

---

Financial Statements  
**INN FROM THE COLD INC.**

- December 31, 2017

---

**INN FROM THE COLD INC.**

**DECEMBER 31, 2017**

**CONTENTS**

---

	<b>Page</b>
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8

## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors of Inn From the Cold Inc.

We have audited the accompanying financial statements of Inn From the Cold Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets, 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.

### *Auditor's 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.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Inn From the Cold Inc. derives revenue from fundraising activities and donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of Inn From the Cold Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at December 31 2017 and 2016.

## INDEPENDENT AUDITOR'S REPORT (continued)

---

### *Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Inn From the Cold Inc. as at December 31, 2017 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.

MDP LLP

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario

April 18, 2018

**INN FROM THE COLD INC.**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 251,342	\$ 258,605
Accounts receivable	6,000	-
Prepaid expenses	6,488	6,488
Government remittances receivable	24,673	12,106
	<b>288,503</b>	<b>277,199</b>
<b>Capital assets (Note 2)</b>	<b>50,019</b>	<b>62,923</b>
	<b>\$ 338,522</b>	<b>\$ 340,122</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 14,579	\$ 30,621
Deferred revenue (Note 3)	10,792	24,272
	<b>25,371</b>	<b>54,893</b>
<b>Fund Balances</b>		
<b>Invested in capital assets</b>	<b>39,226</b>	<b>38,651</b>
<b>Unrestricted</b>	<b>273,925</b>	<b>246,578</b>
	<b>313,151</b>	<b>285,229</b>
	<b>\$ 338,522</b>	<b>\$ 340,122</b>

See accompanying notes to the financial statements

Approved on behalf of the Board

Members Rayne Ford

Members [Signature]





**INN FROM THE COLD INC.**  
**Statement of Operations**  
**Year ended December 31, 2017**

	2017	2016
<b>Revenues</b>		
Donations and fundraising	\$ 356,984	\$ 285,214
Region of York	237,105	250,883
Ontario Trillium Foundation	62,100	-
Rental income	1,832	7,430
Other income	1,146	9,117
	<b>659,167</b>	<b>552,644</b>
<b>Expenditures</b>		
Accounting	6,236	6,730
Advertising and promotion	1,651	2,756
Catering program	-	355
Dues, fees, and subscriptions	261	-
Employment program	-	1,804
Fundraising expenses	4,218	6,372
Getting Ahead program	66,306	-
Groceries and supplies	40,222	25,454
Insurance	6,503	5,924
Interest and bank charges	455	270
Occupancy costs	72,531	47,150
Office and general	14,862	17,651
Professional fees	21,801	45,803
Repairs and maintenance	30,107	36,137
Salaries and related benefits	303,044	316,221
Taxi and bus tickets	3,116	3,102
Telephone	3,569	3,121
Utilities	22,407	22,373
	<b>597,289</b>	<b>541,223</b>
<b>Excess of revenues over expenditures from operations</b>	<b>61,878</b>	<b>11,421</b>
<b>Other expenses (income)</b>		
Amortization	47,436	46,172
Amortization of deferred capital contributions	(13,480)	(25,687)
	<b>33,956</b>	<b>20,485</b>
<b>Excess of revenues over expenditures (expenditures over revenues)</b>	<b>\$ 27,922</b>	<b>\$ (9,064)</b>

See accompanying notes to the financial statements

**INN FROM THE COLD INC.**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2017**

	Invested in capital assets	Unrestricted	Total 2017	Total 2016
<b>Balance, beginning of year</b>	\$ 38,651	\$ 246,578	\$ 285,229	\$ 294,293
Excess of revenues over expenditures (expenditures over revenues)	(33,956)	61,878	27,922	(9,064)
Interfund transfers	34,531	(34,531)	-	-
<b>Balance, end of year</b>	<b>\$ 39,226</b>	<b>\$ 273,925</b>	<b>\$ 313,151</b>	<b>\$ 285,229</b>

