

INN FROM THE COLD INC.
Financial Statements
Year Ended December 31, 2020

INN FROM THE COLD INC.
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Year Ended December 31, 2020

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Chaggares & Bonhomme
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Inn from the Cold Inc.

Qualified Opinion

We have audited the financial statements of Inn from the Cold Inc. (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, changes in fund balances 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 possible 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 December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified 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 year ended December 31, 2020, current assets and net assets as at December 31, 2020.

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 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 audit opinion.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on .

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 ASNPO, 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.

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Independent Auditor's Report to the Members of Inn from the Cold Inc. *(continued)*

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:

- 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.

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Independent Auditor's Report to the Members of Inn from the Cold Inc. *(continued)*

Chaggares & Bonhomme


Newmarket, Ontario
May 13, 2021

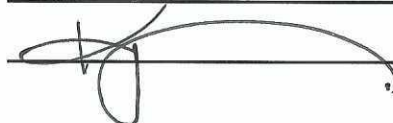
Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

INN FROM THE COLD INC.
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Non-restricted cash (Note 5)	\$ 500,847	\$ 357,387
Accounts receivable (Note 6)	87,822	17,974
Security deposit	75,000	-
	663,669	375,361
CAPITAL ASSETS (Note 7)	24,447	22,785
	\$ 688,116	\$ 398,146
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 66,576	\$ 21,988
Deferred income (Note 8)	39,147	15,444
	105,723	37,432
FUND BALANCES		
General fund	582,393	360,714
	\$ 688,116	\$ 398,146

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

INN FROM THE COLD INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUES		
United Way	\$ 159,235	\$ -
Region of York	442,360	295,796
Ontario Trillium Foundation	131,863	94,000
Donations and fundraising	440,526	352,291
	1,173,984	742,087
Rental income	23,916	13,534
EXPENSES		
Accounting fees	11,769	9,000
Advertising and promotion	1,772	5,973
Amortization	4,950	4,991
Business taxes, licenses and memberships	-	532
Insurance	9,005	5,893
Interest and bank charges	930	603
Office	52,677	24,181
Getting Ahead Program Expenses	17,159	13,866
Groceries and supplies	63,549	43,903
Fundraising Expenses	5,970	7,281
United Way Small Groups program	3,807	-
The Inn Team program expenses	6,575	-
Professional fees	16,827	16,392
Rental (Note 10)	103,541	98,556
Repairs and maintenance	49,623	47,639
Salaries and wages	621,795	401,726
Telephone	4,575	4,743
Travel	689	1,376
Utilities	32,281	25,553
	1,007,494	712,208
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	190,406	43,413
OTHER INCOME		
Amortization of deferred capital contributions	2,181	1,727
Bingo revenues	19,752	35,045
Trinity United - Newmarket Supper Program	9,340	-
	31,273	36,772
EXCESS OF REVENUES OVER EXPENSES	\$ 221,679	\$ 80,185

See notes to financial statements

INN FROM THE COLD INC.
Statement of Changes in Fund Balances
Year Ended December 31, 2020

	2020	2019
FUND BALANCES - BEGINNING OF YEAR	\$ 360,714	\$ 280,529
EXCESS OF REVENUES OVER EXPENSES	221,679	80,185
FUND BALANCES - END OF YEAR	\$ 582,393	\$ 360,714

INN FROM THE COLD INC.
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 221,679	\$ 80,185
Item not affecting cash:		
Amortization of capital assets	4,950	4,991
	226,629	85,176
Changes in non-cash working capital:		
Accounts receivable	(69,826)	2,200
Accounts payable and accrued liabilities	44,565	2,214
Deferred income	23,704	3,520
Prepaid expenses	-	6,488
HST receivable	-	(7,760)
Security / tender deposits	(75,000)	-
Deferred contributions	-	6,273
	(76,557)	12,935
Cash flow from operating activities	150,072	98,111
INVESTING ACTIVITY		
Purchase of capital assets	(6,612)	(9,095)
INCREASE IN CASH FLOW	143,460	89,016
Cash - beginning of year	357,387	268,371
CASH - END OF YEAR	\$ 500,847	\$ 357,387

See notes to financial statements

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Inn from the Cold Inc. follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Deferred contributions

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.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	50%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10-15%	straight-line method

The Organization regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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.

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INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Inn from the Cold Inc. 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest.

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INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 contribute 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.

2. PURPOSE OF THE ORGANIZATION

Inn from the Cold Inc. (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

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

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers. In order to reduce its credit risk, the Organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities.

Additional risk

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

4. RELATED PARTY TRANSACTIONS

The following is a summary of the Organization's related party transactions:

	2020	2019
Brane Wave Business Solutions Inc. <i>(A member of the Board is a partial owner of Brane Wave)</i>		
Bookkeeping services	\$ 14,176	\$ -
	\$ 14,176	\$ -

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. RESTRICTED CASH

As at December 31, 2020, the restricted cash balance was \$5,284 (2019 - \$4,537) and consisted of a bingo trust account externally restricted by the Town of Newmarket. Disbursements above and beyond the approved use of bingo proceeds requires approval from the Town of Newmarket Gaming Services.

	2020	2019
Restricted cash	\$ 5,284	\$ 4,537
Non-restricted cash	495,463	352,873
	\$ 500,747	\$ 357,410

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2020	2019
HST PSB rebates receivable	\$ 6,204	\$ 17,974
United Way grants receivable	11,779	-
York Region grants receivable	69,839	-
	\$ 87,822	\$ 17,974

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 21,298	\$ 21,011	\$ 287	\$ 575
Furniture and fixtures	75,202	51,042	24,160	22,210
Leasehold improvements	345,197	345,197	-	-
	\$ 441,697	\$ 417,250	\$ 24,447	\$ 22,785

8. DEFERRED INCOME

	2020	2019
Deferred capital contributions	\$ 8,726	\$ 10,907
Ontario Trillium Foundation - SEED grant	(1)	-
Restricted bingo funds	5,284	4,537
	\$ 14,009	\$ 15,444

9. GRANTS RECEIVED

The Organization received grants from the following government organizations:

	2020	2019
United Way - Concerned Citizens for the Homeless in Newmarket (CCHN)	\$ 7,330	\$ -
United Way - Drop-By Program	92,955	-
United Way - Reaching Home Grant	58,950	-
Total United Way grant revenue	159,235	-
York Region - Drop-In Program	55,273	-
York Region - Community Investment Fund	387,087	-
Total York Region grant revenue	442,360	295,796
Ontario Trillium Foundation - SEED grant	37,863	-
Ontario Trillium Foundation - Getting Ahead Program	94,000	94,000
Total Ontario Trillium Foundation grant revenue	131,863	94,000
Total grant revenue	\$ 733,458	\$ 389,796

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

10. LEASE COMMITMENTS

The Organization leases premises under a long term lease that expires on October 31, 2022. Under the lease, the Organization is required to pay a base rent of \$7,516.66 plus applicable taxes per month. In addition to the above base rent, the Organization must pay for its proportionate share of utilities, maintenance and other related costs for the leased premises. There is an option to renew for a period of five years.

Future minimum lease payments as at year end are as follows:

2021	\$ 90,200
2022	75,167
	<hr/>
	\$ 165,367

11. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.

Some of the comparative figures have been reclassified to conform to the current year's presentation.

12. SUBSEQUENT EVENTS

Since December 31, 2019, the outbreak of the novel strain of Coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operations in future periods.
