

INN OUT OF THE COLD, ST.THOMAS-ELGIN

FINANCIAL STATEMENTS

MARCH 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Inn Out of the Cold, St.Thomas-Elgin
St. Thomas, Ontario

Qualified Opinion

We 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, 2023** and the statements of revenues and expenditures, 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, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, 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, 2023** 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **Inn Out of the Cold, St.Thomas-Elgin** 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In common with many not-for-profit organizations, the organization derives cash revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and the opening and closing net assets for both the 2023 and 2022 year ends. The audit opinion on the financial statements for the 10 month period ended March 31, 2022 was modified accordingly because of the effects of this limitation in scope.

INDEPENDENT AUDITORS' REPORT - continued

Additionally, property, plant and equipment financed out of current revenue are expensed in the year of acquisition. Canadian accounting standards for non-for-profit organizations with annual revenues over \$ 500,000 require that capital assets are recorded as assets and amortized over their estimated useful lives. The effects of the departure from Canadian accounting standards for not-for-profit organizations is an understatement of property, plant and equipment for the years ended March 31, 2023 and 2022 and an understatement of opening and closing net assets for both the March 31, 2023 and March 31, 2022 year ends. The effects of the departure from Canadian accounting standards for non-for-profit organizations on the financial statements have not been determined as it is not practical to do so. Accounting policy note 2a provides further disclosures for the amount expensed in the March 31, 2023 and March 31, 2022 financial statements.

Other Matter

The financial statements of **Inn Out of the Cold, St.Thomas-Elgin** for the year **March 31, 2022** were audited by another auditor who expressed an qualified opinion on those statements on July 11, 2022.

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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over seeing the entity's financial reporting process.

Auditors' 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 auditors' 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:

- (a) 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.
- (b) 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 entity's internal control.

INDEPENDENT AUDITORS' REPORT - continued

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of the entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- (e) 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.



Professional Corporation
Chartered Professional Accountants
*Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario*

London, Ontario
September 26, 2023

Inn Out of the Cold, St. Thomas-Elgin
Statement of Financial Position
As at March 31, 2023

ASSETS		2023	2022
Current Assets			
Cash	\$ 262,895		\$ 132,924
Accounts receivable (Note 5)	-		251,581
HST receivable	46,309		12,884
Prepaid expenses	10,346		6,692
Gift cards on hand	820		3,792
Investments (Note 7)	<u>132,465</u>		<u>230,906</u>
		\$ 452,835	<u>638,779</u>
Property, Plant and Equipment - at cost			
Leasehold improvements	1,803		1,803
Computer equipment	942		942
Office equipment	<u>9,164</u>		<u>9,164</u>
	11,909		11,909
Less: Accumulated amortization	<u>9,050</u>		<u>8,094</u>
		<u>2,859</u>	<u>3,815</u>
		<u>\$ 455,694</u>	<u>\$ 642,594</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

Inn Out of the Cold, St. Thomas-Elgin
Statement of Financial Position
As at March 31, 2023

LIABILITIES		2023	2022
Current Liabilities			
Accounts payable and accrued liabilities	\$ 52,651		\$ 42,045
Deferred revenue (Note 6)	<u>220,000</u>		<u>105,052</u>
		\$ 272,651	<u>147,097</u>
NET ASSETS			
Unrestricted		<u>183,043</u>	<u>495,497</u>
		<u>\$ 455,694</u>	<u>\$ 642,594</u>

(See Accompanying Notes to the Financial Statements)

Inn Out of the Cold, St.Thomas-Elgin

Statement of Changes in Net Assets

For the year ended March 31, 2023

(with comparative figures for the 10 month period ended March 31, 2022)

	2023	2022
Balance - beginning of year	\$ 275,497	\$ 275,205
Prior period adjustment (Note 3)	<u>220,000</u>	<u>-</u>
As restated	\$ 495,497	275,205
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>(312,454)</u>	<u>220,292</u>
Balance - end of year	<u>\$ 183,043</u>	<u>\$ 495,497</u>

(See Accompanying Notes to the Financial Statements)

**Inn Out of the Cold, St. Thomas-Elgin
Statement of Revenues and Expenditures**

For the year ended March 31, 2023

(with comparative figures for the 10 month period ended March 31, 2022)

