

Ernestine's Women's Shelter
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Ernestine's Women's Shelter

Qualified Opinion

We have audited the accompanying financial statements of Ernestine's Women's Shelter (the organization), which comprise the statement of financial position as at March 31, 2024, 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.

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 as at March 31, 2024, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and 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 and donation revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 24, 2024

Ernestine's Women's Shelter Statement of Financial Position

March 31

2024

2023

Assets

Current

Cash (note 2)	\$ 517,265	\$ 455,936
Short-term investments (note 3)	210,000	370,000
Accounts receivable (note 4)	323,221	83,110
Prepaid expenses	36,514	69,894
	<u>1,087,000</u>	<u>978,940</u>

Long-Term Investments (note 3)	868,870	912,755
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Capital Assets, at cost less accumulated amortization (note 5)	<u>3,439,142</u>	<u>3,241,717</u>
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	<u>\$ 5,395,012</u>	<u>\$ 5,133,412</u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities (note 6)	\$ 445,009	\$ 295,363
Deferred contributions (note 7)	1,299	140,986
	<u>446,308</u>	<u>436,349</u>

Long-Term Debt (note 8)	<u>424,166</u>	<u>424,166</u>
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Deferred Contributions Related to Capital Assets (note 9)	<u>1,922,924</u>	<u>1,680,874</u>
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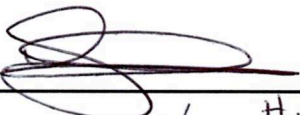
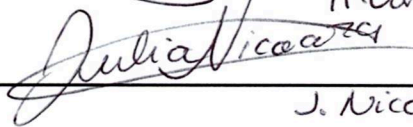
Contingency (note 16)

Net Assets

Unrestricted	1,059,562	1,005,346
Internally restricted reserve funds (note 11)	450,000	450,000
Invested in capital assets (note 10)	<u>1,092,052</u>	<u>1,136,677</u>
	<u>2,601,614</u>	<u>2,592,023</u>

	<u>\$ 5,395,012</u>	<u>\$ 5,133,412</u>
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On behalf of the Board:

	Director
	Director

The accompanying notes are an integral part of these financial statements

Ernestine's Women's Shelter Statement of Operations

For the year ended March 31	2024	2023
Revenues		
Ministry of Children, Community and Social Services (note 12)	\$ 1,611,174	\$ 1,712,427
Fundraising and donations	877,956	637,039
United Way	302,834	302,834
Amortization of deferred contributions related to capital assets (note 9)	117,450	101,949
Women's Shelters Canada	79,817	84,502
Investment income	72,725	39,608
Debt forgiveness (note 8)	-	36,669
City of Toronto	22,176	27,226
City of Toronto - personal needs allowance	26,508	23,191
Assaulted Women's Helpline grant	17,850	-
Unrealized gain (loss) on investments	31,384	(39,603)
	<u>3,159,874</u>	<u>2,925,842</u>
Expenses		
Salaries and wages	1,864,393	1,785,339
Residents' (note 13)	377,515	341,428
Employee benefits	287,149	248,415
Amortization of capital assets	171,792	161,714
Fundraising	114,788	22,702
Repairs and maintenance	96,595	132,608
Professional fees	84,642	51,397
Office and general	72,647	76,525
Transitional support	24,940	53,240
Training and development	22,351	14,478
Payroll fees and bank charges	21,578	17,789
Memberships and dues	7,150	4,391
Volunteer	3,176	2,870
Travel	1,567	14,242
Capacity building	-	5,611
	<u>3,150,283</u>	<u>2,932,749</u>
Excess of revenues over expenses (expenses over revenues) for the year	\$ 9,591	\$ (6,907)

Ernestine's Women's Shelter Statement of Changes in Net Assets

For the year ended March 31

2024

	Unrestricted	Internally Restricted (note 11)	Invested in Capital Assets (note 10)	Total
Balance, beginning of year	\$1,005,346	\$ 450,000	\$1,136,677	\$2,592,023
Excess of revenues over expenses (expenses over revenues) for the year	63,933	-	(54,342)	9,591
Net change in investment in capital assets	(9,717)	-	9,717	-
Balance, end of year	\$1,059,562	\$ 450,000	\$1,092,052	\$2,601,614

For the year ended March 31

2023

	Unrestricted	Internally Restricted (note 11)	Invested in Capital Assets (note 10)	Total
Balance, beginning of year	\$ 992,691	\$ 450,000	\$1,156,239	\$ 2,598,930
Excess of revenues over expenses (expenses over revenues) for the year	16,189	-	(23,096)	(6,907)
Net change in investment in capital assets	(3,534)	-	3,534	-
Balance, end of year	\$ 1,005,346	\$ 450,000	\$ 1,136,677	\$ 2,592,023

