

Project Hostel o/a Yellow Brick House
Financial Statements
For the year ended March 31, 2023

	Contents
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13



Independent Auditor's Report

To the Board of Directors of Project Hostel o/a Yellow Brick House

Qualified Opinion

We have audited the financial statements of Project Hostel o/a Yellow Brick House ("the Organization"), which comprise the statement of financial position as at March 31, 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, 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.

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 donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 15, 2023

Project Hostel o/a Yellow Brick House
Statement of Financial Position

March 31 **2023** **2022**

Assets

Current

Cash	\$ 4,077,344	\$ 7,764,232
Short-term investments (Note 2a)	3,036,329	-
Accounts receivable	176,016	205,406
Prepaid expenses	77,867	58,845
	7,367,556	8,028,483

Long-term investments (Note 2b)	2,022,123	-
Capital assets (Note 3)	3,471,117	2,805,632
	\$ 12,860,796	\$ 10,834,115

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 448,156	\$ 233,838
Deferred revenue (Note 7)	828,357	405,848
	1,276,513	639,686

Deferred capital contributions (Note 4)	2,037,455	1,294,283
	3,313,968	1,933,969

Net Assets

Invested in capital assets (Note 6)	1,433,662	1,511,349
Internally restricted	5,420,000	5,420,000
Unrestricted	2,693,166	1,968,797
	9,546,828	8,900,146

\$ 12,860,796 **\$ 10,834,115**

On behalf of the Board:



_____ Director



_____ Director

Project Hostel o/a Yellow Brick House

Statement of Operations

For the year ended March 31	2023	2022
Revenue		
Ministry of Children, Community and Social Services (Note 9)	\$ 3,192,404	\$ 2,777,948
Donations and fundraising	1,020,405	1,295,331
COVID-19 funding	611,915	1,599,290
Grants	541,973	431,354
Amortization of deferred capital contributions (Notes 4, 6)	268,888	282,359
Other income	251,160	53,028
United Way	107,876	107,883
Regional Municipality of York	39,519	22,540
Ministry of Attorney General	-	85,000
	6,034,140	6,654,733
Expenses		
Salaries and benefits	3,269,723	2,923,576
Program (Note 9)	1,266,902	1,229,514
Amortization of capital assets (Note 6)	346,575	354,126
Office and administration	128,022	91,325
Fundraising	112,966	79,912
Repairs and maintenance	80,663	139,951
Occupancy costs	59,658	59,379
Utilities	45,671	32,784
Insurance	41,637	34,139
Professional fees	35,641	25,057
	5,387,458	4,969,763
Excess of revenue over expenses for the year	\$ 646,682	\$ 1,684,970

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

Project Hostel o/a Yellow Brick House
Statement of Changes in Net Assets

For the year ended March 31

	Invested in Capital Assets	Internally Restricted	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	\$ 1,511,349	\$ 5,420,000	\$ 1,968,797	\$ 8,900,146	\$ 7,215,176
Excess of revenue over expenses (Note 6)	(77,687)	-	724,369	646,682	1,684,970
Purchase of capital assets	1,012,060	-	(1,012,060)	-	-
Deferred capital contributions received	(1,012,060)	-	1,012,060	-	-
Balance, end of year	\$ 1,433,662	\$ 5,420,000	\$ 2,693,166	\$ 9,546,828	\$ 8,900,146

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

Project Hostel o/a Yellow Brick House Statement of Cash Flows

For the year ended March 31	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 646,682	\$ 1,684,970
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	346,575	354,126
Amortization of deferred capital contributions	(268,888)	(282,359)
Changes in non-cash working capital balances		
Accounts receivable	29,390	(43,746)
Prepaid expenses	(19,022)	831
Accounts payable and accrued liabilities	214,318	(27,061)
Deferred revenue	422,509	(115,287)
	<u>1,371,564</u>	<u>1,571,474</u>
Investing activities		
Purchase of capital assets	(1,012,060)	(52,536)
Purchase of investments	(5,058,452)	-
	<u>(6,070,512)</u>	<u>(52,536)</u>
Financing activity		
Deferred capital contributions received	1,012,060	51,962
Increase (decrease) in cash during the year	(3,686,888)	1,570,900
Cash, beginning of year	7,764,232	6,193,332
Cash, end of year	\$ 4,077,344	\$ 7,764,232

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

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2023

1. Summary of Significant Accounting Policies

Nature of Operations

Project Hostel o/a Yellow Brick House (“the Organization”) is a charitable organization that provides life-saving services and prevention programs to meet the diverse needs of individuals, families and communities impacted by violence.