See accompanying notes to the financial statements

**INN FROM THE COLD INC.****Statement of Cash Flows****Year ended December 31, 2017**

	2017	2016
<b>Operating activities</b>		
Excess of revenues over expenditures (expenditures over revenues)	\$ 27,922	\$ (9,064)
Amortization	47,436	46,172
	<u>75,358</u>	<u>37,108</u>
Change in non-cash working capital items		
Accounts receivable	(6,000)	28,212
Prepaid expenses	-	(526)
Government remittances	(12,567)	4,196
Accounts payable and accrued liabilities	(16,043)	12,818
Deferred revenue	(13,480)	(25,687)
	<u>27,268</u>	<u>56,121</u>
<b>Investing activity</b>		
Purchase of capital assets	(34,531)	(3,673)
<b>(Decrease) increase in cash</b>	<b>(7,263)</b>	<b>52,448</b>
<b>Cash, beginning of year</b>	<b>258,605</b>	<b>206,157</b>
<b>Cash, end of year</b>	<b>\$ 251,342</b>	<b>\$ 258,605</b>

See accompanying notes to the financial statements



**Legal form and purpose of the organization**

Inn From the Cold Inc. is a non-profit organization incorporated under the laws of the Province of Ontario without share capital on April 21, 2006 and commenced operations on July 1, 2006. The organization was registered as a charity on March 6, 2007 under the Income Tax Act and accordingly, is exempt from income taxes. The organization relieves poverty by providing basic amenities such as shelter, food and clothing to the poor.

**1. Summary of significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations ("ASNPO"), which is in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the organization.

**(a) Accounting estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results could differ from those estimates.

**(b) Capital assets**

Capital assets are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% Declining balance
Leasehold improvements	10-15% Straight-line
Computer equipment	50% Declining balance

**(c) Deferred capital contributions**

Deferred capital contributions consist of amounts received for the purchase of capital assets. These amounts are amortized at the same rate as the corresponding asset.

**(d) Income taxes**

No provision has been made for income taxes in these financial statements, as the entity is a registered charity under the income tax act and therefore is not subject to income tax.

**1. Summary of significant accounting policies (continued)**

**(e) Revenue recognition**

Core funding grants from governments are recorded as revenue in the period to which they relate. Any excess of the program funding over recoverable expenses must be repaid.

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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental and other income is recorded when earned.

**(f) Contributed materials and services**

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

Volunteers contributed time to assist the organization in carrying out its service activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**(g) Cash**

Cash includes funds held in bank accounts as well as undeposited funds on hand at year end.

**(h) Financial instruments**

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for cash and 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 revenues over expenditures (expenditures over revenues) in the period incurred.

Financial assets measured at cost include accounts receivable.

Financial liabilities measured at cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include cash.

**INN FROM THE COLD INC.**  
**Notes to the Financial Statements**  
**December 31, 2017**

**2. Capital assets**

			2017			2016
	Cost	Accumulated amortization	Net			Net
Furniture and fixtures	\$ 56,900	\$ 37,906	\$ 18,994	\$		19,216
Leasehold improvements	345,197	316,473	28,724			39,103
Computer equipment	21,298	18,997	2,301			4,604
	<b>\$ 423,395</b>	<b>\$ 373,376</b>	<b>\$ 50,019</b>	<b>\$</b>		<b>62,923</b>

**3. Deferred revenue**

			2017			2016
Balance, beginning of the year			\$ 24,272	\$		54,218
Less: Amortization recorded during the year			(13,480)			(29,946)
			<b>\$ 10,792</b>	<b>\$</b>		<b>24,272</b>

**4. Interfund transfers**

During the year, the organization transferred funds from the unrestricted fund to the capital asset fund for the purchase of equipment and leasehold improvements: \$34,531.

**5. Commitments**

As at December 31, 2017, the organization has entered into agreements to lease its premises until 2022. The minimum lease payment due in the next five years is:

2018	\$ 69,700
2019	90,200
2020	90,200
2021	90,200
2022	75,167
	<b>\$ 415,467</b>

**6. Financial instruments**

It is management's opinion that the organization is not exposed to significant credit, liquidity or cash flow risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.