

Eva's Initiatives for Homeless Youth

Financial Statements

For the Year Ended September 30, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members and Board of Directors of Eva's Initiatives for Homeless Youth

Opinion

We have audited the financial statements of Eva's Initiatives for Homeless Youth (the "Organization"), which comprise the statement of financial position as at September 30, 2023 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2023, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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 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 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 28, 2024
Toronto, Ontario

Eva's Initiatives for Homeless Youth
Statement of Financial Position
As at September 30, 2023

	2023	2022
Assets		
Current		
Cash (Note 4)	\$ 3,652,927	\$ 2,641,709
Short-term investments (Note 4)	1,362,000	1,853,373
Accounts receivable (Note 5)	886,543	524,280
Prepaid expenses	352,769	300,094
	6,254,239	5,319,456
Investments (Note 4)	-	258,627
Property and equipment (Note 6)	8,175,642	8,794,654
	\$ 14,429,881	\$ 14,372,737

Liabilities


Current		
Accounts payable and accrued liabilities (Note 8)	\$ 1,241,905	\$ 918,372
Deferred contributions (Note 9)	1,202,890	740,240
	2,444,795	1,658,612
Deferred capital contributions (Note 10)	7,892,823	8,486,457
	10,337,618	10,145,069

Net Assets

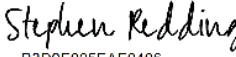
Operating Fund	2,389,444	2,499,471
Invested in Property and Equipment	282,819	308,197
Board Designated Reserve	1,420,000	1,420,000
	4,092,263	4,227,668
	\$ 14,429,881	\$ 14,372,737

Commitments (Note 11)
Contingent liabilities (Note 15)

Approved by the Board

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Director

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Director

Eva's Initiatives for Homeless Youth
Statement of Operations
Year Ended September 30, 2023

	2023	2022
Revenue		
Government funding (Note 14 and Schedule 1)	\$ 8,150,777	\$ 7,969,519
Donations, fundraising and grants	3,678,426	2,726,357
Eva's Print Shop sales	340,172	335,672
Investment income	87,966	19,868
Other	46,728	28,911
	12,304,069	11,080,327
Expenses		
Shelter services	5,352,946	5,608,653
Youth programs	2,655,868	2,429,300
Inter-dependent Living	1,758,079	1,466,598
Administration	1,731,823	2,402,225
Fundraising and volunteer services	915,380	1,205,794
	12,414,096	13,112,570
Deficiency of revenues over expenses before the following	(110,027)	(2,032,243)
Amortization of property and equipment	(619,012)	(619,459)
Amortization of deferred capital contributions	593,634	592,455
Deficiency of revenues over expenses	\$ (135,405)	\$ (2,059,247)

Eva's Initiatives for Homeless Youth
Statement of Changes in Net Assets
Year Ended September 30, 2023

	Operating Fund	Invested in Property and Equipment	Board Designated Reserve	2023	2022
Balance - at beginning of year	\$ 2,499,471	\$ 308,197	\$ 1,420,000	\$ 4,227,668	\$ 6,286,915
Deficiency of revenues over expenses	(110,027)	(25,378)	-	(135,405)	(2,059,247)
Balance - at end of year	\$ 2,389,444	\$ 282,819	\$ 1,420,000	\$ 4,092,263	\$ 4,227,668

Eva's Initiatives for Homeless Youth
Statement of Cash Flows
Year Ended September 30, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Deficiency of revenues over expenses	\$ (135,405)	\$ (2,059,247)
Items not affecting cash		
Amortization of property and equipment	619,012	619,459
Amortization of deferred capital contributions	(593,634)	(592,455)
	(110,027)	(2,032,243)
Net changes in non-cash working capital		
Accounts receivable	(362,263)	71,936
Prepaid expenses	(52,675)	(15,212)
Accounts payable and accrued liabilities	323,533	(286,396)
Deferred contributions	462,650	261,048
	261,218	(2,000,867)
Investing		
Purchase of property and equipment	-	(37,046)
Proceeds on maturity (purchase) of short-term investments - net	750,000	2,000,000
	750,000	1,962,954
Change in cash	1,011,218	(37,913)
Cash, beginning of year	2,641,709	2,679,622
Cash, end of year	\$ 3,652,927	\$ 2,641,709

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

1. NATURE OF OPERATIONS

Eva's Initiatives for Homeless Youth ("Eva's") is a not-for-profit organization incorporated under the laws of the Province of Ontario on November 30, 1989 as a corporation without share capital. Eva's provides shelter, transitional housing, and health and well-being programming to help youth experiencing or at risk of homelessness in Toronto. Their expert staff help young people in need reach their potential and lead fulfilling, healthy lives.