	2023	2022
Revenue		
St. Thomas-Elgin Social Service Grant	\$ 568,018	\$ 453,333
General donations	162,844	178,747
United Way grant	143,549	20,834
Other grants	114,158	152,225
Pandemic grants	41,315	313,123
Fundraising	11,130	662
Interest	<u>5,754</u>	<u>1,849</u>
	\$ 1,046,768	<u>1,120,773</u>
Expenditures		
Salaries and benefits	695,419	444,836
Security	378,730	202,889
Programs	73,859	46,333
Repairs and maintenance	63,584	87,365
Occupancy cost	48,922	29,647
Professional fees	41,294	47,938
Office	32,244	23,545
Insurance	12,911	9,979
Recruitment, training, travel and appreciation	10,186	6,413
Bank charges and interest	1,117	417
Amortization of property, plant and equipment	<u>956</u>	<u>1,119</u>
	<u>1,359,222</u>	<u>900,481</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ <u>(312,454)</u>	\$ <u>220,292</u>

(See Accompanying Notes to the Financial Statements)

Inn Out of the Cold, St.Thomas-Elgin

Statement of Cash Flows

For the year ended March 31, 2023

(with comparative figures for the 10 month period ended March 31, 2022)

	2023	2022
Cash Provided By (Used In):		
Operating Activities		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (312,454)	\$ 220,292
Items not requiring cash		
Amortization of property, plant and equipment	956	1,119
Net changes in non-cash current operating accounts		
Decrease (increase) in accounts receivable	251,581	(204,914)
Decrease (increase) in HST receivable	(33,425)	-
Decrease (increase) in prepaid expenses	(3,654)	(2,801)
Decrease (increase) in gift cards on hand	2,972	(2,319)
Increase (decrease) in accounts payable and accrued liabilities	10,606	11,212
Increase (decrease) HST payable	-	6,928
Increase (decrease) in deferred revenue	<u>114,948</u>	<u>(129,770)</u>
	\$ 31,530	<u>(100,253)</u>
Investing Activities		
Purchase (net of disposals) of investments	<u>98,441</u>	<u>(100,906)</u>
Increase (decrease) in cash and cash equivalents	129,971	(201,159)
Cash and cash equivalents - beginning of year	<u>132,924</u>	<u>334,083</u>
Cash and cash equivalents - end of year	\$ <u>262,895</u>	\$ <u>132,924</u>
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:		
Cash	\$ <u>262,895</u>	\$ <u>132,924</u>

(See Accompanying Notes to the Financial Statements)

Inn Out of the Cold, St.Thomas-Elgin

Notes to the Financial Statements

For the year ended March 31, 2023

(with comparative figures for the 10 month period ended March 31, 2022)

1. Purpose of the Organization

The purpose of Inn Out of the Cold, St.Thomas-Elgin is to provide safe, temporary shelter to individuals 16 and over while supporting all basic human needs and reducing barriers to obtain housing. The organization's goal is that all individuals would be housed in a safe, comfortable, inclusive, and supportive environment within the St. Thomas community.

The organization is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario on May 7, 2010. 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 section 149(1)(f) the Income Tax Act.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations summarized below:

(a) Capital Expenditures

Canadian accounting standards for not-for-profit organizations with revenues greater than \$ 500,000, purchases of a capital nature are recorded as property, plant and equipment and amortized over the useful lives of the assets. The organization follows an alternative method that is not in accordance with Canadian accounting standards for not-for-profit organizations in that the organization expenses all capital assets unless specified by the Board of Directors.

The organization has previously expensed items that would otherwise have been included as property, plant and equipment.

In the year ended March 31, 2023, the organization purchased and expensed leasehold improvements that are capital in nature of \$ 20,194. In the 10 month period ended March 31, 2022, the organization purchased and expensed leasehold improvements of \$ 12,921, and furniture and equipment totaling \$ 34,481 which were capital in nature.

(b) Amortization

Amortization of property, plant and equipment is calculated using the declining balance method at the annual rates reflected in the accompanying schedule of property, plant and equipment and amortization.

