

# **Home Horizon Georgian Triangle Residential Services**

**Financial Statements**

**March 31, 2023**

---

**Independent Auditor's Report**

---

**To the Board of Directors of Home Horizon Georgian Triangle Residential Services:**

**Qualified Opinion**

We have audited the financial statements of Home Horizon Georgian Triangle Residential Services ("the Organization"), which comprise of the statement of financial position as at March 31, 2023, the statement of operations, the statement of changes in net assets, the statement of 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 March 31, 2023, and its results of 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, functions and other cash recoveries, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, functions and other cash recoveries, excess of revenues over expenses, and cash flows from operations, current assets and net assets as at March 31, 2023 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2023 and March 31, 2022 were 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.

When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

**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.

## Independent Auditor's Report

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.

Oakville, Canada  
August 30, 2023



**Douglas Spence & Associates Professional Corporation**  
Chartered Professional Accountants  
Licensed Public Accountants

# Home Horizon Georgian Triangle Residential Services

March 31, 2023

## CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14

# Home Horizon Georgian Triangle Residential Services

## Statement of Financial Position

For the Year Ended March 31, 2023

	Notes	2023 Total	2022 Total
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 425,402	\$ 276,194
Short-term investments	3.	383,127	309,871
Grant receivable	4.	162,920	183,500
Contribution funding receivable	8.	-	31,880
GIC interest receivable		4,044	1,162
HST rebate recoverable		49,002	33,532
Prepaid expenses		12,228	8,706
		<b>1,036,723</b>	844,845
Capital assets - net	5.	<b>1,060,214</b>	1,086,276
<b>Total assets</b>		<b>\$ 2,096,937</b>	<b>\$ 1,931,121</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 28,913	\$ 60,749
Deferred revenue	7.	17,146	26,581
		<b>46,059</b>	87,330
Deferred contribution related to capital assets	8.	310,678	318,796
<b>Total liabilities</b>		<b>\$ 356,737</b>	<b>\$ 406,126</b>
<b>Net assets</b>			
Unrestricted fund	2.	1,256,950	1,041,745
Internally restricted fund	6.	483,250	483,250
		<b>1,740,200</b>	1,524,995
<b>Total liabilities and net assets</b>		<b>\$ 2,096,937</b>	<b>\$ 1,931,121</b>

Approved on the behalf of the board:

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

# Home Horizon Georgian Triangle Residential Services

## Statement of Operations

For the Year Ended March 31, 2023

	Notes	2023 Total	2022 Total
<b>Revenue</b>			
County of Simcoe		\$ 160,779	\$ 160,779
Donations and grants		476,582	500,759
Fundraising events	9.	280,489	227,614
Residential rent		45,145	24,750
		<b>962,995</b>	<b>913,902</b>
<b>Expenses</b>			
Salaries, wages, and benefits		279,752	363,241
Program costs	10.	271,285	153,213
Security costs		79,556	8,323
Administration		32,924	20,088
Fundraising events		32,316	8,444
Amortization of capital assets		26,451	18,638
Professional fees		14,931	16,031
Repairs and maintenance		13,728	5,153
Insurance		7,408	6,959
Training and travel		3,707	507
Interest on mortgage payable		-	2,325
		<b>762,058</b>	<b>602,922</b>
<b>Other income (expenses)</b>			
County of Simcoe - Forgiven interest contribution	8.	(20,722)	(25,783)
Interest expense on contribution funding	8.	20,722	25,783
Amortization of contribution funding	8.	8,118	-
Investment income	3.	6,150	3,293
Wage subsidy	12.	-	21,476
		<b>14,268</b>	<b>24,769</b>
<b>Excess of revenue over expenses</b>		<b>\$ 215,205</b>	<b>\$ 335,749</b>

The accompanying notes are an integral part of these financial statements.

# Home Horizon Georgian Triangle Residential Services

## Statement of Changes in Net Assets

For the Year Ended March 31, 2023

	Unrestricted Fund	Internally Restricted Fund	Total 2023
<b>Balance, beginning of year</b>	\$ 1,041,745	\$ 483,250	\$ 1,524,995
Excess of revenues over expenses	215,205	-	215,205
<b>Balance, end of year</b>	\$ 1,256,950	\$ 483,250	\$ 1,740,200

	Unrestricted Fund	Internally Restricted Fund	Total 2022
Balance, beginning of year	\$ 900,996	\$ 288,250	\$ 1,189,246
Excess of revenues over expenses	335,749	-	335,749
Reserve allocation for the current period	(195,000)	195,000	-
Balance, end of year	\$ 1,041,745	\$ 483,250	\$ 1,524,995

The accompanying notes are an integral part of these financial statements.

