

**Project Hostel o/a Yellow Brick
House
Financial Statements
For the year ended March 31, 2021**

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 - 15



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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 17, 2021

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

March 31 **2021** **2020**

Assets

Current

Cash	\$ 6,193,332	\$ 3,174,457
Short-term investments	-	1,500,519
Accounts receivable	161,660	102,380
Prepaid expenses	59,676	15,715
	6,414,668	4,793,071

Capital assets (Note 2) **3,107,222** **2,709,949**

\$ 9,521,890 **\$ 7,503,020**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 260,899	\$ 260,465
Deferred revenue (Note 7)	521,135	634,968
Current portion of long-term debt (Note 5)	-	60,011
	782,034	955,444

Deferred capital contributions (Note 3) **1,524,680** **1,142,509**

2,306,714 **2,097,953**

Net Assets

Invested in capital assets (Note 6)	1,582,542	1,507,429
Internally restricted	2,473,625	1,061,800
Unrestricted	3,159,009	2,835,838
	7,215,176	5,405,067

\$ 9,521,890 **\$ 7,503,020**

On behalf of the Board:



Director



Director

Project Hostel o/a Yellow Brick House Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Ministry of Children, Community and Social Services (Note 9)	\$ 2,983,599	\$ 2,431,088
Donations and fundraising	1,346,648	1,046,380
COVID-19 Funding	690,155	-
Amortization of deferred capital contributions (Notes 3, 6)	274,565	150,909
Grants	227,107	51,529
United Way	119,870	119,870
Women and Gender Equality	117,000	59,350
Ontario Trillium Foundation	110,879	13,000
Other income	98,799	94,735
Ministry of Attorney General (Note 10)	81,250	81,250
Regional Municipality of York	34,864	62,289
	6,084,736	4,110,400
Expenses		
Salaries and benefits	2,415,858	2,729,575
Program (Note 9)	1,277,108	385,065
Amortization of capital assets (Note 6)	309,078	176,662
Office and administration	66,036	73,258
Repairs and maintenance	65,442	99,850
Occupancy costs	58,545	59,249
Insurance	29,346	26,990
Utilities	25,915	49,427
Professional fees	16,007	18,362
Fundraising	10,565	67,064
Mortgage interest	727	4,183
	4,274,627	3,689,685
Excess of revenue over expenses before other item	1,810,109	420,715
Other item		
Gain on sale of capital assets	-	1,503,555
Excess of revenue over expenses for the year	\$ 1,810,109	\$ 1,924,270

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	2021 Total	2020 Total
Balance, beginning of year	\$ 1,507,429	\$ 1,061,800	\$ 2,835,838	\$ 5,405,067	\$ 3,480,797
Excess of revenue over expenses (Note 6)	(34,513)	-	1,844,622	1,810,109	1,924,270
Purchase of capital assets	706,351	-	(706,351)	-	-
Deferred capital contributions received	(656,736)	-	656,736	-	-
Long-term debt payments	60,011	-	(60,011)	-	-
Transfer from unrestricted to internally restricted	-	1,411,825	(1,411,825)	-	-
Balance, end of year	\$ 1,582,542	\$ 2,473,625	\$ 3,159,009	\$ 7,215,176	\$ 5,405,067

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	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 1,810,109	\$ 1,924,270
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	309,078	176,662
Amortization and write down of deferred capital contributions	(274,565)	(244,831)
Write down related to the sale of capital assets	-	93,922
Gain on sale of capital assets	-	(1,503,555)
Changes in non-cash working capital balances		
Accounts receivable	(59,280)	(4,506)
Prepaid expenses	(43,961)	3,785
Accounts payable and accrued liabilities	434	33,250
Deferred revenue	(113,833)	482,022
	1,627,982	961,019
Investing activities		
Purchase of capital assets	(706,351)	(119,100)
Purchase of short-term investments	-	(1,296,711)
Redemption of short-term investments	1,500,519	-
	794,168	(1,415,811)
Financing activities		
Long-term debt payments	(60,011)	(72,014)
Proceeds from sale of capital assets	-	1,773,085
Deferred capital contributions received	656,736	119,100
	596,725	1,820,171
Increase in cash during the year	3,018,875	1,365,379
Cash, beginning of year	3,174,457	1,809,078
Cash, end of year	\$ 6,193,332	\$ 3,174,457

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

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2021

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, 2021

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 6 months of budgeted operating expenses. During the year, \$1,061,825 (2020 - \$118,661) was approved to be transferred into the fund.

