

Financial Statements of

**LANARK COUNTY INTERVAL
HOUSE**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lanark County Interval House

Qualified Opinion

We have audited the financial statements of Lanark County Interval House (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the effects of the matters described in the "**Basis for Qualified Opinion**" paragraph, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations, its changes in net assets, and its cash flows for the year then ended in accordance with the basis of accounting as described in Note 1 to the financial statements.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2023 and March 31, 2022;
- the donations and other revenue and excess of revenue over expenses reported in the statement of operations and accumulated surplus for the years ended March 31, 2023 and March 31, 2022; and.
- the net current assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2023 and March 31, 2022.



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- the excess of revenue over expenses reported on the statement of cash flows for the years ended March 31, 2023 and March 31, 2022

Our opinion on the financial statements for the year ended March 31, 2022 was qualified 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Financial Reporting Framework

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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 the basis of accounting described in Note 1 to the financial statements, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

June 12, 2023

LANARK COUNTY INTERVAL HOUSE

Financial Statements

Year ended March 31, 2023

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LANARK COUNTY INTERVAL HOUSE

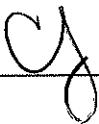
Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 1,458,447	\$ 1,023,207
Investments (note 2)	218,983	226,648
Accounts receivable	85,166	124,763
Prepaid expenses	15,843	18,201
	<u>1,778,439</u>	<u>1,392,819</u>
Tangible capital assets (note 3)	1,301,601	1,238,376
	<u>\$ 3,080,040</u>	<u>\$ 2,631,195</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 127,037	\$ 257,775
Deferred revenue (note 4)	407,292	227,555
	<u>534,329</u>	<u>485,330</u>
Deferred capital contributions (note 6)	1,150,555	1,192,864
	<u>1,684,884</u>	<u>1,678,194</u>
Net assets:		
Unrestricted	1,012,197	572,762
Internally restricted	150,000	150,000
Invested in tangible capital assets (note 7)	151,046	148,326
Second Stage Housing	81,913	81,913
	<u>1,395,156</u>	<u>953,001</u>
Contingent liability (note 5)		
Commitments (note 8)		
Economic dependence (note 10)		
	<u>\$ 3,080,040</u>	<u>\$ 2,631,195</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:





LANARK COUNTY INTERVAL HOUSE

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Provincial funding:		
Ministry of Children, Community and Social Services	\$ 1,269,593	\$ 1,181,748
Ontario Health	29,347	29,347
Ministry of the Attorney General	–	24,250
Donations and funding	466,806	600,594
Grants	539,703	404,880
As Good As New shop income	118,344	88,216
Rental income	156,765	80,507
Amortization of deferred capital contributions	42,309	39,086
Miscellaneous	32,373	8,763
	<u>2,655,240</u>	<u>2,457,391</u>
Expenses:		
Wages and benefits	1,493,903	1,400,377
Repairs and maintenance	132,012	125,243
Rent	87,126	77,310
Resource materials and program supplies	71,391	102,352
Professional fees	61,844	10,058
Amortization	51,569	48,048
Heat, light and power	46,299	41,918
Groceries	33,831	23,482
Telephone	30,018	24,542
Promotions	29,908	22,509
Travel	29,382	26,363
Insurance	24,953	22,495
Information technology	23,684	46,171
Training and staff development	18,870	28,732
Fundraising and event costs	17,832	111,917
Office	17,780	11,212
Property taxes	13,921	13,724
Grants	12,800	7,520
Supplies	6,043	5,385
COVID-19	5,516	117,050
Security system	3,333	33,989
Bank charges and interest	1,070	992
	<u>2,213,085</u>	<u>2,301,389</u>
Excess of revenue over expenses	<u>\$ 442,155</u>	<u>\$ 156,002</u>

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

LANARK COUNTY INTERVAL HOUSE

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Internally restricted	Invested in tangible capital assets	Second Stage Housing	2023 Total	2022 Total
Balance, beginning of year	\$ 572,762	\$ 150,000	\$ 148,326	\$ 81,913	\$ 953,001	\$ 796,999
Excess (deficiency) of revenues over expenses	451,415	—	(9,260)	—	442,155	156,002
Net change in investment intangible capital assets (note 7(b))	(11,980)	—	11,980	—	—	—
Balance, end of year	\$1,012,197	\$ 150,000	\$ 151,046	\$ 81,913	\$1,395,156	\$ 953,001

The accompanying notes are an integral part of these financial statements

LANARK COUNTY INTERVAL HOUSE

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 442,155	\$ 156,002
Items not involving cash:		
Amortization of tangible capital assets	51,569	48,048
Amortization of deferred capital contributions	(42,309)	(39,086)
Change in non-cash operating working capital:		
Accounts receivable	39,597	47,888
Prepaid expenses	2,358	6,561
Accounts payable and accrued liabilities	(130,738)	150,095
Deferred revenue	179,737	(101,227)
Net change in cash from operations	542,369	268,281
Financing activities:		
Increase (decrease) in investments	7,665	107,660
Investing activities:		
Acquisition of tangible capital assets	(114,794)	(512,362)
Increase in deferred capital contributions	—	76,676
	(114,794)	(435,686)
Increase (decrease) in cash	435,240	(59,745)
Cash, beginning of year	1,023,207	1,082,952
Cash, end of year	\$ 1,458,447	\$ 1,023,207

The accompanying notes are an integral part of these financial statements

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements

Year ended March 31, 2023

Lanark County Interval House (the "Corporation") is a shelter for abused women and their children. Services include residential accommodation and 24 hour crisis counselling, a community support program, advocacy and public education.