# Home Horizon Georgian Triangle Residential Services

## Statement of Cash Flows

For the Year Ended March 31, 2023

	2023 Total	2022 Total
<b>Cash provided by (used in)</b>		
Excess revenue over expenses	\$ 215,205	\$ 335,749
<b>Items not requiring a cash payment</b>		
Amortization	26,451	18,638
Amortization of contribution funding	(8,118)	-
<b>Changes in non-cash working capital balances</b>		
Decrease (increase) in grant receivable	\$ 21,742	\$ (2,875)
Decrease (increase) in contribution funding receivable	31,880	(31,880)
Increase in HST rebate recoverable	(15,470)	(13,718)
Increase in prepaid expenses	(3,522)	(599)
Decrease in deferred revenue	(9,435)	(26,590)
(Decrease) increase in accounts payable and accrued liabilities	(31,836)	50,867
<b>Net cash provided by operating activities</b>	<b>\$ 226,897</b>	<b>\$ 329,592</b>
<b>Investing activities</b>		
Purchase of short-term investments	\$ (73,256)	\$ (46,633)
Purchase of capital assets	(389)	(324,616)
Increase in GIC interest receivable	(4,044)	-
<b>Net cash used in investing activities</b>	<b>\$ (77,689)</b>	<b>\$(371,249)</b>
<b>Financing activities</b>		
Repayment of mortgage payable	\$ -	\$(100,168)
Proceeds from deferred contributions related to capital assets	-	318,796
<b>Net cash used in financing activities</b>	<b>\$ -</b>	<b>\$ 218,628</b>
<b>Net increase in cash</b>	<b>\$ 149,208</b>	<b>\$ 176,971</b>
Cash, beginning of year	276,194	99,223
<b>Cash, end of year</b>	<b>\$ 425,402</b>	<b>\$ 276,194</b>

The accompanying notes are an integral part of these financial statements.



# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 1. Nature of operations

Home Horizon Georgian Triangle Residential Services (the “organization”) is incorporated under the laws of Ontario, without share capital, with the purpose of transforming the lives of vulnerable homeless individuals and families by providing safe transitional housing and personal counselling. Clients become self-sufficient and productive contributors to the South Georgian Bay communities. The organization bridges the identified critical gap between emergency shelter and independent living.

The organization is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

### 2. Significant accounting policies

#### a. Basis of presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

These financial statements include the following funds:

##### Internally restricted fund

The Internally restricted Fund represents funds available for emergency, program enhancement or other purposes specified by the Board of Directors from time to time. Any use of these funds requires explicit approval by the Board of Directors.

##### Unrestricted fund

The Unrestricted fund accounts for the organization's general fundraising, building capital fund, program delivery, development and administrative activities. This fund reports on unrestricted resources available for immediate use.

As at March 31, 2023 with substantial completion of the building capital program, the Board of Directors made the decision to combine the net assets of the Building capital fund and the General operating fund. Accordingly, the statement of financial position, statement of operations and statement of cash flows now reflects the combination of the two which were previously presented separately. There was no impact on the net assets as a result of the presentation change over the previous year.

#### b. Cash

Cash consists of cash on hand and balances in the bank.

#### c. Fund accounting and revenue recognition

The organization follows the deferral method of accounting for contributions.

- Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 2. Significant accounting policies (continued)

#### c. Fund accounting and revenue recognition (continued)

- Externally restricted donations are deferred and recognized as revenue in the year in which the related expenses are recognized.
- Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.
- Restricted contributions and government assistance for the purchase of capital assets are deferred and subsequently amortized into income on the same basis as the acquired capital asset.
- Residential rent revenue is recognized based on the straight-line method.
- Investment income is recorded on an accrual basis.

