

INN OUT OF THE COLD, ST.THOMAS-ELGIN
FINANCIAL STATEMENTS
MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Inn Out of the Cold, St.Thomas-Elgin:

Qualified Opinion

I have audited the financial statements of Inn Out of the Cold, St.Thomas-Elgin, which comprise the Statement of Financial Position as at March 31, 2022 and the Statements of Changes in Net Assets, Operations and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Inn Out of the Cold, St.Thomas-Elgin as at March 31, 2022, 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, Inn Out of the Cold, St.Thomas-Elgin derives revenue in the form of fundraising and donations, the completeness of which is not susceptible to us obtaining evidence I considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary with respect to various receipts, excess of revenue over expenditures, assets and net assets, and cash flows from operations for the year ended March 31, 2022.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

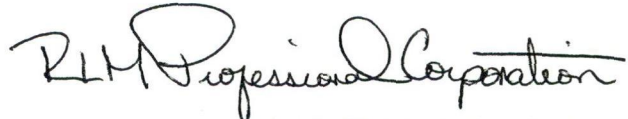
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am 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 my opinion. My 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.

I 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 I identify during my audit.

London, Ontario
July 11, 2022



Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

INN OUT OF THE COLD, ST.THOMAS-ELGIN
(Incorporated under the laws of Ontario without share capital)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	ASSETS		\$	\$
	General	New Site	2022	2021
Current				
Cash	75,654	57,270	132,924	334,083
Investments (note 2)	230,906		230,906	130,000
Accounts receivable (note 3)	31,581		31,581	46,667
HST recoverable	10,185	2,699	12,884	19,812
Gift cards on hand	3,792		3,792	1,473
Prepaid expenses	6,692		6,692	3,891
	<u>358,810</u>	<u>59,969</u>	<u>418,779</u>	<u>535,926</u>
Capital Assets (note 4)	<u>3,815</u>		<u>3,815</u>	<u>4,934</u>
	<u>362,625</u>	<u>59,969</u>	<u>422,594</u>	<u>540,860</u>

LIABILITIES AND NET ASSETS

Current				
Accounts payable and accrued expenses	32,792	9,253	42,045	30,233
Government remittances payable				600
Deferred revenue (note 5)	54,346	50,706	105,052	234,822
	<u>87,138</u>	<u>59,959</u>	<u>147,097</u>	<u>265,655</u>
Net Assets				
Unrestricted operating surplus	<u>275,487</u>	<u>10</u>	<u>275,497</u>	<u>275,205</u>
	<u>362,625</u>	<u>59,969</u>	<u>422,594</u>	<u>540,860</u>

see accompanying notes

Approved on behalf of the Board,

_____, Director

_____, Director

**INN OUT OF THE COLD, ST.THOMAS-ELGIN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022**

	<u>General</u>	<u>New Site</u>	\$ <u>2022</u>	\$ <u>2021</u>
Net Assets, beginning of year	275,195	10	275,205	223,959
Excess of Revenue over Expenditures	<u>292</u>	<u> </u>	<u>292</u>	<u>51,246</u>
Net Assets, end of year	<u>275,487</u>	<u>10</u>	<u>275,497</u>	<u>275,205</u>

see accompanying notes

**INN OUT OF THE COLD, ST.THOMAS-ELGIN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022**

			\$	\$
	<u>General</u>	<u>New Site</u>	<u>2022</u>	<u>2021</u>
Revenue				
Pandemic grants	313,123		313,123	494,696
St.Thomas-Elgin Social Service Grant	233,333		233,333	256,667
General donations	150,196	28,551	178,747	158,988
Other grants	80,731	71,494	152,225	53,451
United Way grant	20,834		20,834	19,166
Interest income	1,750	99	1,849	694
Fundraising	662		662	1,617
Canadian Employment wage Subsidy				4,300
	<u>800,629</u>	<u>100,144</u>	<u>900,773</u>	<u>989,579</u>
Expenditures				
Wages and benefits	430,600	14,236	444,836	488,840
Security	202,889		202,889	315,765
Repairs and maintenance	9,591	77,774	87,365	8,257
Professional fees	47,059	879	47,938	41,667
Programs	46,333		46,333	36,467
Occupancy cost	29,647		29,647	14,000
Office	18,317	5,228	23,545	17,462
Insurance	9,979		9,979	8,407
Recruitment, training, travel and appreciation	4,386	2,027	6,413	5,770
Amortization	1,119		1,119	1,337
Interest and bank charges	417		417	361
	<u>800,337</u>	<u>100,144</u>	<u>900,481</u>	<u>938,333</u>
Excess of revenue over expenditures	<u>292</u>	<u> </u>	<u>292</u>	<u>51,246</u>

see accompanying notes

**INN OUT OF THE COLD, ST.THOMAS-ELGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31**

\$ 2022 \$ 2021

Cash Flows Provided By (Used In):

Operating Activities:

Excess of revenues over expenditures	292	51,246
Items not involving cash:		
Amortization	<u>1,119</u>	<u>1,337</u>
	<u>1,411</u>	<u>52,583</u>

Net Change in Non-Cash Working Capital Balances:

Accounts receivable	15,086	(40,627)
Gift cards on hand	(2,319)	(1,363)
Prepaid expenses	(2,801)	(1,139)
Accounts payable and accrued expenses	11,812	1,213
Government remittances	(600)	(979)
HST recoverable	6,928	(13,031)
Deferred revenue	<u>(129,770)</u>	<u>144,174</u>
	<u>(101,664)</u>	<u>88,248</u>
	(100,253)	140,831

Investing Activities:

Acquisition of investment	<u>(100,906)</u>	<u>(130,000)</u>
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Increase (Decrease) in Cash Resources

(201,159) 10,831

Opening Cash Resources

334,083 323,252

Closing Cash Resources

132,924 334,083

Cash Resources

Cash **132,924** 334,083

see accompanying notes

**INN OUT OF THE COLD, ST.THOMAS-ELGIN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

Purpose of Organization

Inn Out of the Cold, St.Thomas-Elgin (the Organization) is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario on May 7, 2010. The purpose of the Organization is to provide safe, temporary shelter to individuals 16 and over while supporting all basic human needs and reducing barriers to obtain housing. That all people would be housed in a safe, comfortable, inclusive, and supportive in the St. Thomas community.