The Capital Fund was created by the Board of Directors as a contingency fund for the replacement of aging capital assets. During the year, \$350,000 (2020- \$Nil) was approved to be transferred into the fund.

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 (2020 - \$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, 2021

2. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,116,185	\$ -	\$ 1,116,185	\$ -
Buildings	2,798,673	1,625,170	2,798,673	1,501,737
Building renovations	1,008,351	328,385	473,960	177,132
Computer equipment	185,376	185,376	185,376	185,376
Office furniture and equipment	519,948	382,380	347,987	347,987
	\$ 5,628,533	\$ 2,521,311	\$ 4,922,181	\$ 2,212,232
Net book value		\$ 3,107,222		\$ 2,709,949

3. Deferred Capital Contributions

	2021	2020
Balance, beginning of year	\$ 1,142,509	\$ 1,268,240
Amortization of deferred capital contributions	(274,565)	(150,909)
Write down in deferred capital contributions due to sale of capital assets	-	(93,922)
Deferred capital contributions received	656,736	119,100
Balance, end of year	\$ 1,524,680	\$ 1,142,509

4. Credit Facility

The Organization has a demand credit facility available in the amount of \$100,000 (2020 - \$100,000) bearing interest at prime plus 1% (2020 - 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, 2021, \$Nil was drawn on this facility (2020 - \$Nil).

Project Hostel o/a Yellow Brick House
Notes to Financial Statements

March 31, 2021

5. Long-term Debt

	2021	2020
Bank of Nova Scotia mortgage on the Richmond Hill property, bearing interest at prime rate plus 0.4% per annum, repayable in monthly principal payments of \$6,001 plus interest, secured by the general security agreement in Note 4, matured January 2021	\$ -	\$ 60,011
Less: Current portion of long-term debt	-	60,011
	\$ -	\$ -

6. Invested in Capital Assets

Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 3,107,222	\$ 2,709,949
Amounts financed by deferred capital contributions	(1,524,680)	(1,142,509)
Amounts financed by long-term debt	-	(60,011)
	\$ 1,582,542	\$ 1,507,429

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

	2021	2020
Amortization of deferred capital contributions	\$ 274,565	\$ 150,909
Amortization of capital assets	(309,078)	(176,662)
	\$ (34,513)	\$ (25,753)

Project Hostel o/a Yellow Brick House
Notes to Financial Statements

March 31, 2021

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.

	<u>2021</u>	<u>2020</u>
Externally restricted funds	\$ 30,211	\$ 179,682
Ministry of Children, Community and Social Services capital project funding	37,094	347,400
Other grants	453,830	107,886
	\$ 521,135	\$ 634,968

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2021

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, 2021, 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, 2021

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").

	2021	2020
Revenue		
Ministry of Children, Community and Social Services	\$ 3,153,599	\$ 2,601,088
Less: Distributed to OAITH	(170,000)	(170,000)
Net Ministry of Children, Community and Social Services Revenue	\$ 2,983,599	\$ 2,431,088
	2021	2020
Expenses		
Program	\$ 1,447,108	\$ 555,065
Less: Distributed to OAITH	(170,000)	(170,000)
Net Program Expenses	\$ 1,277,108	\$ 385,065

10. Ministry of Attorney General

Revenue and expenses for the Ministry of Attorney General funding for the year are as follows:

	2021	2020
Revenue		
Ministry of the Attorney General	\$ 81,250	\$ 81,250
Expenses		
Salaries	93,950	94,599
Mandatory benefits	6,824	8,697
Non-mandatory benefits	12,810	15,067
Office supplies	8,858	4,567
Telecommunications	1,726	583
Staff expenses - training	998	319
Staff expenses - other	-	1,084
Client expenses	-	146
Audit	2,100	2,100
Insurance	850	500
Other expenses	225	10,113
	128,341	137,775
Deficiency of revenue over expenses	\$ (47,091)	\$ (56,525)

Project Hostel o/a Yellow Brick House

Notes to Financial Statements

March 31, 2021

11. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Canada and around the world.

The Organization's shelter services and crisis and support line are deemed an essential workplace and therefore exempt from provincial closure orders. The Organization received Federal and Provincial funding, grants and subsidies towards supporting expenses related to COVID-19. Management continues to implement cost-saving measures to mitigate the financial impact of COVID-19.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, suppliers, sector, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.