The Organization provides emergency, crisis and short term supportive counselling in individual and group formats; provides secure emergency shelter; provides information, referral services and practical assistance; organizes and supports community events and public education initiatives designed to increase awareness of issues relating to violence against women; and promotes and contributes to social change initiatives designed to achieve equality and contribute to the eradication of violence against women and children.

The Organization was founded in 1978 and is incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes.

Basis of Accounting

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

Revenue Recognition

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

The Organization is funded in part by the Government of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services. Operating grants are recorded as revenue in the period to which they relate.

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. Interest is recorded when earned.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Externally restricted contributions used to purchase land are recorded as a direct increase in net assets invested in capital assets.

Deferred Revenue

Deferred revenue represents amounts received in advance relating to restricted revenue from external sources. These amounts will be recognized as revenue in the ensuing fiscal year corresponding with the period in which the related expenses are incurred.

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2023

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost less accumulated amortization and are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	- 5%
Building renovations	- 15%
Computer equipment	- 20%
Office furniture and equipment	- 20%

Internally Restricted Funds

The Operating Reserve Fund was created by the Board of Directors as a contingency reserve to provide financial stability in the event of loss of funding or significant unplanned expenditures. The Organization's policy is to maintain an Operating Restricted Fund balance equal to approximately 12 months (2022 - 12 months) of budgeted operating expenses. During the year, \$Nil (2022 - \$2,946,375) was approved to be transferred into the fund. The balance in the Operating Reserve Fund is \$6,134,000 (2022 - \$5,070,000).

The Capital Fund was created by the Board of Directors as a contingency fund for the replacement of aging capital assets. The balance in the Capital Fund is \$350,000 (2022 - \$350,000).

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future. Significant estimates in these financial statements include estimated useful lives of capital assets.

Donations of Materials and Contributed Services

Donations of materials are recorded at fair market value as part of fundraising revenue and expenses when fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. The total fair value of donated materials recorded in the financial statements is \$Nil (2022 - \$Nil). The Organization receives substantial donations of materials and volunteer time that cannot be easily measured or valued and are not recognized in these financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, investments are recorded at fair value. All other financial instruments are reported at cost or amortized cost less impairment when changes in circumstances indicate the asset could be impaired.

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2023

2. Investments

a) Short-term investments consist of a Guaranteed Investment Certificate earning interest at 5.20%, maturing January 2024.

b) Long-term investments consist of a non-redeemable Guaranteed Investment Certificate earning interest at 4.27%, maturing January 2025.

3. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,116,185	\$ -	\$ 1,116,185	\$ -
Buildings	2,798,673	1,872,038	2,798,673	1,748,604
Building renovations	1,987,834	676,439	1,060,887	487,518
Computer equipment	185,376	185,376	185,376	185,376
Office furniture and equipment	605,062	488,160	519,948	453,939
	\$ 6,693,130	\$ 3,222,013	\$ 5,681,069	\$ 2,875,437
Net book value		\$ 3,471,117		\$ 2,805,632

Included in building renovations is \$751,434 (2022 - \$Nil) and office furniture and equipment is \$10,196 (2022 - \$Nil) that has not been amortized as it is not in use as the building remains under renovation at year end.

4. Deferred Capital Contributions

	2023	2022
Balance, beginning of year	\$ 1,294,283	\$ 1,524,680
Amortization of deferred capital contributions	(268,888)	(282,359)
Deferred capital contributions received	1,012,060	51,962
Balance, end of year	\$ 2,037,455	\$ 1,294,283

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2023

5. Credit Facility

The Organization has a demand credit facility available in the amount of \$100,000 (2022 - \$100,000) bearing interest at prime plus 1% (2022 - prime plus 1%) per annum, secured by a general security agreement over all assets and an assignment of fire insurance for the Richmond Hill property. As at March 31, 2023, \$Nil was drawn on this facility (2022 - \$Nil).

