

Financial Statements

**Rooftops Canada Foundation Inc. -
Fondation Abri International**

Toronto, Ontario

March 31, 2017

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Independent Auditors' Report

To the Members of Rooftops Canada Foundation Inc. - Fondation Abri International:

We have audited the accompanying financial statements of Rooftops Canada Foundation Inc. - Fondation Abri International, which comprise the statement of financial position as at March 31, 2017 and the statements of changes in net assets, operations 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 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.

Auditors' 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 Organization'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 Organization'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.

continued...

Independent Auditors' Report - continued

Basis of Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations 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 Organization and we are not able to determine whether any adjustments might be necessary to donations and fundraising, deficit, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rooftops Canada Foundation Inc. - Fondation Abri International as at March 31, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

The financial statements of Rooftops Canada Foundation Inc. - Fondation Abri International for the year ended March 31, 2016 were audited by another auditor who expressed a qualified opinion, similar to the one stated above, on those statements on July 27, 2016.

Toronto, Ontario
July 27, 2017



Chartered Professional Accountants, Licensed Public Accountants

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2017

Statement of Financial Position	2017	2016
		Note 11
Current Assets		
Cash	\$ 862,580	\$ 709,457
Accounts receivable		
Grants and other receivables	30,009	108,747
HST	10,240	13,784
Advance to National Association of Social Housing Organizations (NASHO)	59,510	0
Deposit, Note 3	0	116,506
Prepaid expenses	2,400	3,134
	964,739	951,628
Capital Assets, Note 4	0	104
	964,739	951,732

Approved by The Board

Paul Hastie

 Director

Hugh Lawson

 Director

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2017

Statement of Financial Position	2017	2016
		Note 11
Current Liabilities		
Accounts payable and accrued liabilities	\$ 51,956	\$ 23,558
Deferred revenue, Note 5	449,698	450,473
Total Current	501,654	474,031
Grant Payable , Note 6	189,219	186,941
Loan Payable , Note 7	83,786	83,786
Total Liabilities	774,659	744,758
Net Assets , per statement		
Invested in capital assets	0	104
Restricted for gift and donations	100	100
Unrestricted	189,980	206,770
	190,080	206,974
	964,739	951,732

The notes on pages 10 through 18 form an integral part of these financial statements.

Rooftops Canada Foundation Inc. - Fondation Abri International

Year ended March 31, 2017

Statement of Changes in Net Assets	2017				2016	
	Invested In Capital Assets	Restricted	Unrestricted	Total	Total	
Balance, beginning of year	\$ 104	\$ 100	\$ 206,770	\$ 206,974	\$ 171,043	
Add (deduct)						
Surplus (deficit)	0	0	(16,894)	(16,894)	35,931	
Interfund transfers	(104)	0	104	0	0	
<i>Balance, End of Year</i>	0	100	189,980	190,080	206,974	

Rooftops Canada Foundation Inc. - Fondation Abri International

Year ended March 31, 2017

Statement of Operations	2017	2016
		Note 11
Revenues		
Project income		
Global Affairs Canada - Equal Spaces Project, Note 12	\$ 481,827	\$ 0
Partnership for Development Innovation Branch, Note 13	19,833	890,191
Other project income	0	76,920
Operating interest	884	1,555
Donations and fundraising, Note 14	163,201	230,359
Total Revenues	665,745	1,199,025
Expenses		
Project expenses		
Global Affairs Canada - Equal Spaces Project, Note 12	430,203	0
Global Affairs Canada - Equal Spaces Project foreign exchange, Note 12	(4,172)	0
Partnership for Development Innovation Branch, Note 13	21,391	883,000
Other project expenses	0	76,930
Fundraising expenses, Note 14	37,358	72,472
Education in Canada	21,582	0
Urban agriculture training project	11,011	0
Salaries and benefits, Note 10	87,010	43,102
Occupancy cost	40,104	46,767
Office and general	36,540	31,936
Directors' meeting expenses	5,894	10,227
Foreign exchange gain (loss)	(4,386)	(1,953)
Amortization	104	613
Total Expenses	682,639	1,163,094
Surplus (Deficit)	(16,894)	35,931

Rooftops Canada Foundation Inc. - Fondation Abri International

Year ended March 31, 2017

Statement of Cash Flows	2017	2016
		Note 11
Operating Activities		
Surplus (deficit)	\$ (16,894)	\$ 35,931
Non-cash items		
Amortization	104	613
	(16,790)	36,544
Net change in non-cash working capital	167,635	237,554
Cash Provided By Operating Activities	150,845	274,098
Financing Activities		
Increase in grant payable	2,278	0
Cash Provided By Financing Activities	2,278	0
Net cash increase during the year	153,123	274,098
Cash position beginning of year	709,457	435,359
Cash Position End of Year	862,580	709,457

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2017

Notes to Financial Statements

Status and Nature of Activities

RoofTops Canada Foundation Inc. - Fondation Abri International (the Organization) is incorporated under the Canada Not-for-profit Corporations Act as a not-for-profit organization and participates in international housing related programs in developing nations for low income families.

