

INN FROM THE COLD INC.
Financial Statements
Year Ended December 31, 2023

INN FROM THE COLD INC.
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Year Ended December 31, 2023

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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, 2023, 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, 2023, 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, 2023, current assets and net assets as at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 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.

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.

Chaggares & Bonhomme

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

Newmarket, Ontario
June 13, 2024

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

INN FROM THE COLD INC.
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash (Note 4)	\$ 2,285,654	\$ 1,335,749
Term deposits (Notes 4, 5)	300,000	1,159,572
Accounts receivable (Note 6)	373,816	30,113
Security / tender deposits	7,294	-
	2,966,764	2,525,434
CAPITAL ASSETS (Note 7)	2,751,665	1,373,816
	\$ 5,718,429	\$ 3,899,250
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 344,047	\$ 117,226
Current portion of long term debt (Note 8)	-	960,000
Deferred income (Note 9)	1,084,480	1,233,046
	1,428,527	2,310,272
FUND BALANCES (Note 10)	4,289,902	1,588,978
	\$ 5,718,429	\$ 3,899,250

LEASE COMMITMENTS (Note 12)

ON BEHALF OF THE BOARD

Reayne Ford Director
Rebecca Mathewson Director

See notes to financial statements

INN FROM THE COLD INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
REVENUES		
Canada Summer Jobs	\$ -	\$ 39,262
Donations and fundraising	540,653	456,957
Ontario Trillium Foundation (Note 11)	117,192	103,483
Please Come Inn revenues	34,008	-
Program revenues	108,145	136,823
Region of York (Note 11)	1,945,186	1,383,250
Rental income	108,389	35,473
Town of Newmarket (Note 11)	17,729	-
United Way (Note 11)	326,557	167,853
	3,197,859	2,323,101
EXPENSES		
Accounting fees	15,894	6,756
Advertising and promotion	2,961	4,843
Amortization	11,643	4,523
Bad debts	3,311	455
Capital Campaign program	10,981	-
Fundraising expenses	37,718	59,270
Getting Ahead program expenses	14,986	13,257
Groceries and supplies	163,705	168,599
Insurance	346	13,849
Interest and bank charges	4,367	1,690
Interest on long term debt	28,630	38,400
Office	30,023	37,019
Please Come Inn program	146,142	15,058
Professional fees	28,604	21,873
Property taxes	15,839	14,570
Reaching Home program	-	28,120
Rental	169,992	92,078
Repairs and maintenance	80,729	74,657
Resiliency fund expenses	5,216	-
Salaries and wages	1,476,296	1,013,058
Shelter expenses	3,471	652
Stability Now program	3,905	882
Telephone	5,559	5,120
The Inn Team program expenses	7,821	8,301
Travel	5,559	4,431
Utilities	33,328	33,770
	2,307,026	1,661,231
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	890,833	661,870

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INN FROM THE COLD INC.
Statement of Revenues and Expenditures *(continued)*
Year Ended December 31, 2023

	2023	2022
OTHER INCOME		
Interest income	65,168	2,465
Amortization of deferred capital contributions	4,168	1,396
Bingo revenues	27,597	66,661
Capital campaign program	1,113,158	65,756
	1,210,091	136,278
EXCESS OF REVENUES OVER EXPENSES	\$ 2,100,924	\$ 798,148

See notes to financial statements

INN FROM THE COLD INC.
Statement of Changes in Fund Balances
Year Ended December 31, 2023

	2022 Balance	Excess of revenues over expenses	Contributions (Withdrawals)	Transfers	2023 Balance
General and Capital Fund	\$ 1,145,371	\$ 2,100,924	\$ 600,000	\$ (898,115)	\$ 2,948,180
Stabilization Reserve Fund	193,607	-	-	721,365	914,972
Asset Replacement Reserve Fund	-	-	-	426,750	426,750
Capital Reserve Fund	250,000	-	-	(250,000)	-
	\$ 1,588,978	\$ 2,100,924	\$ 600,000	\$ -	\$ 4,289,902

