

Financial Statements

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

Toronto, Ontario

March 31, 2018

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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, 2018 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, surplus, 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, 2018 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.

Toronto, Ontario
August 3, 2018



Chartered Professional Accountants, Licensed Public Accountants

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

Statement of Financial Position	2018	2017
Current Assets		
Cash	\$ 815,442	\$ 862,580
Accounts receivable		
Grants and other receivables	28,852	30,009
HST	11,182	10,240
Advance to National Association of Social Housing Organizations (NASHO)	3,836	59,510
Prepaid expenses	8,733	2,400
Total Current	868,045	964,739
Capital Assets , Note 3	1,747	0
	869,792	964,739

Approved by The Board

Paul Hastie

Director

Hugh Lawson

Director

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

Statement of Financial Position	2018	2017
Current Liabilities		
Accounts payable and accrued liabilities	\$ 42,825	\$ 51,956
Deferred revenue, Note 4	388,323	449,698
Total Current	431,148	501,654
Grant Payable , Note 5	144,745	189,219
Loan Payable , Note 6	83,786	83,786
Total Liabilities	659,679	774,659
Net Assets , per statement		
Restricted for gift and donations	100	100
Unrestricted	210,013	189,980
	210,113	190,080
	869,792	964,739

The notes on pages 10 through 17 form an integral part of these financial statements.

Rooftops Canada Foundation Inc. - Fondation Abri International

Year ended March 31, 2018

Statement of Changes in Net Assets			2018			2017
	Restricted	Unrestricted	Total		Total	
Balance, beginning of year	\$ 100	\$ 189,980	\$ 190,080	\$	206,974	
Add (deduct)						
Surplus (deficit)	0	20,033	20,033		(16,894)	
<i>Balance End of Year</i>	100	210,013	210,113		190,080	

Rooftops Canada Foundation Inc. - Fondation Abri International

Year ended March 31, 2018

Statement of Operations	2018	2017
		Note 10
Revenues		
Project income		
Global Affairs Canada - Equal Spaces Project, Note 11	\$ 742,439	\$ 481,827
Partnership for Development Innovation Branch, Note 12	0	19,833
Other project income	45,643	0
Operating interest	1,405	884
Donations and fundraising, Note 13	141,554	163,201
Total Revenues	931,041	665,745
Expenses		
Project expenses		
Global Affairs Canada - Equal Spaces Project, Note 11	662,892	430,203
Global Affairs Canada - Equal Spaces Project foreign exchange, Note 11	0	(4,172)
Partnership for Development Innovation Branch, Note 12	0	21,391
Other project expenses	45,643	0
Fundraising expenses, Note 13	20,698	37,358
Education in Canada	5,426	21,582
Urban agriculture training project	10,000	11,011
Salaries and benefits, Note 9	66,712	81,776
Occupancy cost	40,052	40,104
Office and general	38,074	41,774
Directors' meeting expenses	10,262	5,894
Foreign exchange gain (loss)	10,951	(4,386)
Amortization	298	104
Total Expenses	911,008	682,639
Surplus (Deficit)	20,033	(16,894)

Rooftops Canada Foundation Inc. - Fondation Abri International

Year ended March 31, 2018

Statement of Cash Flows	2018	2017
Operating Activities		
Surplus (deficit)	\$ 20,033	\$ (16,894)
Non-cash items		
Amortization	298	104
	<u>20,331</u>	<u>(16,790)</u>
Net change in non-cash working capital	<u>(20,950)</u>	<u>167,635</u>
<i>Cash Provided By (Used In) Operating Activities</i>	<u>(619)</u>	<u>150,845</u>
Investing Activities		
Capital expenditures	<u>(2,045)</u>	<u>0</u>
<i>Cash Provided By (Used In) Investing Activities</i>	<u>(2,045)</u>	<u>0</u>
Financing Activities		
Increase (decrease) in grant payable	<u>(44,474)</u>	<u>2,278</u>
<i>Provided By Cash (Used In) Financing Activities</i>	<u>(44,474)</u>	<u>2,278</u>
Net cash increase (decrease) during the year	(47,138)	153,123
Cash position beginning of year	862,580	709,457
<i>Cash Position End of Year</i>	<u>815,442</u>	<u>862,580</u>

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

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. Interest 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.

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

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 operations. A previously recognized impairment loss may be reversed to the extent of improvement. The amount of the reversal is recognized in operations.

(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, 2018:

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. There is some credit risk associated with cash balances in excess of \$100,000.