#### d. Capital assets

Capital assets are recorded at cost. Amortization is provided on a declining method using the following rates, unless otherwise noted:

Land	nil
Building	50 years
Computer equipment	55%
Furniture and equipment	20%

#### e. Impairment of capital assets

In the event that facts and circumstances indicate that the organization's capital assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

#### f. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimated.

#### g. Contributed services

Volunteers contribute time each year to the organization. Contributed services are not recognized in the financial statements because of the difficulty of determining the fair value.

# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 2. Significant accounting policies (continued)

#### h. Contributed materials

Due to the difficulty in determining the fair market value of the materials contributed to the organization they are not recognized in the financial statements.

#### i. Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 the statement of operations.

### 3. Short-term investments

	2023	2022
Mutual Funds	\$ 19,313	\$ 18,886
Guaranteed Investment Certificate <sup>1</sup>	94,906	94,435
Guaranteed Investment Certificate <sup>2</sup>	153,621	151,800
Guaranteed Investment Certificate <sup>3</sup>	45,287	44,750
Guaranteed Investment Certificate <sup>4</sup>	70,000	-
	<b>\$ 383,127</b>	<b>\$ 309,871</b>

<sup>1</sup> Eighteen-month GIC bearing interest at 1%.

<sup>2</sup> Three-year GIC bearing interest at 1.2%.

<sup>3</sup> Three-year GIC bearing interest at 1.2%.

<sup>4</sup> One-year GIC bearing interest at 2.05%.

Total investment income earned was \$6,150 (2022 - \$3,293).

### 4. Grant receivable

At year-end, the organization is entitled to receive a grant from the Blue Sea Foundation ("Blue Sea") for the organization's participation in the Coldest Night of the Year ("CNOY") event that took place on February 25, 2023. The grant comprises of donations and sponsors dollars raised for the event, net of Blue Sea's expenses related to the event as per the Agreement between the organization and Blue Sea.

# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 5. Capital assets

Capital assets consist of the following:

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 263,342	\$ -	\$ 263,342	263,342
Building	865,447	(82,067)	783,380	803,743
Furniture and equipment	19,562	(6,941)	12,621	17,256
Computer equipment	5,931	(5,060)	871	1,935
<b>Total</b>	<b>\$ 1,154,282</b>	<b>\$ (94,068)</b>	<b>\$ 1,060,214</b>	<b>1,086,276</b>

During the fiscal year the organization purchased capital assets in the amount of \$389 (2022 - \$324,616).

### 6. Internally restricted fund

	Operating	Building Maintenance	Organization Programs	2022
Balance, beginning of year	\$ 300,000	\$ 58,250	\$ 125,000	\$ 483,250
Interfund transfer	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 300,000</b>	<b>\$ 58,250</b>	<b>\$ 125,000</b>	<b>\$ 483,250</b>

#### Operating reserve

The Board of Directors has adopted, in accordance with its responsibility for the long-term fiscal health of the organization, an operating reserve fund to be used at its discretion for the purpose of settling extraordinary operational matters such as personnel settlements, legal fees, pay equity legislation, facility closure, capital expenditures and other operational matters of significance. In accordance with this, at the discretion of the Board of Directors, 5 percent of the funds per year may be allocated to the operating reserve to a maximum of 50 % of average annual operational costs.

During the year \$nil (2022 - \$50,000) was allocated to this operating reserve.

#### Building maintenance reserve

The building reserve is to be used to fund future major building repairs and maintenance and will be funded annually with similar provisions.

During the fiscal year, the Board of Directors have approved \$nil (2022 - \$20,000) to the building maintenance reserve.

# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 6. Internally restricted fund (continued)

#### Program reserve

The program reserve is to be used for future new services and to supplement existing programs as determined by the Board of Directors when considering all strategic plan initiatives.

During the fiscal year, the Board of Directors approved \$nil (2022 - \$125,000) to the program reserve.

The total of all reserve funds will not exceed the funds required to maintain the organization for an operational period of 12 months.

### 7. Deferred revenue

Deferred revenue represents funds received in respect to future periods. This is primarily composed of event revenue which occurred after the end of the current fiscal period.

