3 - GRAFFITI PROJECT****YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
REVENUE		
United Way grants	\$ 9,996	\$ 9,996
Fee for services - Graffiti removal income	<u>23,335</u>	<u>22,960</u>
	<u>33,331</u>	<u>32,956</u>
EXPENDITURES		
Office and meetings	67	92
Salaries and benefits	26,393	32,808
Supplies	904	986
Training	-	475
Vehicle and travel	<u>316</u>	<u>80</u>
	<u>27,680</u>	<u>34,441</u>
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 5,651</u>	<u>\$ (1,485)</u>

See Report of the Independent Auditor on the Supplementary Financial Information

MAINSTREAM: AN UNSHELTERED WORKSHOP**SUPPLEMENTARY INFORMATION****MARCH 31, 2019**

Mainstream: An Unsheltered Workshop is a registered charitable organization which received its Letters Patent from the Ministry of Consumer and Commercial Relations on May 29, 1985.

NATURE OF BUSINESS: A non-profit organization providing vocational and life skills for adults with a developmental disability.

HEAD OFFICE: 263 Pelham Road
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Michael Robertson - Vice-President
Jeff Kelly - Treasurer
Janet Rylett - Secretary
Dale Boyd
Dennis Cheredar
Kim Demoel
Gary Enskat

EXECUTIVE DIRECTOR: Kevin Berswick

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