

YOUTH WITHOUT SHELTER

Financial Statements

Year ended March 31, 2023



YOUTH WITHOUT SHELTER
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March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Youth Without Shelter

Qualified Opinion

We have audited the financial statements of Youth Without Shelter (the "Organization"), which comprise the statement of financial position as at March 31, 2023, 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 our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and its results of 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 charitable organizations, the Organization derives revenue from donations and fundraising activities, 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1, 2022 and 2021 and March 31, 2023 and 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

INDEPENDENT AUDITOR'S REPORT - cont'd

Auditor's 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 Auditor's 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:

- ♦ 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.
- ♦ 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.
- ♦ 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 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 auditor's 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 auditor's report. However, future events or conditions may cause the entity 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.

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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
August 24, 2023



YOUTH WITHOUT SHELTER**Statement of Financial Position****March 31, 2023**

	2023	2022
Assets		
Current		
Cash	\$ 201,416	\$ 909,559
Investments (Note 3)	1,205,592	1,147,828
Accounts receivable	91,730	77,898
Prepaid expenses and deposits	71,358	68,260
	1,570,096	2,203,545
Property and equipment (Note 4)	5,834,174	1,911,961
Assets held in trust (Note 6)	4,909	9,076
	\$ 7,409,179	\$ 4,124,582
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 85,809	\$ 71,008
Vendor take-back mortgage payable (Note 5)	1,350,000	-
Current portion of forgivable loan from City of Toronto (Note 8)	25,000	-
Deferred revenues (Note 7)	258,294	658,848
	1,719,103	729,856
Funds held in trust (Note 6)	4,909	9,076
Forgivable loan from City of Toronto (Note 8)	2,458,333	-
Deferred property and equipment grants (Note 9)	1,129,217	1,242,459
	5,311,562	1,981,391
Net assets		
Unrestricted	85,150	332,845
Contingency Reserve Fund (Note 10)	1,140,844	1,140,844
Invested in property and equipment	871,623	669,502
	2,097,617	2,143,191
	\$ 7,409,179	\$ 4,124,582

Approved on behalf of the Board:


 K. McLeod
 Member
 Member



YOUTH WITHOUT SHELTER

Statement of Changes in Net Assets

Year ended March 31, 2023

	Unrestricted	Contingency Reserve Fund	Invested in property and equipment	Total 2023	Total 2022
Balance, beginning of year	\$ 332,845	\$ 1,140,844	\$ 669,502	\$ 2,143,191	\$ 1,972,481
Excess (deficiency) of revenues over expenses	(45,574)	-	-	(45,574)	170,710
Net amortization for the year	113,791	-	(113,791)	-	-
Property and equipment purchases	(4,213,829)	-	4,213,829	-	-
Deferred grants used to fund property and equipment purchases (Note 7)	64,584	-	(64,584)	-	-
Vendor take-back mortgage	1,350,000	-	(1,350,000)	-	-
Forgivable loan from City of Toronto	2,500,000	-	(2,500,000)	-	-
Loan forgiveness	(16,667)	-	16,667	-	-
Balance, end of year	\$ 85,150	\$ 1,140,844	\$ 871,623	\$ 2,097,617	\$ 2,143,191

YOUTH WITHOUT SHELTER**Statement of Operations****Year ended March 31, 2023**

	2023	2022
Revenues		
Contributions		
Donations and fundraising (Note 11)	\$ 1,481,364	\$ 1,530,779
Grants	1,618,665	1,038,320
City of Toronto		
Per diem fees	1,149,660	1,144,660
Community Housing Support	108,333	100,000
Rental income	107,145	-
Interest and other	24,808	4,716
Loan forgiveness (Note 8)	16,667	-
	4,506,642	3,818,475
Expenses		
Salaries and benefits	2,774,545	2,347,914
Administrative and operational		
Materials and services (Note 11)	711,843	525,289
Residents' needs (Note 11)	301,119	218,984
Food services (Note 11)	180,607	149,160
Transportation, insurance and other	64,839	43,301
Property management and building		
Building maintenance services (Note 11)	296,195	278,542
Utilities and property tax	77,777	49,087
Interest on vendor take-back mortgage payable (Note 5)	31,500	-
	4,438,425	3,612,277
Excess of revenues over expenses from operations	68,217	206,198
Other income (expenses)		
Amortization of property and equipment grants (Note 9)	177,826	164,803
Amortization of property and equipment	(291,617)	(200,291)
	(113,791)	(35,488)
Excess (deficiency) of revenues over expenses	\$ (45,574)	\$ 170,710



