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Financial Statements

**INN FROM THE COLD INC.**

December 31, 2019

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**INN FROM THE COLD INC.**

**DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Qualified Opinion*

We have audited the financial statements of Inn From the Cold Inc., which comprise the statement of financial position as at December 31, 2019, 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 accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019 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 (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 years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at December 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended December 31, 2019 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 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 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.

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)

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- ♦ 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  
September 9, 2020

The logo for MDP consists of a stylized 'M' formed by three upward-pointing chevrons of increasing size, followed by the letters 'DP' in a bold, sans-serif font.

**INN FROM THE COLD INC.**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash		
Accounts receivable	\$ 357,387	\$ 268,371
Prepaid expenses	-	2,200
Government remittances receivable	17,974	10,214
	375,361	287,273
<b>Capital assets (Note 2)</b>	<b>22,785</b>	<b>18,682</b>
	<b>\$ 398,146</b>	<b>\$ 305,955</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 21,988	\$ 19,775
Deferred contributions (Note 3)	10,907	4,634
Deferred revenue (Note 4)	4,537	1,017
	37,432	25,426
<b>Fund Balances</b>		
<b>Invested in capital assets</b>	<b>11,879</b>	<b>14,048</b>
<b>Unrestricted</b>	<b>348,835</b>	<b>266,481</b>
	360,714	280,529
	<b>\$ 398,146</b>	<b>\$ 305,955</b>

See accompanying notes to the financial statements

Approved on behalf of the Board

Members *Maureen Ford*  
 BOARD, CHAIR.

Members *[Signature]*  
 Treasurer

**INN FROM THE COLD INC.**  
**Statement of Operations**  
**Year ended December 31, 2019**

	2019	2018
<b>Revenues</b>		
Region of York	\$ 295,796	\$ 275,176
Donations and fundraising	352,291	289,329
Rental income	13,534	14,766
Ontario Trillium Foundation	94,000	55,500
	<b>755,621</b>	<b>634,771</b>
<b>Expenditures</b>		
Accounting	9,000	6,236
Advertising and promotion	5,973	2,151
Dues, fees, and subscriptions	532	-
Fundraising expenses	7,281	5,727
Getting Ahead program	13,866	6,204
Groceries and supplies	43,903	41,742
Insurance	5,893	6,840
Interest and bank charges	603	460
Occupancy costs	98,556	76,841
Office and general	24,181	19,951
Professional fees	16,392	20,039
Repairs and maintenance	47,639	57,533
Salaries and related benefits	401,726	393,950
Telephone	4,743	4,086
Travel	1,376	2,951
Utilities	25,553	22,153
	<b>707,217</b>	<b>666,864</b>
<b>Excess of revenues over expenditures (expenditures over revenues) from operations</b>	<b>48,404</b>	<b>(32,093)</b>
<b>Other income (expense)</b>		
Amortization	(4,991)	(33,933)
Amortization of deferred capital contributions	1,727	6,158
Bingo revenue recognized	35,045	108,352
	<b>31,781</b>	<b>80,577</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 80,185</b>	<b>\$ 48,484</b>

See accompanying notes to the financial statements

**INN FROM THE COLD INC.**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2019**

	Invested in capital assets	Unrestricted	Total 2019	Total 2018
<b>Balance, beginning of year</b>	\$ 14,048	\$ 266,481	\$ 280,529	\$ 232,045
Excess of revenues over expenditures (expenditures over revenues)	(3,264)	83,449	80,185	48,484
Deferred contributions received	(8,000)	8,000	-	-
Net additions in capital assets	9,095	(9,095)	-	-
<b>Balance, end of year</b>	<b>\$ 11,879</b>	<b>\$ 348,835</b>	<b>\$ 360,714</b>	<b>\$ 280,529</b>

See accompanying notes to the financial statements

**INN FROM THE COLD INC.**  
**Statement of Cash Flows**  
**Year ended December 31, 2019**

	2019	2018
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 80,185	\$ 48,484
Amortization	4,991	33,933
	<b>85,176</b>	<b>82,417</b>
Change in non-cash working capital items		
Accounts receivable	2,200	3,800
Prepaid expenses	6,488	-
Government remittances	(7,760)	14,459
Accounts payable and accrued liabilities	2,214	5,196
Deferred contributions	6,273	(6,158)
Deferred revenue	3,520	(80,089)
	<b>98,111</b>	<b>19,625</b>
<b>Investing activity</b>		
Purchase of capital assets	(9,095)	(2,596)
<b>Increase in cash</b>	<b>89,016</b>	<b>17,029</b>
<b>Cash, beginning of year</b>	<b>268,371</b>	<b>251,342</b>
<b>Cash, end of year</b>	<b>\$ 357,387</b>	<b>\$ 268,371</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 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 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.

**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. Capital assets**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
Furniture and fixtures	\$ 68,590	\$ 46,380	\$ 22,210	\$ 17,532
Leasehold improvements	345,197	345,197	-	-
Computer equipment	21,298	20,723	575	1,150
	<b>\$ 435,085</b>	<b>\$ 412,300</b>	<b>\$ 22,785</b>	<b>\$ 18,682</b>

**INN FROM THE COLD INC.**  
**Notes to the Financial Statements**  
**December 31, 2019**

**3. Deferred contributions**

	2019	2018
Balance, beginning of the year	\$ 4,634	\$ 10,792
Contributions received during the year	8,000	-
Less: Amortization recorded during the year	(1,727)	(6,158)
	<u>\$ 10,907</u>	<u>\$ 4,634</u>

**4. Deferred revenue**

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

	2019	2018
Balance beginning of year	\$ 1,017	\$ 81,106
Bingo contributions for the year	38,565	28,263
Less: Revenues recognized during the year	(35,045)	(108,352)
	<u>\$ 4,537</u>	<u>\$ 1,017</u>

**5. Subsequent events**

Subsequent to year-end, the coronavirus (COVID-19) outbreak has resulted in a significant drop in demand for vehicles and services and supply chain disruptions. There is also high volatility in the financial markets worldwide. The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the organization's financial performance, cash flows and financial position. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

**6. Commitments**

As at December 31, 2019, the organization has entered into agreements to lease its premises. The lease expires October 31, 2022. The minimum lease payments during the next three years are:

2020	\$ 90,200
2021	90,200
2022	75,167
	<u>\$ 255,567</u>