	2021 Balance	Excess of revenues over expenses	Contributions (Withdrawals)	Transfers	2022 Balance
General and Capital Fund	\$ 790,830	\$ 798,148	\$ -	\$ (443,607)	\$ 1,145,371
Stabilization Reserve Fund	-	-	-	193,607	193,607
Capital Reserve Fund	-	-	-	250,000	250,000
	\$ 790,830	\$ 798,148	\$ -	\$ -	\$ 1,588,978

See notes to financial statements

INN FROM THE COLD INC.
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,100,924	\$ 798,148
Item not affecting cash:		
Amortization of capital assets	11,643	4,523
	2,112,567	802,671
Changes in non-cash working capital:		
Accounts receivable	(343,703)	260,471
Accounts payable and accrued liabilities	226,820	16,005
Deferred income	(148,566)	779,410
Security / tender deposits	(7,294)	-
	(272,743)	1,055,886
Cash flow from operating activities	1,839,824	1,858,557
INVESTING ACTIVITY		
Purchase of capital assets	(1,389,491)	(71,107)
FINANCING ACTIVITIES		
Land contribution	600,000	-
Repayment of long term debt	(960,000)	-
Cash flow used by financing activities	(360,000)	-
INCREASE IN CASH FLOW	90,333	1,787,450
Cash - beginning of year	2,495,321	707,871
CASH - END OF YEAR	\$ 2,585,654	\$ 2,495,321
CASH CONSISTS OF:		
Cash	\$ 2,285,654	\$ 1,335,749
Term deposits	300,000	1,159,572
	\$ 2,585,654	\$ 2,495,321

See notes to financial statements

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Land	N/A non-depreciable
Buildings	4% declining balance method
Motor vehicles	30% declining balance method
Computer equipment	55% declining balance method
Furniture and fixtures	20% declining balance method
Leasehold improvements	10 years straight-line method

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

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

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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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

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INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Seminar fees are recognized as revenue when the seminars are held.

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.

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 Subsection 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.

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023.

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 funding entities, 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.

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

4. RESTRICTED CASH AND TERM DEPOSITS

As at December 31, 2023, the restricted cash balance was \$2,849 (2022 - \$763), which includes outstanding cheques, 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.

	2023	2022
Restricted cash - Bingo	\$ 2,849	\$ 763
Restricted cash - Net asset reserves	1,341,722	443,607
Non-restricted cash and cash equivalent	300,648	1,282,096
Designated cash and cash equivalents	940,435	768,855
Cash and cash equivalents	\$ 2,585,654	\$ 2,495,321

Included in the cash and term deposits are restricted cash amounts equivalent to the restricted net assets (for the stabilization and capital reserve funds) of \$1,341,722 that were established by the board of directors during the year.

Designated cash and cash equivalent consists of the deferred revenue amounts designated for the capital campaign.

5. TERM DEPOSITS

The investments consists of three one year non-redeemable Guaranteed Investment Certificates (GICs) invested on December 14, 2023 at an interest rate of 5.75%, all with maturity dates of December 14, 2024.

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2023	2022
HST PSB rebates receivable	\$ 138,022	\$ 11,862
York Region grant receivable	193,832	-
United Way grant receivable	18,251	18,251
Other receivables	24,166	455
Subtotal	374,271	30,568
Allowance for doubtful accounts	(455)	(455)
	\$ 373,816	\$ 30,113

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 1,900,139	\$ -	\$ 1,900,139	\$ 1,295,361
Buildings	773,227	-	773,227	58,155
Motor vehicles	59,168	5,917	53,251	-
Computer equipment	23,328	21,359	1,969	72
Furniture and fixtures	88,998	65,919	23,079	20,228
Leasehold improvements	345,197	345,197	-	-
	\$ 3,190,057	\$ 438,392	\$ 2,751,665	\$ 1,373,816