YOUTH WITHOUT SHELTER

Statement of Cash Flows

Year ended March 31, 2023

	2023	2022
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (45,574)	\$ 170,710
Loan forgiveness (Note 8)	(16,667)	-
Amortization of property and equipment grants	(177,826)	(164,803)
Amortization of property and equipment	291,617	200,291
In-kind contributions	(525,257)	(376,460)
In-kind expenses	525,257	376,460
	51,550	206,198
Changes in		
Accounts receivable	(13,832)	11,396
Prepaid expenses and deposits	(3,098)	(19,374)
Accounts payable and accrued liabilities	14,801	(131,495)
Deferred revenues	(335,970)	274,580
	(286,549)	341,305
Investing activities		
Change in investments (net)	(57,764)	(4,717)
Purchase of property and equipment	(363,830)	(242,718)
	(421,594)	(247,435)
Change in cash position	(708,143)	93,870
Cash, beginning of year	909,559	815,689
Cash, end of year	\$ 201,416	\$ 909,559
Non-cash transactions		
Portion of purchase of Bathurst property financed externally	\$ 3,850,000	\$ -
Vendor take-back mortgage	1,350,000	-
Forgivable loan from City of Toronto paid to vendor	2,500,000	-
Deferred grants used to fund property and equipment purchases (Note 7)	64,584	44,173



YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

1. Nature of operations

Youth Without Shelter (the "Organization") is a registered charity incorporated in the Province of Ontario without share capital. The Organization continued under the Ontario Not-for-Profit Corporations Act when it came into effect on October 19, 2021. It is incorporated under the name Youth Without Shelter Terra House North Toronto Emergency Residence and Referral Agency. The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Organization operates from two locations. The location at Warrendale Court has two facilities with a link between the two buildings. The original shelter operates a 33-bed residence in Toronto for temporary shelter and provides a supportive environment for youth in times of personal and family crisis. The second building offers a stay-in-school program for an additional 20 youth by providing long-term transitional housing and support. The new Bathurst location purchased in fiscal 2023 (Note 4) includes 24 rooms of which six of the rooms are occupied by the youth in the stay-in-school program, and 18 of the rooms are being rented out to tenants.

2. Summary of significant accounting policies

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook.

Use of estimates

The preparation of these financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Estimates are periodically reviewed and any adjustments are reported in the year in which they become known. Significant estimates include the allocation of the purchase cost of the Bathurst property between the land and building portions, useful life of property and equipment, and the fair value of donated assets, materials, and services. Actual results could differ from these estimates.

Financial instruments

The Organization's financial instruments consist of cash, investments, accounts receivable, accounts payable, and the vendor-take-back mortgage payable.

All financial instruments are initially measured at fair value, and subsequently, at amortized cost, with the exception of investments in Guaranteed Investment Certificates, which are measured at cost plus accrued interest, and investments in mutual funds which are measured at fair value.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

2. Summary of significant accounting policies - cont'd

Financial instruments - cont'd

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment, and are adjusted accordingly.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization, and are amortized on a straight-line basis over their estimated useful lives as follows:

Building	25 years
Building improvements	10 years
Major equipment	10 years
Furniture and fixtures	7 years
Computer equipment	3 years
Vehicle	8 years

The Organization regularly reviews its property and equipment to eliminate obsolete items.

The amortization of property and equipment acquired during the fiscal year commences when they are placed into use.

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions. Restricted contributions, including government funding, donations and fundraising, and other 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.

Grants related to the purchase of property and equipment are recorded as revenue in the same year the related property and equipment are charged to operations. Grants related to the purchase of land are recorded as direct increases in net assets in the year of receipt.



YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

2. Summary of significant accounting policies - cont'd

Revenue recognition - cont'd

Government funding for providing youth accommodation is recognized based on the services delivered in the year. Any grant funds unspent at year end are recorded in deferred revenues.

Rental income is recognized over the rental period.

Interest and other revenue is recorded when earned.

Contributed goods and services

Contributed goods and services are recognized at fair value when received, when they would be used in the normal course of operations, and would otherwise have been purchased.

3. Investments

Investments are comprised of the following:

	2023	2022
Investment savings account	\$ 719,246	\$ 192,067
Guaranteed Investment Certificates	452,670	955,761
Mutual funds	33,676	-
	<u>\$ 1,205,592</u>	<u>\$ 1,147,828</u>

Funds held in the investment savings account earn interest at 4.05% per annum (2022 - 0.60%).

Investments in Guaranteed Investment Certificates issued by a major Canadian chartered bank earned interest of 3.40% per annum (2022 - 0.20% to 0.50%) and matured in June 2023 (2022 - April and July 2022).

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

4. Property and equipment

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Warrendale property				
Land	\$ 371,162	\$ -	\$ 371,162	\$ 371,162
Building	2,293,323	1,473,482	819,841	910,934
Building improvements	706,354	340,503	365,851	366,352
Major equipment	90,105	47,468	42,637	51,646
Furniture and fixtures	167,117	151,433	15,684	27,885
Computer equipment	95,789	69,130	26,659	19,790
Vehicle	66,654	21,998	44,656	51,987
Bathurst property				
Land	775,000	-	775,000	-
Building	3,375,000	67,500	3,307,500	112,205
Building improvements	55,998	5,599	50,399	-
Major equipment	16,427	1,642	14,785	-
	\$ 8,012,929	\$ 2,178,755	\$ 5,834,174	\$ 1,911,961

Included in land is \$775,000 and included in building is \$3,375,000 for the purchase of the 24-bedroom property at 556 Bathurst Street, Toronto for the Organization to expand its existing programs.