Ernestine's Women's Shelter Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 9,591	\$ (6,907)
Adjustments for		
Amortization of capital assets	171,792	161,714
CMHC debt forgiveness	-	(36,669)
Amortization of deferred contributions related to capital assets	(117,450)	(101,949)
Unrealized loss (gain) on investments	(31,384)	39,603
	32,549	55,792
Net change in non-cash working capital balances		
Accounts receivable	(240,111)	50,326
Prepaid expenses	33,380	(18,061)
Accounts payable and accrued liabilities	149,645	142,221
Deferred contributions	(139,687)	137,886
	(196,773)	312,372
Cash flows from investing activities		
Additions to capital assets	(369,217)	(18,606)
Decrease (increase) in investments	235,270	(30,584)
	(133,947)	(49,190)
Cash flows from financing activities		
Increase in deferred contributions related to capital assets	359,500	15,072
Increase in cash during the year	61,329	334,046
Cash, beginning of year	455,936	121,890
Cash, end of year	\$ 517,265	\$ 455,936

Ernestine's Women's Shelter

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization

Ernestine's Women's Shelter is incorporated without share capital under the laws of Ontario. Ernestine's provides temporary emergency housing, crisis counselling and protection for women and children escaping from situations of emotional, psychological and physical abuse.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Use of 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 reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include the estimated useful life of capital assets and fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal amount.

Amortization is provided on capital assets based on a straight line basis over their estimated useful lives as follows:

Building	10 to 40 years
Shelter furniture and equipment	10 years
Office furniture and equipment	5 years
Telephone system	10 years
Security system	10 years
Paving and landscaping	10 years
Fence	40 years
Computer software	1 year
Computer hardware	3 years

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Revenue Recognition

The organization follows the deferral method of accounting for contributions which includes donations and grants.

Operating revenues, including grants, are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that future period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate which corresponds with the amortization rate of the related capital asset.

Investment income is recorded when earned.

Forgiveness of debt is recognized as revenue in the period when the debt is forgiven.

Income Taxes

The organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

Contributed Materials and Services

Contributions of materials and assets are recognized in the period they are donated at their fair market value.

The organization is dependent on the voluntary services of many individuals. Since these contributed services are not normally purchased by the organization and because of the inherent difficulty in estimating their fair value, these services are not recorded in these financial statements.

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the organization's long lived 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 is required. The organization considers that no circumstances exist that would require such an evaluation.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Cash

	2024	2023
General account	\$ 368,120	\$ 421,873
Investment cash	134,121	13,416
Web donations account	6,860	20,647
Bank - other	7,917	-
Petty cash	247	-
	<u>\$ 517,265</u>	<u>\$ 455,936</u>

The organization's bank accounts are held at a chartered bank. The bank accounts earn interest at variable rates calculated on the daily balance.

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

3. Investments

	2024	2023
Royal Bank of Canada Guaranteed Investment Certificate, 5.30% interest rate, maturity date of April 15, 2024	\$ 185,000	\$ -
Royal Bank of Canada Guaranteed Investment Certificate, 4.75% interest rate, maturity date of July 18, 2024	25,000	-
Mutual funds, measured at fair value	570,783	550,828
Equities, measured at fair value	298,087	361,927
Royal Bank of Canada Guaranteed Investment Certificate, 2.45% interest rate, maturity date of July 18, 2023	-	370,000
Less amounts maturing in the next 12 months included in current assets	(210,000)	(370,000)
	<u>\$ 868,870</u>	<u>\$ 912,755</u>

The carrying value plus accrued interest (note 4) of the guaranteed investment certificate approximates market value as at March 31, 2024.

Investments in securities with an active market have been included at market values based on quoted bid prices as at March 31 2024.

Net unrealized gain for the period for the above investments, valued at fair value, total \$31,384 (2023 - unrealized loss of \$39,603).

4. Accounts Receivable

	2024	2023
Grants receivable	\$ 266,571	\$ 48,622
HST receivable	48,141	25,980
Accrued interest receivable on investments	6,383	6,383
Other receivables	2,126	2,125
	<u>\$ 323,221</u>	<u>\$ 83,110</u>

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

5. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 833,588	\$ -	\$ 833,588	\$ -
Building	3,728,894	1,577,760	3,660,912	1,476,312
Computer hardware and software	137,082	126,977	133,418	113,324
Shelter furniture and equipment	583,068	279,371	347,304	239,676
Office furniture and equipment	230,405	215,160	228,131	207,512
Telephone system	12,441	5,598	12,441	4,354
Security system	56,658	50,623	56,658	49,221
Paving and landscaping	115,643	55,508	70,087	50,637
Fence	59,289	6,929	45,312	5,098
	<u>\$ 5,757,068</u>	<u>\$ 2,317,926</u>	<u>\$ 5,387,851</u>	<u>\$ 2,146,134</u>
Net book value		<u>\$ 3,439,142</u>		<u>\$ 3,241,717</u>

The organization entered into a contract totaling \$343,432 plus HST for elevator refurbishment. During the year, capital assets related to this contract in the amount of \$200,000 plus HST were incurred and included in shelter furniture and equipment above and included in accounts payable and accrued liabilities on the statement of financial position.

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities as at March 31, 2024 are government remittances totaling \$48,141 (2023 - \$25,629).

7. Deferred Contributions

Deferred operating contributions relates to funding received in the current year that will be recognized into revenue in future years when the related expenses are incurred.