Eva's was founded by Eva Smith, a Jamaican immigrant, advocate and activist. Eva's consists of four sites located across Toronto that support youth between the ages of 16 to 24.

Eva's helps young people move from crisis to stability with the ultimate goal of moving to independence. They work with each young person to develop an achievable action plan, attain their goals, and build strong community connections.

Eva's programs are open to all youth and are culturally responsive and trauma-informed to meet the unique needs of Black youth.

Eva's uses anti-Black racism and anti-oppression lenses to centre the needs and experiences of youth experiencing homelessness, placing intentional emphasis on serving Black youth who have been historically and continually underserved and marginalized across the social services spectrum.

Eva's manages the following sites across the City of Toronto:

- **Eva's Place:** An emergency shelter in North York for 40 youth who are experiencing homelessness. Here, youth receive support for their immediate needs, like a warm bed, nutritious meals, and mental health supports. They also have access to life skills programming, education, and employment supports that will help them gain the skills they need to integrate into community living as they transition out of the shelter system.
- **Eva's Satellite Motel:** Provides emergency and longer-term housing for up to 46 youth. This Motel program was initially put in place as an emergency response to the pandemic, helping to provide targeted supports to young people in need during COVID. It now houses Eva's Satellite location while Satellite's original space is being renovated.
- **Eva's Phoenix:** A community of 10 shared townhouse-style units that provide transitional housing for 50 youth. The model provides young people with caring, individualized support to help them develop critical skills to live in the community. Youth can participate in workshops and hands-on programs while accessing wrap-around supports that will help them build strong community connections as they continue their journey to independence.
- **Inter-dependent Living:** YOUth Belong supports 65 Black youth experiencing homelessness or precarious living. Staff help young people build the skills and capacity to effectively navigate the systems they will connect with daily, while developing roots in their communities and intersectional identities. YOUth Belong provides youth access to their own housing in a community setting with staff support. The program operates in scattered housing and Eva's managed properties across the city.

Eva's is exempt from income taxes as a registered charitable organization under the Income Tax Act (Canada).

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

2. ECONOMIC DEPENDENCE

Eva's is economically dependent on government funding which constitutes approximately 66% (2022 - 72%) of Eva's revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Assets and Liabilities

Eva's initially measures its financial assets and financial liabilities at fair value. Eva's subsequently measures all its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets and financial liabilities measured at amortized cost include cash, short-term investments, accounts receivable, investments, and accounts payable and accrued liabilities.

Designated Funds

Operating Fund

The operating fund represents the unrestricted net assets of Eva's.

Invested in Property and Equipment

Net assets invested in property and equipment represents the net book value of property and equipment less any deferred capital contributions.

Board Designated Reserve

The Board Designated Reserve represents the amounts internally restricted by the board of directors to maintain an adequate level of unrestricted net assets to support the organization's day-to-day operations in the event of unforeseen shortfalls.

Short-Term Investments and Investments

Short term investments and investments are comprised of guaranteed investment certificates and high interest savings accounts and are recorded at amortized cost.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided over their estimated useful lives. The annual amortization rates and methods are as follow:

Building	-	4% declining balance
Furniture and equipment	-	20% declining balance
Vehicles	-	30% declining balance
Leasehold improvements	-	Over the term of the lease

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis.

Property and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is measured as the amount by which the carrying value of the property and equipment exceeds its fair value.

Deferred Capital Contributions

Externally restricted contributions for the purchase of capital assets that will be amortized are deferred and amortized over the life of the related capital assets on the same basis of amortization as the related capital asset. Externally restricted contributions that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

Revenue Recognition

Contributions

Eva's follows the deferral method of accounting for contributions which include government funding, donations, fundraising, and other contributions. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Grants approved, but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent 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.

Donated Goods and Services

Donated goods are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods can be readily determined.

Volunteers contribute time to assist Eva's in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Toronto Shelter and Support Services Funding

Toronto Shelter and Support Services funding is included in government funding and is recognized as revenue as the related shelter services are provided.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

Eva's Print Shop Sales

Eva's Print Shop sales are recognized as revenue when the goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable and sale price is fixed and determinable.

Investment and Other Income

Investment and other income are recorded in the accounts as earned.