Amortization of the building at 556 Bathurst Street began in fiscal 2023 when the property was ready for use.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

5. Vendor take-back mortgage payable

The Bathurst property purchase (Note 4) of \$4,150,000 was financed through a vendor take-back ("VTB") mortgage of \$1,350,000, a forgivable loan from the City of Toronto (Note 8) of \$2,500,000 received in July 2022 under a Contribution Agreement, and through the Organization's funds.

The vendor-take-back ("VTB") mortgage payable balance, including any unpaid accrued interest, was to be repaid in full 12 months after the closing date of the property purchase of July 29, 2022. As at year end, the VTB mortgage bore interest at 4% per annum.

Effective August 1, 2023, the terms of the VTB mortgage were amended to extend the repayment due date to January 29, 2024, and the interest rate was amended to 5.5% per annum.

The VTB mortgage is secured by a first charge in the amount of \$1,350,000 on the property and general assignment of property rent in favour of the vendor. The Organization may repay the full amount at any time before it is due.

6. Funds administered for others

The Organization is administering funds of \$4,909 (2022 - \$9,076) on behalf of the Youth Shelter Interagency Network.

7. Deferred revenues

The continuity of deferred revenues is as follows:

	2023	2022
Balance, beginning of year	\$ 658,848	\$ 428,441
Add: Restricted contributions received in year	342,847	1,080,844
Less: Restricted contributions spent in year	(678,817)	(806,264)
Less: Funds used to purchase property and equipment (Note 9)	(64,584)	(44,173)
Balance, end of year	\$ 258,294	\$ 658,848

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

8. Forgivable loan from the City of Toronto

The Bathurst property purchase (Note 4) was financed in part through a forgivable loan from the City of Toronto of \$2,500,000 received in July 2022 under a Contribution Agreement.

The loan from the City of Toronto will be forgiven over a term of 99 years at a rate of 1% on each anniversary of the closing date of the Bathurst property, so long as the Organization continues to abide by the terms and conditions of the Contribution Agreement. The remaining outstanding balance will be repayable if the Contribution Agreement is terminated before the funds are fully forgiven. The loan is secured by a second charge in the amount of \$2,500,000 on the property and issued title insurance in favour of the City of Toronto.

After the closing date of the purchase, commencing in July 2022, under the terms of the Contribution Agreement, the Organization is required to transfer 8% of rental income earned on the property to a capital asset replacement reserve bank account, as well as any interest earned on these funds.

9. Deferred property and equipment grants

Deferred property and equipment grants as at March 31 are comprised of the following:

	2023	2022
Building and building improvements	\$ 1,044,805	\$ 1,143,217
Equipment	37,801	42,586
Vehicle	17,920	21,670
Furniture and fixtures	14,730	21,770
Computer equipment	13,961	13,216
	<u>\$ 1,129,217</u>	<u>\$ 1,242,459</u>

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

9. Deferred property and equipment grants - cont'd

The continuity of deferred property and equipment grants is as follows:

	2023	2022
Balance, beginning of year	\$ 1,242,459	\$ 1,209,420
Add: Property and equipment grants received in year	-	153,669
Add: Grants from deferred revenues (Note 7)	64,584	44,173
Less: Grants amortized to revenues in year	(177,826)	(164,803)
Balance, end of year	\$ 1,129,217	\$ 1,242,459

10. Contingency Reserve Fund

Effective March 31, 2023, the Board decided to combine its internally restricted Capital Reserve, Contingency Reserve, and Long-Term Development Fund into one reserve fund, the Contingency Reserve Fund. The purpose of this reserve is for the provision of service in the event of a shortfall in contributions, or in the event of a disaster or any such other emergency. The use of the Contingency Reserve Fund is at the sole discretion of the Board.

11. Donations and fundraising revenue

Donation and fundraising contributions were received from the following sources:

	2023	2022
Donations	\$ 722,499	\$ 841,485
Fundraising events	233,608	312,834
Donations in-kind:		
Special event marketing and silent auction	266,637	205,366
Residents' personal needs	166,039	86,831
Residents' food	91,554	83,819
Building supplies	1,027	444
	\$ 1,481,364	\$ 1,530,779

Amounts equal to donated in-kind materials and services are recorded in the applicable expense categories on the Statement of Operations.



YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2023

12. Financial instrument risks

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2023.

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 liquidity risk with respect to its accounts payable and accrued liabilities and the vendor-take-back mortgage payable due in 2024. The Organization is currently seeking to re-finance the VTB mortgage with an instrument with a long-term amortization.

Interest rate risk

The Organization is subject to interest rate risk on its investments and the vendor-take-back mortgage. Interest risk is the risk that the value of the investments or mortgage payable might be adversely affected by a change in the market interest rates. Fluctuations in market interest rates are not expected to significantly affect the Organization's cash flows.

It is management's opinion that the Organization is not exposed to significant credit, currency, or other price risks arising from its financial instruments.

13. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.