6. Invested in Capital Assets

Investment in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 3,471,117	\$ 2,805,632
Amounts financed by deferred capital contributions	(2,037,455)	(1,294,283)
	\$ 1,433,662	\$ 1,511,349

Excess of revenue over expenses included in invested in capital assets is calculated as follows:

	2023	2022
Amortization of deferred capital contributions	\$ 268,888	\$ 282,359
Amortization of capital assets	(346,575)	(354,126)
	\$ (77,687)	\$ (71,767)

7. Deferred revenue

Deferred revenue represents externally restricted donations from the public not yet disbursed as of year end, unspent government funding for capital projects, and other unspent portions of multi-year grants.

	2023	2022
Externally restricted funds	\$ 50,789	\$ 39,232
Ministry of Children, Community and Social Services capital project funding	53,000	-
Other	724,568	366,616
	\$ 828,357	\$ 405,848

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2023

8. Infrastructure Agreement

The Organization entered into an Infrastructure Project Agreement with the Minister of Community and Social Services ("Ontario") on February 15, 2011 which was subsequently amended, whereby Ontario will assist the Organization by providing funds for the acquisition and renovation of certain premises to be used in the provision of services to the client group designated and funded by Ontario. In accordance with the amended agreement, Ontario provided financial assistance in the amount of \$1,776,955 for the infrastructure project. The terms and conditions of this financial assistance are:

- (a) The Organization will maintain a separate bank account for all infrastructure projects funded by Ontario and all accrued interest on unexpended grants shall be credited to Ontario's proportionate share of the project.
- (b) Ontario and the Organization will each contribute its proportionate share of the approved cost of the project.
- (c) The Organization will not change the site, structure or use of, or sell, agree to lease, mortgage, encumber, donate or otherwise dispose of all or any part of the premises, or use the premises for other than accommodating the program without the prior written approval of Ontario.
- (d) If the premises is sold, the net proceeds are to be distributed to the Organization and Ontario in accordance with the proportionate share of the parties.
- (e) The Organization has registered on title a restrictive covenant in accordance with the terms of this project agreement.

As at March 31, 2023, the proportionate shares of Ontario and the Organization are as follows:

Ontario's contribution for the purchase of the premises	\$ 1,535,000	
Ontario's contribution for repairs and maintenance	241,955	
	<hr/>	
Ontario's total contribution and percentage	1,776,955	92%
Organization's total contribution and percentage	153,266	8%
	<hr/>	
Total project costs	\$ 1,930,221	100%
	<hr/>	

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2023

9. OAITH Funding

During the year, funding from the Ministry of Children, Community and Social Services was received by the Organization and flowed through directly to the Ontario Association of Interval and Transition Houses ("OAITH").

	2023	2022
Revenue		
Ministry of Children, Community and Social Services	\$ 3,362,404	\$ 3,052,948
Less: Distributed to OAITH	(170,000)	(275,000)
	\$ 3,192,404	\$ 2,777,948
	2023	2022
Expenses		
Program	\$ 1,436,902	\$ 1,504,514
Less: Distributed to OAITH	(170,000)	(275,000)
	\$ 1,266,902	\$ 1,229,514

10. Contingent Liability

During 2022, the Organization through the Regional Municipality of York, received a forgivable loan of \$149,270 from the Province of Ontario's Social Services Relief Fund. The forgivable loan is non-interest bearing and matures December 2026. As per the terms of the agreement, the loan is forgivable provided the Organization is in compliance with the covenants contained in the agreement. The balance received was recognized as revenue in the statement of operations for the year ended March 31, 2022. As of March 31, 2023, the Organization is in compliance with the covenants.

The Regional Municipality of York has a lien against the shelter that expires December 2026 upon maturity of the forgivable loan.