

INN FROM THE COLD INC.
Financial Statements
Year Ended December 31, 2021

INN FROM THE COLD INC.
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Year Ended December 31, 2021

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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, 2021, 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, 2021, 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, 2021, current assets and net assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

Chaggarus & Bonhomme

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

Newmarket, Ontario
June 15, 2022

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

INN FROM THE COLD INC.
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Non-restricted cash (Note 5)	\$ 707,871	\$ 500,847
Accounts receivable (Note 6)	290,584	87,822
Security deposit	-	75,000
	998,455	663,669
CAPITAL ASSETS (Note 7)	1,307,233	24,447
	\$ 2,305,688	\$ 688,116
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 101,222	\$ 66,576
Current portion of long term debt (Note 9)	960,000	-
Deferred income (Note 8)	453,636	39,147
	1,514,858	105,723
FUND BALANCES		
General fund	790,830	582,393
	\$ 2,305,688	\$ 688,116

ON BEHALF OF THE BOARD

Margie Ford Director
J. Stewart Director

INN FROM THE COLD INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	2021	2020
REVENUES		
United Way (Note 10)	\$ 212,060	\$ 159,235
Region of York (Note 10)	853,288	442,360
Ontario Trillium Foundation (Note 10)	150,338	131,863
Donations and fundraising	479,807	440,526
Capital Campaign	3,343	-
Program revenues	47,701	-
Rental income	21,364	23,916
	1,767,901	1,197,900
EXPENSES		
Accounting fees	7,614	11,769
Advertising and promotion	10,591	1,772
Amortization	4,976	4,950
Insurance	25,082	9,005
Interest and bank charges	1,102	930
Interest on long term debt	12,800	-
Office	27,853	52,677
Getting Ahead Program Expenses	18,860	17,159
Groceries and supplies	83,682	63,549
Fundraising Expenses	33,917	5,970
United Way Small Groups program	5,055	3,807
The Inn Team program expenses	54,386	6,575
Stability Now Program	13,964	-
Capital Campaign Program	3,342	-
Professional fees	17,053	16,827
Property taxes	13,290	-
Rental	99,774	103,541
Repairs and maintenance	56,815	49,623
Salaries and wages	1,049,530	621,795
Telephone	4,482	4,575
Travel	4,704	689
Utilities	25,799	32,281
	1,574,671	1,007,494
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	193,230	190,406
OTHER INCOME		
Amortization of deferred capital contributions	1,745	2,181
Bingo revenues	13,462	19,752
Trinity United - Newmarket Supper Program	-	9,340
	15,207	31,273
EXCESS OF REVENUES OVER EXPENSES	\$ 208,437	\$ 221,679

INN FROM THE COLD INC.
Statement of Changes in Fund Balances
Year Ended December 31, 2021

	2021	2020
FUND BALANCES - BEGINNING OF YEAR	\$ 582,393	\$ 360,714
EXCESS OF REVENUES OVER EXPENSES	208,437	221,679
FUND BALANCES - END OF YEAR	\$ 790,830	\$ 582,393

INN FROM THE COLD INC.
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 208,437	\$ 221,679
Item not affecting cash:		
Amortization of capital assets	4,976	4,950
	213,413	226,629
Changes in non-cash working capital:		
Accounts receivable	(202,762)	(69,826)
Accounts payable and accrued liabilities	34,645	44,565
Deferred income	414,489	23,704
Security / tender deposits	75,000	(75,000)
	321,372	(76,557)
Cash flow from operating activities	534,785	150,072
INVESTING ACTIVITY		
Purchase of capital assets	(1,287,761)	(6,612)
FINANCING ACTIVITY		
Proceeds from long term financing	960,000	-
INCREASE IN CASH FLOW	207,024	143,460
Cash - beginning of year	500,847	357,387
CASH - END OF YEAR	\$ 707,871	\$ 500,847
CASH CONSISTS OF:		
Cash	\$ 707,871	\$ 500,847

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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, 2021

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, 2021

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 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.

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, 2021.

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.

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, 2021

4. RELATED PARTY TRANSACTIONS

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

	2021	2020
Brane Wave Business Solutions Inc. <i>(A member of the Board is a partial owner of Brane Wave)</i>		
Bookkeeping services	\$ 17,053	\$ 14,176
	\$ 17,053	\$ 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, 2021, the restricted cash balance was \$13,226 (2020 - \$5,284) 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.

	2021	2020
Restricted cash	\$ 13,226	\$ 5,284
Non-restricted cash	712,736	495,563
	\$ 725,962	\$ 500,847

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2021	2020
HST PSB rebates receivable	\$ 117,416	\$ 6,204
United Way grants receivable	-	11,779
York Region grants receivable	172,713	69,839
Other receivables	455	-
	\$ 290,584	\$ 87,822

INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 1,287,761	\$ -	\$ 1,287,761	\$ -
Computer equipment	21,298	21,154	144	287
Furniture and fixtures	75,202	55,874	19,328	24,160
Leasehold improvements	345,197	345,197	-	-
	\$ 1,729,458	\$ 422,225	\$ 1,307,233	\$ 24,447

8. DEFERRED INCOME

	2021	2020
Deferred capital contributions	\$ 6,980	\$ 8,726
Ontario Trillium Foundation grant	-	25,137
York Region grant	77,268	-
Restricted bingo funds	13,469	5,284
Capital Campaign funding	355,919	-
	\$ 453,636	\$ 39,147

9. LONG TERM DEBT

	2021	2020
Kindwin Markham Limited loan bearing interest at 4% compounded monthly, repayable in monthly blended payments of \$3,200. The loan matures on August 30, 2023 and is secured by Land with a net book value of \$1,271,308.	\$ 960,000	\$ -
Amounts payable within one year	(960,000)	-
	\$ -	\$ -

Principal repayment terms are approximately:

2022	<u>\$ 960,000</u>
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INN FROM THE COLD INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

10. GRANTS RECEIVED

The Organization received grants from the following government organizations:

	2021	2020
United Way - Concerned Citizens for the Homeless in Newmarket (CCHN)	\$ -	\$ 7,330
United Way - Drop-By Program	-	92,955
United Way - Reaching Home Grant	202,073	58,950
United Way - Feasibility Study	9,987	-
Total United Way grant revenue	212,060	159,235
York Region - Drop-In Program	211,283	55,273
York Region - Community Investment Fund	271,171	387,087
York Region - Seasonal Shelter Program	370,834	-
Total York Region grant revenue	853,288	442,360
Ontario Trillium Foundation - SEED grant	31,538	37,863
Ontario Trillium Foundation - Getting Ahead Program	37,600	94,000
Ontario Trillium Foundation - Resilient Communities Fund	81,200	-
Total Ontario Trillium Foundation grant revenue	150,338	131,863
Total grant revenue	\$ 1,215,686	\$ 733,458

11. LEASE COMMITMENTS

Property Lease

The Organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2022	\$ <u>75,167</u>
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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.