For Canadian income tax purposes the Organization is registered with Canada Revenue Agency as a non-profit organization and is exempt from income taxes under the Income Tax Act.

1. Summary of Significant Accounting Policies

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements have, in management's opinion been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue Recognition

Inn Out of the Cold, St.Thomas-Elgin 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 in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment revenue is recognized as revenue as earned.

(b) Capital Assets

Capital assets are stated at cost. The assets are being amortized over their estimated useful lives as follows:

Office Equipment	20% declining balance
Computer Equipment	50% declining balance
Leasehold Improvements	5 yr straight line

One-half the annual rate of amortization is taken in the year of acquisition.

Not-for-profit organizations with annual revenues over \$500,000 are required to record capital assets and amortize them over their useful lives. The Organization adopted a new policy during the year that all capital assets purchased in the year are expensed in the statement of operations, unless specified by the Board of Directors. During the year, capital assets totaling \$47,402 were expensed in the financial statements. No change was made to the capital assets from prior years.

1. Summary of Significant Accounting Policies (cont'd)

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

The organization uses estimates when accounting for the useful lives of capital assets.

There are no significant estimates in these financial statements and as such no further disclosures were made.

(d) Financial Instruments

Financial instruments acquired or assumed in an arms length transaction are initially recorded at their fair value. Subsequently, the Organization measures all its financial assets and liabilities at amortized cost. Any changes in fair value are recognized in net surplus (deficit).

Financial assets measured at cost are tested for impairment when their are indicators of impairment. The amount of the write-down is recognized in net surplus (deficit). 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 net surplus (deficit).

The fair value of the current assets and current liabilities approximates their carrying value due to their short-term maturity dates.

(e) Contributed Services and Materials

Every year volunteers contribute an indeterminable number of hours and donors contribute food and other small goods. Due to the difficulty in determining their fair value, contributed services and donations in kind are not recognized in the financial statements.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand less cheques issued and outstanding.

**INN OUT OF THE COLD, ST.THOMAS-ELGIN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

2. Investments

	2022	2021
	\$	\$
0.65% Libro Credit Union Non-redeemable GIC, due April 10, 2022	100,453	100,000
0.65% Libro Credit Union Non-redeemable GIC, due April 27, 2022	100,453	
1.05% Libro Credit Union Non-redeemable GIC, due May 17, 2022	30,000	30,000
	<u>230,906</u>	<u>130,000</u>

It is management's intention to hold these investments until maturity.

3. Accounts Receivable

	2022	2021
	\$	\$
City of St. Thomas	30,000	46,667
WSIB rebate	1,581	
	<u>31,581</u>	<u>46,667</u>

4. Capital Assets

	2022	2021		
	\$	\$		
	Net	Net		
	Cost	Accumulated Amortization		
Computer equipment	942	903	39	78
Office equipment	9,164	6,289	2,875	3,594
Leasehold Improvements	<u>1,803</u>	<u>902</u>	901	<u>1,262</u>
	<u>11,909</u>	<u>8,094</u>	<u>3,815</u>	<u>4,934</u>

**INN OUT OF THE COLD, ST.THOMAS-ELGIN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

5. Deferred Revenue

	2022	2021
	\$	\$
Deferred revenue consists of the following:		
Operations:		
Other	39,346	5,098
City of St. Thomas	15,000	178,123
	54,346	183,221
New Site Project:		
Donations	50,706	51,601
	105,052	234,822

6. Economic Dependence

The Organization receives a substantial portion of its funding from the City of St. Thomas. In 2022, the City accounted for approximately 62% of revenues (2021 - 70%).

As the organization's main source of funding is the City of St. Thomas, its ability to continue viable operations is dependent upon receiving this funding.

7. Commitments

The Organization is committed to rent of \$30,000 per annum commencing December 13, 2021 for a three year period ending December 31, 2024. The Organization has the option to renew the lease for 2 three year periods.

8. Significant and Subsequent Event - COVID-19

During and subsequent to the year end, the organization was exposed to economic risks associated with the coronavirus pandemic. These risks continued past the year end date and are beyond the organization's control. The impact of these risks cannot be identified at this time but could impact the organization's operations, future net surplus, cash flows and financial condition.

9. Financial Instrument Risk

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization generally does not include any receivables unless they are sure those amounts will be received. Exposure to this risk has remained unchanged from the prior year.

(b) Liquidity Risk

Liquidity risk is the risk that an Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization is not encumbered by long-term debt. It is management's opinion that exposure to liquidity risk is low and not material as they have adequate liquid assets to cover any payables.

(c) 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 has invested in fixed rate financial instruments and therefore, the risk is not significant.

There has been no changes to the assessed risk levels during the fiscal year.

10. Comparative Figures

The prior year figures were audited and reported by another accountant. Certain of the prior year's figures, presented for comparative purposes, have been restated to conform to the financial statement presentation adopted in the current year.

11. Change in Year End Reporting Date

The Organization obtained approval to change its year end reporting date from May 31 to March 31. The change was made to align the reporting date with their main source of funding contract.