
Financial Statements

INN FROM THE COLD INC.

December 31, 2016

INN FROM THE COLD INC.

DECEMBER 31, 2016

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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, 2016, 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, 2016 and 2015, current assets as at December 31, 2016 and 2015, and net assets as at January 1 and December 31 for both 2016 and 2015. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2015 was modified because of the possible effects of a similar limitation in scope.

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, 2016 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Matter

The financial statements of Inn From the Cold Inc. for the year ended December 31, 2015 were audited by another auditor who expressed a qualified opinion on those financial statements on June 22, 2016 for the reasons described in the "Basis for Qualified Opinion" paragraph.

MDP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario

April 26, 2017

INN FROM THE COLD INC.
Statement of Financial Position
December 31, 2016

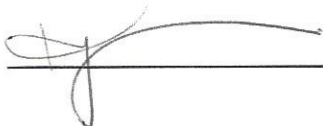
	2016	2015 (Note 7)
Assets		
Current		
Cash	\$ 258,605	\$ 206,157
Accounts receivable	-	28,212
Prepaid expenses	6,488	5,962
Government remittances receivable	12,106	16,302
	277,199	256,633
Capital assets (Note 2)	62,923	105,421
	\$ 340,122	\$ 362,054

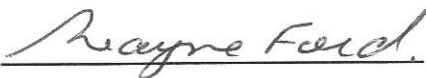
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 30,621	\$ 17,802
Deferred revenue (Note 3)	24,272	49,959
	54,893	67,761

Fund Balances		
Invested in capital assets	38,651	55,463
Unrestricted	246,578	238,830
	285,229	294,293
	\$ 340,122	\$ 362,054

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, 2016

	2016	2015 (Note 7)
Revenues		
Donations and fundraising	\$ 285,214	\$ 236,898
Region of York	250,883	279,894
Other income	9,117	-
Rental income	7,430	6,130
Catering revenue	-	37,141
Ontario Trillium Foundation	-	25,000
Bistro revenue	-	127,453
	552,644	712,516
Expenditures		
Salaries and related benefits	316,221	394,016
Professional fees	52,532	57,258
Rent	47,150	47,150
Repairs and maintenance	36,137	25,427
Groceries and supplies	25,454	15,642
Utilities	22,373	24,459
Office and general	17,652	40,915
Fundraising expenses	6,372	4,140
Insurance	5,924	6,472
Telephone	3,121	3,888
Taxi and bus tickets	3,102	4,268
Advertising and promotion	2,756	5,417
Employment program	1,804	16,596
Catering program	355	26,984
Interest and bank charges	270	1,826
Bistro program	-	44,284
	541,223	718,742
Excess of revenues over expenditures (expenditures over revenues) from operations	11,421	(6,226)
Other expenses (income)		
Amortization	46,172	47,560
Loss on disposal of capital assets	-	2,276
Amortization of deferred capital contributions	(25,687)	(29,946)
	20,485	19,890
Excess of expenditures over revenues	\$ (9,064)	\$ (26,116)

See accompanying notes to the financial statements

INN FROM THE COLD INC.
Statement of Changes in Net Assets
Year ended December 31, 2016

	Invested in capital assets	Unrestricted	Total 2016	Total 2015 (Note 7)
Balance, beginning of year	\$ 55,463	\$ 238,830	\$ 294,293	\$ 320,409
Excess of expenditures over revenues	(20,485)	11,421	(9,064)	(26,116)
Interfund transfers	3,673	(3,673)	-	-
Balance, end of year	\$ 38,651	\$ 246,578	\$ 285,229	\$ 294,293

See accompanying notes to the financial statements

INN FROM THE COLD INC.
Statement of Cash Flows
Year ended December 31, 2016

	2016	2015 (Note 7)
Operating activities		
Excess of expenditures over revenues	\$ (9,064)	\$ (26,116)
Amortization	46,172	47,560
Loss on disposal of capital assets	-	2,276
	37,108	23,720
Change in non-cash working capital items		
Accounts receivable	28,212	3,851
Prepaid expenses	(526)	3,253
Government remittances	4,196	4,682
Accounts payable and accrued liabilities	12,818	(6,060)
Deferred revenue	(25,687)	(54,946)
	56,121	(25,500)
Investing activities		
Purchase of capital assets	(3,673)	(9,589)
Proceeds on disposal of capital assets	-	1,160
	(3,673)	(8,429)
Increase (decrease) in cash	52,448	(33,929)
Cash, beginning of year	206,157	240,086
Cash, end of year	\$ 258,605	\$ 206,157

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 in 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 expenditures over revenues in the period incurred.

There are no financial assets measured at amortized cost .

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

INN FROM THE COLD INC.
Notes to the Financial Statements
December 31, 2016

2. Capital assets

	2016			2015 (Note 7)	
	Cost	Accumulated amortization	Net	Net (Note 7)	
Furniture and fixtures	\$ 52,876	\$ 33,660	\$ 19,216	\$	24,020
Leasehold improvements	314,688	275,585	39,103		77,704
Computer equipment	21,299	16,695	4,604		3,697
	<u>\$ 388,863</u>	<u>\$ 325,940</u>	<u>\$ 62,923</u>	<u>\$</u>	<u>105,421</u>

3. Deferred revenue

	2016		2015 (Note 7)	
Balance, beginning of the year	\$	49,959	\$	79,905
Less: Amortization recorded during the year		(25,687)		(29,946)
	<u>\$</u>	<u>24,272</u>	<u>\$</u>	<u>49,959</u>

4. Interfund transfers

During the year, the organization transferred funds from the unrestricted fund to the capital asset fund for the purchase of computers: \$3,673.

5. Commitments

As at December 31, 2016, the organization has entered into agreements to lease its premises until 2017. The minimum lease payment due in the next fiscal year is \$39,292.

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.

7. Comparative figures

The balance sheet as at December 31, 2015 and the statements of operations, changes in net assets, and cash flows for the year then ended were reported on by another firm of Chartered Professional Accountants who issued a qualified opinion in their report dated June 22, 2016. The basis for the qualified opinion arose as the organization derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification.

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.