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

8. Long-Term Debt

	2024	2023
City of Toronto forgivable loan payable, loan is non-interest bearing and the agreement is for a 25 year term, the loan is 100% repayable if the agreement is terminated before April 12, 2021; 75% is repayable if the agreement is terminated between April 12, 2021 and April 12, 2025 (\$141,388 representing 25% of the total loan recognized in income in March 31, 2022); 50% repayable if the agreement is terminated between April 12, 2025 and April 11, 2030, loan is secured by a collateral charge on the property	<u>\$ 424,166</u>	<u>\$ 424,166</u>

9. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized amount of grants and restricted donations received and used for the purchase of certain capital assets. The amortization of these contributions is recorded as revenue in the statement of operations.

	2024	2023
Balance, beginning of year	\$ 1,680,874	\$ 1,767,751
Ministry of Children, Community and Social Services funding	247,800	6,070
Ontario Trillium funding	111,700	-
Women's Shelters Canada funding	-	9,002
Amounts amortized to revenue	<u>(117,450)</u>	<u>(101,949)</u>
Balance, end of year	<u>\$ 1,922,924</u>	<u>\$ 1,680,874</u>

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

10. Net Assets Invested in Capital Assets

Net assets invested in capital assets consists of the following:

	2024	2023
Capital assets	\$ 3,439,142	\$ 3,241,717
Long-term debt	(424,166)	(424,166)
Deferred contributions related to capital assets	(1,922,924)	(1,680,874)
	<u>\$ 1,092,052</u>	<u>\$ 1,136,677</u>

Net change in investment in capital assets:

	2024	2023
Additions to capital assets	\$ 369,217	\$ 18,606
Increase in deferred grants related to capital assets	(359,500)	(15,072)
	<u>\$ 9,717</u>	<u>\$ 3,534</u>

The portion of excess of revenues over expenses (expenses over revenues) charged to net assets invested in capital assets consists of the following:

	2024	2023
Amortization of deferred contributions related to capital assets	\$ 117,450	\$ 101,949
Debt forgiveness	-	36,669
Amortization of capital assets	(171,792)	(161,714)
	<u>\$ (54,342)</u>	<u>\$ (23,096)</u>

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

11. Internally Restricted Reserve Funds

Capital Acquisitions and Replacements Reserve Fund

During 2003, the Board of Directors have approved a policy to designate any unrestricted operating surplus in excess of three months' operating expenses as internally restricted assets for capital acquisitions and replacements. There have been no transfers to or from the unrestricted net assets during the year.

	2024	2023
Balance, beginning and end of year	<u>\$ 350,000</u>	<u>\$ 350,000</u>

Human Resources Reserve Fund

During 2007, the Board has approved a policy to designate certain surplus funds to a Human Resource fund. These funds will allow the organization to manage, on an ongoing basis, unanticipated personnel expenditures.

	2024	2023
Balance, beginning and end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Total Internally Restricted Reserve Funds	<u>\$ 450,000</u>	<u>\$ 450,000</u>

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

12. Ministry of Children, Community and Social Services Grant Revenues

	2024	2023
Case management	\$ 1,331,529	\$ 1,144,069
COVID-19 residential relief	-	214,265
THSP enhancement project	230,792	175,729
Transitional support program	-	71,280
Gender based funding	-	58,236
Child and youth	44,000	44,000
Proxy pay equity adjustment	4,853	4,848
	<u>\$ 1,611,174</u>	<u>\$ 1,712,427</u>

13. Residents' Expenses

	2024	2023
Program expense	\$ 215,556	\$ 203,636
Food and supplies	103,045	81,409
Utilities	35,159	35,823
Insurance	21,390	18,260
Telephone	2,365	2,300
	<u>\$ 377,515</u>	<u>\$ 341,428</u>

Included in the program expenses are COVID-19 related expenses for hotel accommodation, transportation, other social distancing measures and food security support in the amount of \$NIL (2023 - \$104,233).

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

14. Financial Instrument Risk

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 market interest rates. The organization is exposed to interest rate risk through its interest bearing investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from non-collection of its accounts receivable. The majority of the organization's receivables are due from government entities. There has been no history of significant impairments and management considers there to be minimal exposure to credit risk.

The organization is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and long-term debt.

Market Risk

The company is exposed to fluctuations in equity markets on its long-term investments.

There has been no changes to the organization's financial instrument risk exposure from the prior year.

15. Economic Dependence

The organization received 58.5% (2023 - 61.9%) of its revenue from a combination of grants from federal, provincial and municipal governments.

Ernestine's Women's Shelter Notes to the Financial Statements

March 31, 2024

16. Contingency

Several of the organization's programs are funded by external agencies, including the Ministry of Children, Community and Social Services, United Way and City of Toronto. The organization has a service contract under the MCCSS Act with the Ministry. The amount of funding provided to the organization is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the period of April 1, 2023 to March 31, 2024 has not been subject to this review process. Any adjustment to prior years' funding resulting from a review of the programs by these agencies are recorded in the period in which written confirmation is received.