8. LONG TERM DEBT

	2023	2022
Kindwin Markham Limited loan bearing interest at 4% compounded monthly, repayable in monthly blended payments of \$3,200. The loan matured on August 30, 2023 and was secured by Land with a net book value of \$1,271,308.	\$ -	\$ 960,000
Amounts payable within one year	-	(960,000)
	\$ -	\$ -

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

9. DEFERRED INCOME

	2023	2022
Deferred capital contributions	\$ 62,614	\$ 5,584
York Region grant	54,428	454,699
Restricted bingo funds	37,175	3,908
Prepaid rent received	4,014	-
Capital Campaign funding	926,249	768,855
	\$ 1,084,480	\$ 1,233,046

10. NET ASSETS AND FUND BALANCES

The Fund balances are comprised of the following:

	2023	2022
<u>Reserves set aside for specific purposes by the Board</u>		
Stabilization Reserve Fund	\$ 914,972	\$ 193,607
Asset Replacement Reserve Fund	426,750	-
Capital Reserve Fund	-	250,000
	1,341,722	443,607
<u>General and Capital Fund</u>		
General Fund	196,515	731,555
Invested in tangible capital assets	2,751,665	1,373,816
Less: amount financed by short term debt	-	(960,000)
	2,948,180	1,145,371
Total Fund Balances	\$ 4,289,902	\$ 1,588,978

The primary purposes of the Stabilization Reserve Fund is to allocate funds to ensure sufficient working capital to pay wages, accounts payable, long term debt repayments, and other expenses as they become due and payable; and, to stabilize finances and day-to-day operations during pressures that may arise due to environmental factors, such as pandemics, economic volatility and upset, unanticipated legal bills, and labour disruption.

The primary purpose for the Asset Replacement Reserve is to pay for the replacement of capital assets as they reach the end of their life cycle; and, to pay for major repairs and rehabilitation that may be required to extend the useful life of an asset before it reaches the end of its life cycle

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

11. GRANTS RECEIVED

The Organization received grants from the following government organizations:

	2023	2022
United Way - Housing Worker	\$ 4,485	\$ -
United Way - Reaching Home Grant	242,618	167,853
United Way - Please Come Inn	79,454	-
Total United Way grant revenue	326,557	167,853
York Region - Drop-In Program	77,967	354,079
York Region - Community Investment Fund	20,321	-
York Region - Seasonal Shelter Program	1,741,761	1,029,171
York Region - Stability Now Program	79,631	-
York Region - Housing Worker Program	25,506	-
Total York Region grant revenue	1,945,186	1,383,250
Ontario Trillium Foundation - Getting Ahead Program	-	9,300
Ontario Trillium Foundation - Resilient Communities Fund	117,192	94,183
Total Ontario Trillium Foundation grant revenue	117,192	103,483
Community Services Recovery Fund	17,729	-
Total Town of Newmarket grant revenue	17,729	-
Total grant revenue	\$ 2,406,664	\$ 1,654,586

12. LEASE COMMITMENTS

Property Lease

The Organization had a long term lease with respect to its premises, which ended October 31, 2022. During the year, an addendum to the original lease was signed, dated May 16, 2022, which covers the period of November 1, 2022 to October 31, 2024, and provides for payment of utilities, property taxes and maintenance costs. The addendum lease agreement does not contain a renewal option. Future minimum lease payments as at year end are as follows:

2024	<u>\$ 132,426</u>
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INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

13. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

Construction of new housing centre

The Organization is in the process of building a new housing centre at Yonge and Eagle street in Newmarket. By the end of 2025, the Organization expects to complete the construction of a new 16,000 square foot housing centre featuring 18 transitional housing units plus an emergency shelter and programming space.

Negotiation of current lease extension

The Organization is currently in negotiations to obtain a further extension to the current lease agreement past the end of the current extension, October 31, 2024. The outcome of the lease negotiations is uncertain.

14. COMPARATIVE FIGURES

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