Allocation of Expenses

Eva's serves homeless and at-risk youth and engages in providing youth program shelter services and fundraising and volunteer programs. The cost of programs includes direct salaries and benefits and other expenses that are directly related to providing the program services.

Use of Estimates

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 reported amounts 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 year.

Key areas of estimation where management has made difficult, complex or subjective judgment often as a result of matters that are uncertain, include, among others, the allocation of expenses to programs, provisions for doubtful accounts receivable, and useful lives for amortization of property and equipment. Actual results could differ from these and other estimates, the impact of which would be recorded in future years.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of cash in a high interest savings account and guaranteed investment certificates ("GICs") that bear interest ranging from 3.35% to 4.35% per annum (2022 - 0.50% to 3.51% per annum) and mature on various dates from October 2023 to March 2024. Subsequent to year end, matured investments in the amount of \$1,250,000 were reinvested in GICs bearing interest of 4.4% and maturing in January 2025. Other matured short-term investments were reinvested multiple times at various rates and terms.

5. GRANT RECEIVABLE

Included in accounts receivable is grant funding receivable of \$675,567 (2022 - \$322,928).

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2023	Net 2022
Building	\$ 1,769,746	\$ 1,232,927	\$ 536,819	\$ 559,187
Furniture and equipment	232,826	206,152	26,674	33,342
Vehicles	87,888	74,397	13,491	19,273
Leasehold improvements	11,683,892	4,085,234	7,598,658	8,182,852
	\$ 13,774,352	\$ 5,598,710	\$ 8,175,642	\$ 8,794,654

7. CREDIT FACILITY

Eva's has a credit facility with Bank of Nova Scotia to a maximum of \$150,000 which bears interest at the bank's prime lending rate plus 1.50% per annum. A general security agreement covering all assets of Eva's has been pledged as security. There were no advances against the facility as at September 30, 2023 (\$Nil as at September 30, 2022).

Interest expense incurred during the year was \$Nil (2022 - \$Nil).

8. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are amounts payable in respect of government remittances of \$8,369 (2022 - \$26,805).

9. DEFERRED CONTRIBUTIONS

Deferred contributions reflect timing differences between the funding received and recognition of the related expenses.

	2023	2022
Deferred contributions, beginning of year	\$ 740,240	\$ 479,192
Externally restricted funds received during the year	8,881,785	5,174,920
Amount recognized as revenue during the year	(8,419,135)	(4,913,872)
Deferred contributions, end of year	\$ 1,202,890	\$ 740,240

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

9. DEFERRED CONTRIBUTIONS (Cont'd)

Deferred contributions consist of the following:

	2023	2022
Hotel	\$ 610,149	\$ 146,074
Inter-dependent Living	261,687	116,018
Restricted Project funding	177,822	127,070
Toronto Urban Health Fund	80,216	25,025
Housing Support Program	29,270	1,788
Print Shop Training	25,000	-
Harm Reduction	18,746	246,068
Community Outreach Program	-	76,815
Youth Succeeding in Employment	-	1,382
	\$ 1,202,890	\$ 740,240

10. DEFERRED CAPITAL CONTRIBUTIONS

Capital contributions represent contributions received for the renovation and relocation of Eva's Phoenix. The deferred capital contributions consist of contributions received that have either not yet been expended or have been expended for the renovation of the building but not yet amortized. The changes in deferred capital contributions are as follows:

	2023	2022
Balance, beginning of year	\$ 8,486,457	\$ 9,078,912
Amounts recognized in revenue for the year	(593,634)	(592,455)
Balance, end of year	\$ 7,892,823	\$ 8,486,457

11. COMMITMENTS

Land at the Eva's Place location is leased from the City of Toronto. The renewal option for 15 years ending November 25, 2031 at a rate of \$1 per year has been exercised. Lease payments to November 2031 have been prepaid in full.

Land and building at the Eva's Phoenix location at 60 Brant Street are leased from the City of Toronto under the initial term of 20 years ending August 29, 2036 at a rate of \$1 per year for the basic rent plus operating costs with 4 renewal options for additional 5 years each ending August 29, 2056. The basic rent payments to August 29, 2036 have been prepaid in full.

The building at the Satellite location at 25 Canterbury Place is leased from the City of Toronto. In December 2021, Eva's moved out from the location to allow the City to address ongoing issues relating to building construction, design and maintenance. The City is providing space at a local hotel. Eva's is fully expected to move back into the location, post renovation.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

11. COMMITMENTS (Cont'd)

A commercial lease is in place for the Inter-dependent Living location. The initial lease term was for 22 months ending March 31, 2021, with 2 renewal options, each for an additional 2 years. The first renewal option was exercised at a rate of \$360,672 per year for basic rent, plus common area charges, and expires March 31, 2024. Base rent payments for this fiscal year have been paid in full.