(c) Revenue Recognition

The organization follows the deferral method of accounting for contributions which includes various grants, general donations and revenue from fundraising activities. Contributions are recognized as revenue in the year in which the related expenses are incurred. Investment revenue is recognized as revenue as earned.

(d) Use of Estimates

Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that could affect amounts reported as assets, liabilities, revenue and expenditures. Due to measurement uncertainty, results could differ from those estimates.

(See Accompanying Notes to the Financial Statements)

Inn Out of the Cold, St. Thomas-Elgin

Notes to the Financial Statements

For the year ended March 31, 2023

(with comparative figures for the 10 month period ended March 31, 2022)

2. Accounting Policies (continued)

(e) **Contributed Services**

Volunteers contribute an indeterminable number of hours. Due to the difficulty in determining fair value, contributed services 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.

(g) **Financial Instruments**

A financial asset is any asset that is cash; a contractual right to receive cash from another party; or an equity instrument of another entity. A financial liability is any liability that is a contractual obligation to deliver cash to another party.

Financial assets and liabilities are initially measured at fair value, except for certain non-arm's length transactions. Subsequently, financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

3. Prior period adjustment

During the year the organization discovered that a large deposit received in the current year, was funding from the City of St. Thomas which related to the prior year. The City of St. Thomas had approved the funding October 4, 2021, but payment was not actually issued until April 1, 2022. As a result, both accounts receivable and revenue were understated in the prior year. Corresponding amounts for 2022 have been restated. Opening retained earnings for 2023 have been increased by \$ 220,000, which is the amount of the adjustment relating to periods prior to 2023.

4. Comparative Figures

Comparative figures are for the 10 month period ended March 31, 2022.

5. Accounts Receivable

Accounts receivable is comprised of the following:

	2023	2022
City of St. Thomas	\$ -	\$ 250,000
WSIB rebate	<u>-</u>	<u>1,581</u>
	<u><u>\$ -</u></u>	<u><u>\$ 251,581</u></u>

Inn Out of the Cold, St. Thomas-Elgin

Notes to the Financial Statements

For the year ended March 31, 2023

(with comparative figures for the 10 month period ended March 31, 2022)

6. Deferred Revenue

Deferred revenue is comprised of the following:

	2023	2022
Operations		
Other	\$ -	\$ 39,346
City of St. Thomas	<u>220,000</u>	<u>15,000</u>
	<u>220,000</u>	<u>54,346</u>
New Site Project		
Donations	<u>-</u>	<u>50,706</u>
	<u>\$ 220,000</u>	<u>\$ 105,052</u>

7. Investments - at market value

Investments recorded at market value are comprised of the following:

	2023	2022
Libro Credit Union, non-redeemable GIC bearing interest of 2.85%, due April, 2023	\$ 102,150	\$ -
Libro Credit Union, non-redeemable GIC bearing interest of 2.00%, due May, 2023	30,315	-
Libro Credit Union, non-redeemable GIC bearing interest of 0.65%, due April, 2022	-	100,453
Libro Credit Union, non-redeemable GIC bearing interest of 0.65%, due April, 2022	-	100,453
Libro Credit Union, non-redeemable GIC bearing interest of 1.05%, due May, 2022	<u>-</u>	<u>30,000</u>
	<u>\$ 132,465</u>	<u>\$ 230,906</u>

8. Economic Dependence

The organization receives a substantial portion of its funding from the city of St. Thomas. In the current year, the city accounted for approximately 31.4% of revenues (2022 - 47.5%). 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.

9. Lease Commitments

The organization leases its premise for \$ 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.

Inn Out of the Cold, St.Thomas-Elgin
Schedule of Property, Plant and Equipment and Amortization
For the year ended March 31, 2023
(with comparative figures for the 10 month period ended March 31, 2022)

	<u>As at March 31, 2022</u>									<u>As at March 31, 2023</u>		
	Cost	Accum. Amort.	Unamort. Bal.							Cost	Accum. Amort.	Unamort. Bal.
Leasehold improvements	1,803	902	901				901	5 s.l.	361	1,803	1,263	540
Computer equipment	942	903	39				39	50	20	942	923	19
Office equipment	9,164	6,289	2,875				2,875	20	575	9,164	6,864	2,300
	11,909	8,094	3,815				3,815		956	11,909	9,050	2,859