The Organization is a charitable organization within the meaning of the Income Tax Act.

Note 1

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:

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. 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.

Investment income includes interest from cash. Revenue is recognized on an accrual basis.

Donated Services

The Organization derives benefits from the services of volunteers. Since these services are not normally purchased by the Organization and because it is not possible to determine their fair value, donated services are not recognized in these financial statements.

Computer Equipment

Computer equipment is recorded at cost and amortized on a straight-line basis over its estimated useful life of four years.

Financial Instruments

(a) Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value.

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 advances.

Financial liabilities measured at amortized cost include accounts payable, grant payable and loan payable.

Note 1 Significant Accounting Policies - continued

(b) 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 surplus. The 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 the reversal is recognized in income.

(c) Transaction Costs

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

Use of Estimates

The preparation of financial statements requires management to make assumptions about future events 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 Financial Instruments

Risk Management Policy

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2017:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Organization is subject to concentrations of credit risk through its cash accounts. The Organization maintains all of its cash at a single Canadian financial institution. The maximum credit risk is equivalent to the carrying value.

The Organization is also subject to concentrations of credit risk through its advances and accounts receivable. The Organization assesses on a continuous basis the amount of which ultimate collection is reasonably assured based on their estimated realizable value.

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2017

Note 2 Financial Instruments - continued

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

(i) Interest Rate Risk

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 does not have any interest bearing investments.

For the loan payable to CHF Canada, interest rate risk is minimized through a fixed interest rate. A fixed interest rate reduces fluctuations in interest payments and cash flows. The Organization does not use derivative instruments to reduce its exposure to interest rate risk.

(ii) Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization has assets denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

The Organization has the following amounts denominated in foreign currencies:

	2017	2016
Cash		
USD (US Dollars)	117,664	4,849
KES (Kenyan Shillings)	69,160	69,631
Advance Receivable		
ZAR (South Africa Rand)	598,876	0
Deposit		
USD (US Dollars)	0	88,164

The Organization does not use derivatives instruments to reduce its exposure to foreign currency risk.

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2017

Note 2 Financial Instruments - continued

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its grant payable and loan payable to the Co-operative Housing Federation of Canada (CHF Canada). This risk is reduced because of considerable sums invested in operating current accounts.

Note 3 Deposit

The deposit represented collateral funds paid to the Co-operative Bank of Kenya Limited as security for a credit facility made available to National Cooperative Housing Union Limited of Kenya (NACHU) for the purpose of financing loans for housing programs to its members in Kenya.

The collateral funds were released back to the Organization in April 2016.

Note 4 Capital Assets

At cost	2017	2016
Computer Equipment	\$ 4,064	\$ 4,064
Accumulated amortization	(4,064)	(3,960)
	0	104

Note 5 Deferred Revenue

Deferred revenue represents funds for specific projects. Deferred revenue remaining at year-end:

	2017	2016
Deferred revenue, opening balance	\$ 450,473	\$ 43,441
Funding received	478,765	1,229,095
Amount recognized as revenue	(481,827)	(876,223)
Amount reallocated to grant receivable	0	54,160
Interest allocated to advance on funds	2,287	0
Deferred revenue, ending balance	449,698	450,473

The opening balance and all transactions in 2017 are related to the Global Affairs Canada - Equal Spaces Project.

Rooftops Canada Foundation Inc. - Fondation Abri International

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Note 6 Grant Payable

The grant payable represents funds received from the Department of Foreign Affairs, Trade and Development (DFATD) that were used to finance a direct loan to NACHU and to provide collateral for a credit facility to NACHU. These funds were collected in full by the Organization in April 2016. As a result of the collection of the funds the grant is repayable.

DFATD has granted the Organization the right to utilize the grant funds on development activities that complement its existing programs and activities. Accordingly, the Organization allocated \$0 (2016 - \$76,920) during the year to expenditure on authorized program related expenses.

As the Organization has not decided the future use of the balance of the funds, the remaining grant is classified as a payable.