	2023	2022
Spirit Tour Fall 2021	\$ -	\$ 500
Deferred Rent	-	450
Town of Wasaga Beach Grant	2,643	3,571
Bell Talks	-	1,916
Mental Health	6,503	10,000
CGMHF Mental Health Funding	8,000	-
Capital Expansion	-	10,144
	\$ 17,146	\$ 26,581

# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 8. Deferred contribution related to capital assets

	2023	2022
Balance, beginning of the year	\$ 318,796	\$ -
Deferred contribution for capital assets purchases	-	318,796
Amortization of deferred contributions related to capital assets	(8,118)	-
<b>Balance, end of year</b>	<b>\$ 310,678</b>	<b>\$ 318,796</b>

As described in note 1, it is the organization's policy is to amortize into income restricted contributions and government assistance for the purchase of capital assets at the same rate as the acquired capital asset.

County of Simcoe

The organization entered into a contribution agreement (the "agreement") with the County of Simcoe on January 31, 2021 for the purpose of renovating its existing building and adding four addition transitional units. The total advanced to the organization in 2022 was \$318,796 and is considered contribution funding.

The agreement is in effect for a period of ten years from the occupancy date (January 25, 2022) and the contribution funding will be fully forgiven at the end of the term of the agreement provided that the organization has fulfilled all the requirements in the agreement. In the event, the organization does not fulfill the agreement, the contribution funding is due on demand.

As at March 31, 2023, the organization has fulfilled all the requirements set out in the agreement and the expectation is that the organization will qualify for full forgiveness at the end of the term. The organization considers the contribution funding a restricted contribution for the purchase of capital assets.

At the sole discretion of the County of Simcoe and the Province of Ontario, the amount of funding to be that could be demanded may be reduced at the rate of 10% per year, provided the organization has fulfilled all the requirements set out in the agreement. As at March 31, 2023, the organization has not receive any reduction notices reducing the original funding contribution of \$318,796.

On the occupancy date, the interest was forgiven as the organization satisfied all requirements set out in the agreement. The organization considers this cancellation of its liability a contribution.

On each anniversary date of the occupancy date, the organization shall pay the County of Simcoe interest on the total of the amount advanced under the agreement less any forgiven amount at a rate of 6.5%.

Interest expense totaling \$20,722 was accrued from January 25, 2022 to January 24, 2023, on the total of the amount advanced under the agreement.

As at March 31, 2023, contribution funding receivable was \$nil (2022 - \$31,880).

The organization has satisfied all requirements set out in the agreement at the anniversary date (January 25, 2023), and the amount of the interest so owing shall is considered forgiven. The organization considers this cancellation of its liability a contribution.

The agreement is secured by a collateral security agreement on the value of the land.

# Home Horizon Georgian Triangle Residential Services

## Notes to the Financial Statements

For the Year Ended March 31, 2023

### 9. Fundraising Events

	2023	2022
Coldest Night of the Year	\$ 165,135	\$ 183,698
Spirit of Collingwood tour	71,449	-
Bowl for beds	30,026	33,406
Third party events	13,879	8,046
Picnic project	-	500
AGM memberships	-	50
Group family recreational projects	-	1,914
	<b>\$ 280,489</b>	<b>\$ 227,614</b>

### 10. Program costs

Included in program costs are wages and benefits totalling \$225,644 (2022 - \$123,179) which are paid to specific employees of the organization for the time spent working on individual programs throughout the fiscal year

### 11. Financial instrument risk

The organization is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2023.

#### 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 residential rent earned from transitional housing services.

#### Interest rate risk:

The organization holds investments which are subject to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

#### Liquidity risk:

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. As at March 31, 2023 the most significant financial liabilities are accounts payable and accrued liabilities and deferred contributions related to capital assets. In the opinion of management, the liquidity risk to the organization is low. The organization has sufficient current assets to meet its current obligations.

The extent of the organization's exposure to the above risks did not change significantly from the prior year.

### 12. Government assistance

During the year, the organization recorded other income in the amount of \$nil (2022 - \$21,476) that related to payroll benefits received under the Canada Emergency Wage Subsidy program which is a Federal government program designed to assist organizations impacted by the COVID-19 pandemic.

# Home Horizon Georgian Triangle Residential Services

Notes to the Financial Statements

For the Year Ended March 31, 2023

## 13. Comparative amounts

Certain comparative figures have been reclassified to conform to current year's presentation. There has been no impact on prior year or current year net assets or fund balances as a result of these reclassifications.