

INN OUT OF THE COLD, ST. THOMAS - ELGIN

FINANCIAL STATEMENTS

MARCH 31, 2024

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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, 2024** and the statements of revenue and expenditures, changes in net assets, and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2024** 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 year ends. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

INDEPENDENT AUDITORS' REPORT - continued

Additionally, property, plant, and equipment financed out of current revenue is expensed in the year of acquisition. Canadian accounting standards for not-for-profit organizations with annual revenues over \$ 500,000 require that property, plant, and equipment be recorded at cost and amortized over their estimated useful life. 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, 2024 and 2023, and an understatement of opening and closing net assets for both March 31, 2024 and March 31, 2023 year ends. The effects of the departure from Canadian accounting standards for not-for-profit organizations on the financial statements have not been determined as it is not practicable to do so. Accounting policy Note 2(a) provides further disclosures for the amount expensed in the March 31, 2024 and March 31, 2023 financial statements.

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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT - continued

- (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.

Famme & Co.

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

London, Ontario
August 8, 2024

Inn Out of the Cold, St. Thomas - Elgin
Statement of Financial Position
As at March 31, 2024

ASSETS		2024	2023
Current Assets			
Cash	\$ 66,904		\$ 262,895
HST receivable	72,358		46,309
Prepaid expenses	10,954		10,346
Gift cards on hand	-		820
Investments (Note 4)	<u>-</u>		<u>132,465</u>
		\$ 150,216	<u><u>452,835</u></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>9,881</u>		<u>9,050</u>
		<u>2,028</u>	<u>2,859</u>
		\$ <u><u>152,244</u></u>	\$ <u><u>455,694</u></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, 2024

LIABILITIES		2024	2023
Current Liabilities			
Accounts payable and accrued liabilities	\$ 73,163		\$ 52,651
Deferred revenue (Note 3)	<u>75,000</u>		<u>220,000</u>
		\$ 148,163	<u>272,651</u>
NET ASSETS			
Unrestricted		<u>4,081</u>	<u>183,043</u>
		<u>\$ 152,244</u>	<u>\$ 455,694</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, 2024

	2024	2023
Balance - beginning of year	\$ 183,043	\$ 495,497
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>(178,962)</u>	<u>(312,454)</u>
Balance - end of year	\$ <u><u>4,081</u></u>	\$ <u><u>183,043</u></u>

(See Accompanying Notes to the Financial Statements)

Inn Out of the Cold, St. Thomas - Elgin
Statement of Revenue and Expenditures
For the year ended March 31, 2024

	2024	2023
Revenue		
St. Thomas - Elgin Social Service Grant	\$ 800,000	\$ 568,018
General donations	265,903	162,844
United Way grant	166,451	143,549
Other grants	162,895	114,158
Pandemic grants	-	41,315
Fundraising	29,730	11,130
Interest	<u>3,636</u>	<u>5,754</u>
	\$ 1,428,615	<u>1,046,768</u>
Expenditures		
Salaries and benefits	902,989	695,419
Security	380,320	378,730
Programs	168,103	73,859
Occupancy cost	49,381	48,922
Repairs and maintenance	37,576	63,584
Office	30,048	32,244
Insurance	16,838	12,911
Recruitment, training, travel, and appreciation	11,972	10,186
Professional fees	8,121	41,294
Bank charges and interest	1,398	1,117
Amortization of property, plant, and equipment	<u>831</u>	<u>956</u>
	<u>1,607,577</u>	<u>1,359,222</u>
Excess of revenue over expenditures		
(expenditures over revenue) for the year	\$ <u>(178,962)</u>	\$ <u>(312,454)</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, 2024

	2024	2023
Cash Provided By (Used In):		
Operating Activities		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (178,962)	\$ (312,454)
Items not requiring cash		
Amortization of property, plant, and equipment	831	956
Net changes in non-cash current operating accounts		
Decrease (increase) in accounts receivable	-	251,581
Decrease (increase) in HST receivable	(26,049)	(33,425)
Decrease (increase) in prepaid expenses	(608)	(3,654)
Decrease (increase) in gift cards on hand	820	2,972
Increase (decrease) in accounts payable and accrued liabilities	20,512	10,606
Increase (decrease) in deferred revenue	<u>(145,000)</u>	<u>114,948</u>
	\$ (328,456)	<u>31,530</u>
Investing Activities		
Proceeds (net of disposals) from sale of investments	<u>132,465</u>	<u>98,441</u>
Increase (decrease) in cash and cash equivalents	(195,991)	129,971
Cash and cash equivalents - beginning of year	<u>262,895</u>	<u>132,924</u>
Cash and cash equivalents - end of year	\$ <u>66,904</u>	\$ <u>262,895</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>66,904</u>	\$ <u>262,895</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, 2024

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 years old 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 the Canadian accounting standards for not-for-profit organizations summarized below:

(a) Capital Expenditures

Under Canadian accounting standards for not-for-profit organizations, purchases of a capital nature are recorded as property, plant, and equipment and amortized over the useful lives of the assets. However, an acceptable alternative for not-for-profit organizations with revenue under \$ 500,000 is to show the purchases of property, plant, and equipment as expenditures in the year in which they occurred. The organization follows this alternative method of accounting for purchases of a capital nature 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, 2024, no purchases were expensed that are capital in nature. In the year ended March 31, 2023, the organization purchased and expensed leasehold improvements of \$ 20,194, which were capital in nature.

(b) Amortization

Amortization of property, plant, and equipment is calculated using the declining balance method, except for leasehold improvements which are calculated using the straight-line 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 it is 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.

(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.

Inn Out of the Cold, St. Thomas - Elgin
Notes to the Financial Statements
For the year ended March 31, 2024

2. Accounting Policies (continued)

(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 expenditures.

3. Deferred Revenue

Deferred revenue is comprised of the following:

	2024	2023
Operations		
City of St. Thomas	\$ <u>75,000</u>	\$ <u>220,000</u>

4. Investments - at Market Value

Investments recorded at market value are comprised of the following:

	2024	2023
Libro Credit Union non-redeemable GIC, bearing interest of 2.85%, maturing April, 2023	\$ -	\$ 102,150
Libro Credit Union non-redeemable GIC, bearing interest of 2.00%, maturing May, 2023	<u>-</u>	<u>30,315</u>
	\$ <u>-</u>	\$ <u>132,465</u>

5. 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 55.9% of revenues (2023 - 31.4%). As the organization's main source of funding is the city of St. Thomas, its ability to continue as a viable operation is dependent upon receiving this funding.

6. Lease Commitments

The organization leases its premises 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 two, 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, 2024

	<u>As at March 31, 2023</u>									<u>As at March 31, 2024</u>		
	Cost	Accum. Amort.	Unamort. Bal.							Cost	Accum. Amort.	Unamort. Bal.
Leasehold improvements	1,803	1,263	540				540	5 s.l.	361	1,803	1,624	179
Computer equipment	942	923	19				19	50	10	942	933	9
Office equipment	9,164	6,864	2,300				2,300	20	460	9,164	7,324	1,840
	11,909	9,050	2,859				2,859		831	11,909	9,881	2,028