Changes in the grant payable is as follows:

	2017	2016
Balance beginning	\$ 186,941	\$ 259,131
Less: interest earned (paid) on deposit net	(854)	(133)
Add: interest earned on NACHU loan	0	239
Add: Foreign exchange impact on deposit	3,132	4,624
Less: funds allocated to program related expenses	0	(76,920)
	<u>189,219</u>	<u>186,941</u>

Note 7 Loan Payable

The loan from the Co-operative Housing Federation of Canada (CHF Canada) bears interest at 2.00% per annum, compounded semi-annually, and is repayable since the loan amount from NACHU and the bank security deposit has been fully collected. CHF Canada has not requested the Organization to make any repayments. Interest paid on the loan was \$1,684 (2016 - \$1,760).

Note 8 Line of Credit

The Organization has a line of credit facility with a Canadian banking institution for \$75,000, bearing interest at 7.75% per annum. As of March 31, 2017 and March 31, 2016, the Organization had not utilized this facility.

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Note 9 Lease Commitment

The Organization has entered into a sub-lease agreement which expires on August 31, 2021 with respect to leased premises. The minimum payments over the remainder of the sub-lease are as follows:

2018	\$	41,664
2019		41,664
2020		41,664
2021		41,664
2022		17,360

Note 10 Salary and Benefit Allocation

	2017	2016
Global Affairs Canada - Equal Spaces Project	\$ 257,251	\$ 0
Partnership for Development Innovation Branch	20,368	344,547
Donations and fundraising	21,000	38,891
Education in Canada	12,668	0
Operating salary	87,010	43,102
	<u>398,297</u>	<u>426,540</u>

Note 11 Classification

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Surplus for the previous year is not affected by the reclassification.

Rooftops Canada Foundation Inc. - Fondation Abri International

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Note 12 Global Affairs Canada - Equal Spaces Project

	2017	2016
Project Revenue		
Global Affairs Canada	\$ 481,827	\$ 0
Project Expenses		
Employees based in Canada	132,424	0
Canadian personnel on long term assignment overseas	85,956	0
Canadian or international subcontractors	16,728	0
Local subcontractors	19,332	0
Travel costs	83,025	0
Benefits and allowable expense for long term assignment overseas	59,235	0
Other training costs	32,347	0
Administration costs, direct	1,156	0
Total direct costs	430,203	0
Overhead allocation (12% of direct costs)	51,624	0
Total costs before foreign exchange	481,827	0
Foreign exchange gain	(4,172)	0
	477,655	0
Excess Revenue Over Expenses	4,172	0

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Note 13	Partnership for Development Innovation Branch (PDIB) - Project Operations	<u>2017</u>	<u>2016</u>
	Project Revenue		
	Department of Foreign Affairs, Trade and Development (DFATD)	\$ 19,833	\$ 876,223
	Other income	0	13,020
	Interest	0	948
		<u>19,833</u>	<u>890,191</u>
	Project Expenses		
	Kenya	0	180,367
	South Africa	0	129,440
	Tanzania	0	116,731
	Zimbabwe	0	85,721
	Canada	3,502	130,329
	Project management	17,889	240,412
		<u>21,391</u>	<u>883,000</u>
	Overhead	0	94,179
		<u>21,391</u>	<u>977,179</u>
	Rooftops Canada Contribution	<u>(1,558)</u>	<u>(86,988)</u>

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Note 14	Donations and Fundraising - Operations	2017	2016
	Revenue		
	Co-operative Housing Federation of Canada (CHF Canada)	\$ 83,000	\$ 79,500
	Canadian Housing and Renewal Association (CHRA)	2,464	2,378
	Ontario Non-Profit Housing Association (ONPHA)	5,000	5,000
	British Columbia Non-Profit Housing Association (BCNPHA)	1,500	1,000
	Confédération québécoise des coopératives d'habitation (CQCH)	1,500	1,500
	Housing groups and individuals	68,120	115,846
	Other	1,617	25,135
		163,201	230,359
	Expenses		
	Project management	21,000	38,891
	Other fundraising expenses	16,358	33,581
		37,358	72,472
	Overhead allocation (50% of project management)	10,413	19,039
		47,771	91,511
	Excess Revenue Over Expenses Before Transfers	115,430	138,848
	Transfer to PDIB project	(1,558)	(86,988)
	Transfer to Education in Canada	(21,582)	0
	Transfer to urban agriculture training project	(11,011)	0
	Excess Revenue Over Expenses and Transfers	81,279	51,860