Eva's administrative office lease expires April 30, 2024.

Lease equipment commitment under operating lease expire in February 2025.

Minimum rental payments under the leases are as follows:

	Premises	Equipment	Total
2024	\$ 270,092	\$ 26,966	\$ 297,058
2025	18,802	995	19,797
	<u>\$ 288,894</u>	<u>\$ 27,961</u>	<u>\$ 316,855</u>

12. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

Eva's is exposed to various risks through its financial instruments.

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. Eva's main credit risks relate to accounts receivable. Eva's mitigates credit risk by performing credit checks and imposing credit limits. Management includes a provision for doubtful accounts receivable in these financial statements when collection is in doubt. Management determined there is no provision required as at September 30, 2023.

Liquidity Risk

Liquidity risk is the risk that an Organization will not be able to meet its financial obligations as they fall due. The Organization has adequate liquid assets on hand and therefore the Organization is not subject to significant liquidity risk.

Interest Rate Risk

The Organization is exposed to interest rate risk as a result of the available credit facility (Note 7) and interest rates on short-term investments. The facility was not used during the year. Details of short-term investments are disclosed in Note 4.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2023

13. ADMINISTRATION AND FUNDRAISING AND VOLUNTEERING SERVICES

Eva's administration and fundraising and volunteering services as a percentage of total expenses are as follows:

	2023	2022
Administration	14.0 %	18.3 %
Fundraising and volunteer services	7.4 %	9.2 %

During the year, Eva's incurred \$8,455,680 (2022 - \$9,112,200) of salary and benefits. The table below sets out how salary and benefits have been allocated by function. The allocation is based on management's estimate of labour time spent by function.

	2023	2022
Shelter services	\$ 4,105,664	\$ 4,229,249
Administration	1,090,808	1,607,806
Youth programs	1,849,114	1,785,539
Inter-dependent Living	801,061	658,260
Fundraising and volunteer services	609,033	831,346
	\$ 8,455,680	\$ 9,112,200

14. GOVERNMENT ASSISTANCE - COVID-19

The Organization applied for and received the Canada Emergency Wage Subsidy ("CEWS") of \$Nil (2022 - \$242,466) and the Canada Emergency Rent Subsidy ("CERS") of \$Nil (2022 - \$4,831) to September 30, 2023, which are included in government funding.

15. CONTINGENT LIABILITIES

The Organization has received statements of claim related to various matters arising in the ordinary course of business. These matters are at various stages of resolution and their outcome and an estimate of loss, if any, is not determinable. The Organization has no reason to expect that the ultimate disposition of any of these matters will have a material adverse impact on its financial position, results of operations or its ability to carry on any of its business activities.

16. COMPARATIVE BALANCES

Certain of the prior year balances have been restated to conform with the current year presentation.

Eva's Initiatives for Homeless Youth
Schedule 1 - Shelter Operations
Year Ended September 30, 2023

Included in government funding is the following funding from Toronto Shelter and Support Services:

	Phoenix	Place	Satellite	Hotel	2023 Total	2022 Total
Expenses						
Salaries and benefits	\$ 1,245,571	\$ 1,218,232	\$ -	\$ 1,899,941	\$ 4,363,744	\$ 4,228,509
Administration & Operating Expenses	98,432	135,903	-	313,445	547,780	844,731
Property Management & Building Expenses	251,466	189,955	-	-	441,421	570,175
Overhead and non-cash accruals	831,403	804,629	-	1,011,171	2,647,203	1,844,590
	2,426,872	2,348,719	-	3,224,557	8,000,148	7,488,005
Revenue						
Toronto Shelter and Support Services	1,390,160	1,064,195	-	2,254,954	4,709,309	4,175,207
Excess of expenses over revenues, supported by fund-raising and other revenues	\$ 1,036,712	\$ 1,284,524	\$ -	\$ 969,603	\$ 3,290,839	\$ 3,312,798

Toronto Shelter and Support Services provides financial support to Eva's on the basis of an approved operating budget for the year for shelter operations. Toronto Shelter and Support Services requires funded agencies to submit an annual statement of shelter operations, including funding and expenditures on a site by site basis. This schedule reflects the funding provided by Toronto Shelter and Support Services, and the expenditures related to the shelter operations only, and are included in the Statement of Operations.