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, 2018

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 Canadian equivalent amounts denominated in foreign currencies:

	Canadian Equivalent	Foreign Currency
Cash	\$ 51,222	U.S. Dollars
	893	Kenyan Shillings
Advance receivable	3,760	South African Rand

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

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

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 Capital Assets

At cost	2018	2017
Computer equipment	\$ 6,109	\$ 4,064
Accumulated amortization	(4,362)	(4,064)
	1,747	0

Note 4 Deferred Revenue

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

	2018	2017
Deferred revenue, opening balance	\$ 449,698	\$ 450,473
Funding received	678,999	478,765
Amount recognized as revenue	(742,439)	(481,827)
Interest allocated to advance on funds	2,065	2,287
Deferred revenue, ending balance	388,323	449,698

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 5 Grant Payable

This 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 \$45,643 (2017 - \$0) during the year to spend 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 liability.

Changes in the grant payable are as follows:

	2018	2017
Balance beginning	\$ 189,219	\$ 186,941
Less: interest earned (paid) on deposit net	1,169	(854)
Add: Foreign exchange impact on deposit	0	3,132
Less: funds allocated to program related expenses	(45,643)	0
	<u>144,745</u>	<u>189,219</u>

Note 6 Loan Payable

This 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 \$1,680 (2017 - \$1,684).

Note 7 Line of Credit

The Organization has a line of credit facility with a Canadian banking institution for \$75,000, bearing interest at 8.7% per annum. As of March 31, 2018 and March 31, 2017, the Organization had not utilized this facility.

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

Note 8 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:

2019	\$	38,690
2020		38,690
2021		38,690
2022		16,121

Note 9 Salary and Benefits Allocation

	2018	2017
Global Affairs Canada - Equal Spaces Project	\$ 375,692	\$ 257,251
Partnership for Development Innovation Branch	0	20,368
Donations and fundraising	7,412	21,000
Education in Canada	3,127	12,668
Operating salary	66,712	81,776
	<u>452,943</u>	<u>393,063</u>

Note 10 Classification

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

Rooftops Canada Foundation Inc. - Fondation Abri International

March 31, 2018

Note 11 Global Affairs Canada - Equal Spaces Project

	2018	2017
Project Revenue		
Global Affairs Canada	\$ 742,439	\$ 481,827
Project Expenses		
Employees based in Canada	164,795	132,424
Canadian personnel on long term assignment overseas	160,967	85,956
Canadian or international subcontractors	10,200	16,728
Local subcontractors	70,014	19,332
Travel costs	118,568	83,025
Benefits and allowable expense for long term assignment overseas	76,891	59,235
Other training costs	59,905	32,347
Administration costs, direct	1,552	1,156
Total direct costs	662,892	430,203
Overhead allocation (12% of direct costs)	79,547	51,624
Total costs before foreign exchange	742,439	481,827
Foreign exchange gain	0	(4,172)
	742,439	477,655
Excess Revenue Over Expenses	0	4,172

Note 12 Partnership for Development Innovation Branch (PDIB) - Project Operations

	2018	2017
Project Revenue		
Department of Foreign Affairs, Trade and Development (DFATD)	\$ 0	\$ 19,833
Project Expenses		
Canada	0	3,502
Project management	0	17,889
	0	21,391
Rooftops Canada Contribution	0	(1,558)

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Note 13 Donations and Fundraising - Operations

	2018	2017
Revenue		
Co-operative Housing Federation of Canada (CHF Canada)	\$ 84,500	\$ 83,000
Canadian Housing and Renewal Association (CHRA)	5,000	2,464
Homestarts	5,000	5,000
Ontario Non-Profit Housing Association (ONPHA)	5,000	5,000
British Columbia Non-Profit Housing Association (BCNPHA)	0	1,500
Confédération québécoise des coopératives d'habitation (CQCH)	0	1,500
Housing groups and individuals	41,805	63,120
Other	249	1,617
	141,554	163,201
Expenses		
Project management	7,412	21,000
Other fundraising expenses	13,286	16,358
	20,698	37,358
Overhead allocation (50% of project management)	3,706	10,413
	24,404	47,771
Excess Revenue Over Expenses Before Transfers	117,150	115,430
Transfer to PDIB project	0	(1,558)
Transfer to Education in Canada	(6,685)	(21,582)
Transfer to urban agriculture training project	(10,000)	(11,011)
Excess Revenue Over Expenses and Transfers	100,465	81,279