
Financial Statements

INN FROM THE COLD INC.

December 31, 2018

INN FROM THE COLD INC.

DECEMBER 31, 2018

CONTENTS

	Page
Independent Auditor's Report	
Financial Statements	
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 - 9

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Inn From the Cold Inc., which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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.

Except as noted in the following paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018 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 Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 opinion.

Responsibilities of Management 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.

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:

INDEPENDENT AUDITOR'S REPORT (continued)

- 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 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 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 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.

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.

MDP LLP

Chartered Professional Accountants
Licensed Public Accountants

Oakville, Ontario

May 14, 2019

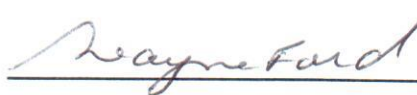
INN FROM THE COLD INC.
Statement of Financial Position
December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 267,353	\$ 170,236
Accounts receivable	2,200	6,000
Prepaid expenses	6,488	6,488
Restricted cash - bingo	1,017	81,106
Government remittances receivable	10,214	24,673
	287,272	288,503
Capital assets (Note 3)	18,682	50,019
	\$ 305,954	\$ 338,522
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 19,774	\$ 14,579
Deferred contributions (Note 4)	4,634	10,792
Deferred revenue (Note 5)	1,017	81,106
	25,425	106,477
Fund Balances		
Invested in capital assets	14,048	39,226
Unrestricted	266,481	192,819
	280,529	232,045
	\$ 305,954	\$ 338,522

See accompanying notes to the financial statements

Approved on behalf of the Board

Members  _____

Members  _____

INN FROM THE COLD INC.
Statement of Operations
Year ended December 31, 2018

	2018	2017
Revenues		
Region of York	\$ 275,176	\$ 237,105
Ontario Trillium Foundation	55,500	62,100
Donations and fundraising	289,329	314,878
Rental income	14,766	1,832
Other income	-	1,146
	<u>634,771</u>	<u>617,061</u>
Expenditures		
Accounting	6,236	6,236
Advertising and promotion	2,151	1,651
Dues, fees, and subscriptions	-	261
Fundraising expenses	5,727	4,218
Getting Ahead program	6,204	66,306
Groceries and supplies	41,742	40,222
Insurance	6,840	6,503
Interest and bank charges	460	455
Occupancy costs	76,841	72,531
Office and general	19,951	14,862
Professional fees	20,039	21,801
Repairs and maintenance	57,533	30,107
Salaries and related benefits	393,950	303,044
Telephone	4,086	3,569
Travel	2,951	3,116
Utilities	22,153	22,407
	<u>666,864</u>	<u>597,289</u>
Excess of (expenditures over revenues) revenues over expenditures from operations	<u>(32,093)</u>	<u>19,772</u>
Other income (expense)		
Amortization	(33,933)	(47,436)
Amortization of deferred capital contributions	6,158	13,480
Bingo revenue recognized	108,352	24,740
	<u>80,577</u>	<u>(9,216)</u>
Excess of revenues over expenditures	<u>\$ 48,484</u>	<u>\$ 10,556</u>

See accompanying notes to the financial statements

INN FROM THE COLD INC.
Statement of Changes in Net Assets
Year ended December 31, 2018

	Invested in capital assets		Unrestricted	Total 2018	Total 2017
Balance, beginning of year					
As previously reported	\$ 39,226	\$ 273,925	\$	\$ 313,151	\$ 285,229
Prior period adjustment	-	(81,106)	(81,106)	(81,106)	(63,740)
As restated	39,226	192,819		232,045	221,489
Excess of revenues over expenditures (expenditures over revenues)	(27,775)	76,259		48,484	10,556
Net additions in capital assets	2,597	(2,597)		-	-
Balance, end of year	\$ 14,048	\$ 266,481	\$	\$ 280,529	\$ 232,045

See accompanying notes to the financial statements

INN FROM THE COLD INC.
Statement of Cash Flows
Year ended December 31, 2018

	2018	2017
Operating activities		
Excess of revenues over expenditures	\$ 48,484	\$ 10,556
Amortization	33,933	47,436
	82,417	57,992
Change in non-cash working capital items		
Accounts receivable	3,800	(6,000)
Government remittances	14,459	(12,567)
Accounts payable and accrued liabilities	5,195	(16,043)
Deferred contributions	(6,158)	(13,480)
Deferred revenue	(80,089)	17,366
	19,624	27,268
Investing activity		
Purchase of capital assets	(2,596)	(34,531)
Increase (decrease) in cash	17,028	(7,263)
Cash, beginning of year	251,342	258,605
Cash, end of year	\$ 268,370	\$ 251,342
Cash consists of:		
Cash	\$ 267,353	\$ 170,236
Restricted cash - bingo	1,017	81,106
	\$ 268,370	\$ 251,342

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 meets the needs of people who are homeless or at risk of becoming homeless through collaboration with its community partners in supporting those with basic to complex needs in York Region.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations, 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 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) Deferred revenue

Deferred bingo revenue consists of bingo revenues earned less approved spending from the Alcohol and Gaming Commission of Ontario for eligible expenditures consistent with the organization's objectives.

1. Summary of significant accounting policies (continued)

(e) Revenue recognition

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.

Government grants are recorded as revenue in the period to which they relate based on the agreements with the government bodies. Any excess of the program funding over recoverable expenses must be repaid.

Donations related to the purchase of capital assets are deferred and recognized as revenue as the related assets are amortized and charged to operations.

Unrestricted donations and fundraising 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.

Restricted contributions for bingo funds are recognized as revenue in the year in which the related expenses are incurred.

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 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.

1. Summary of significant accounting policies (continued)

(g) Financial instruments

Measurement of 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 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 and restricted cash - bingo.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess of revenues over expenditures.

It is management's opinion that the organization is not exposed to significant credit, liquidity or cash flow risks arising from these financial instruments.

2. Prior period adjustment

The comparative figures have been adjusted to reflect the recognition of restricted bingo cash which was previously classified as unrestricted cash. As a result, in 2017 the unrestricted fund and cash were overstated and restricted cash and deferred revenue were understated by \$81,106. The fundraising revenues were overstated by \$17,366. The opening unrestricted net assets for 2017 were overstated by \$63,740.

3. Capital assets

			2018	2017
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 59,496	\$ 41,964	\$ 17,532	\$ 18,994
Leasehold improvements	345,197	345,197	-	28,724
Computer equipment	21,298	20,148	1,150	2,301
	\$ 425,991	\$ 407,309	\$ 18,682	\$ 50,019

4. Deferred contributions

	2018	2017
Balance, beginning of the year	\$ 10,792	\$ 24,272
Less: Amortization recorded during the year	(6,158)	(13,480)
	\$ 4,634	\$ 10,792

5. Deferred revenue

Deferred bingo revenue relates to revenue earned in excess of the approved expenditures for the year.

	2018	2017
Balance beginning of year	\$ 81,106	\$ -
Prior period adjustment (Note 6)	-	63,740
Bingo contributions for the year	28,263	42,106
Less: Revenues recognized during the year	(108,352)	(24,740)
	\$ 1,017	\$ 81,106

6. Commitments

As at December 31, 2018, the organization has entered into agreements to lease its premises. The lease expires October 31, 2022. The minimum lease payments during the next four years are:

2019	\$ 90,200
2020	90,200
2021	90,200
2022	75,167
	\$ 345,767