Lanark County Interval House is incorporated under the laws of Ontario as a not-for-profit Corporation and is a registered charity under the Income Tax Act and as such is exempt from corporate income taxes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) Basis of presentation:

These financial statements have been prepared in accordance with the basis of accounting required by the Ministry of Children, Community and Social Services ("MCCSS"). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as described below:

- (i) Capital assets purchased and funded by MCCSS including the Shelter building are recorded as expenses in the period in which they are purchased, rather than being capitalized on the statement of financial position and amortized over their estimated useful lives.
- (ii) Forgivable loans are recorded as contributions in the year the forgiveness occurs.

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Under the deferral method 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.

Restricted contributions and grants are recognized as revenue in the year in which the related expense is incurred.

Unrestricted donations are recognized as revenue in the year they are received. Donations with designated purposes are deferred and recognized as revenue in the year in which the related costs occur. Pledges are not recorded as revenue.

Fundraising revenue and expenses are recognized in the year in which the related event occurs.

Interest income is recognized as revenue when earned.

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Contributed services:

Contributed services are not reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of time to the Corporation.

(d) Expense recognition:

Expenses are recognized according to the accrual basis of accounting in that the expenses are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

(e) Tangible capital assets:

Tangible capital assets purchased by the Corporation are recorded at cost. Amortization is provided on a straight-line basis using the following estimated useful lives:

Asset	Useful life
Buildings	40 years
Vehicles	5 years

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to subsequently carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Use of estimates:

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

2. Investments:

	2023 Cost	2023 Market Value
Canadian equity, bonds and guaranteed investment certificates	\$ 218,983	\$ 218,983

	2022 Cost	2022 Market Value
Canadian equity, bonds and guaranteed investment certificates	\$ 226,648	\$ 232,235

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Tangible capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 10,000	\$ —	\$ 10,000	\$ 10,000
Buildings:				
Emergency Shelter	210,863	174,899	35,964	40,965
As Good as New Shop	212,789	119,389	93,400	97,361
Beyond Second Stage Housing	1,178,162	55,386	1,122,776	1,037,435
Vehicles	65,767	26,306	39,461	52,615
	<u>\$ 1,677,581</u>	<u>\$ 375,980</u>	<u>\$ 1,301,601</u>	<u>\$ 1,238,376</u>

Cost and accumulated amortization at March 31, 2022 amounted to \$1,562,788 and \$324,412, respectively.

4. Deferred revenue:

2023	Pat Jeeve's Trust Fund	Grants and Funding	Fundraising and Donations	Rent	Total
Balance, beginning of year	\$ 85,301	\$ 123,147	\$ 16,288	\$ 2,819	\$ 227,555
Revenue received in the year	—	171,268	30,383	—	201,651
Revenue earned during the year	2,620	—	—	—	2,620
Expenses in the year	(12,800)	(10,033)	—	(1,701)	(24,534)
Closing balance	<u>\$ 75,121</u>	<u>\$ 284,382</u>	<u>\$ 46,671</u>	<u>\$ 1,118</u>	<u>\$ 407,292</u>

2022	Pat Jeeve's Trust Fund	Grants and Funding	Fundraising and Donations	Rent	Total
Balance, beginning of year	\$ 89,281	\$ 117,319	\$ 117,121	\$ 5,061	\$ 328,782
Revenue received in the year	3,540	211,000	26,420	1,119	242,079
Revenue earned during the year	(7,520)	(205,172)	(127,253)	(3,361)	(343,306)
Closing balance	<u>\$ 85,301</u>	<u>\$ 123,147</u>	<u>\$ 16,288</u>	<u>\$ 2,819</u>	<u>\$ 227,555</u>

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Contingent liability:

	2023	2022
Beyond Second Stage Housing property: The project has received a forgivable loan under the Safe Restart Agreement as part of the COVID-19 Action Plan to Protect Vulnerable Ontarians. The approved loan, from the County of Lanark, is in the amount of \$611,500 for the purchase and development of a residential building. The loan will be forgiven after ten years providing the project complies with the funding guidelines	\$ 611,500	\$ 611,500

6. Deferred capital contributions:

Deferred capital contributions represent the unspent and unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	2023	2022
Balance, beginning of year	\$ 581,364	\$ 543,774
Contributions received	611,500	76,676
Less amounts amortized to revenue	(42,309)	(39,086)
Balance, end of year	\$ 1,150,555	\$ 581,364

The balance of deferred capital contributions related to capital assets consists of the following:

	2023	2022
Unamortized contributions used to purchase assets	\$ 1,150,555	\$ 478,550
Unspent donations	–	102,814
	\$ 1,150,555	\$ 581,364

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Invested in tangible capital assets:

(a) Investment in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 1,301,601	\$ 1,238,376
Amounts funded by:		
Deferred contributions on capital assets	(1,150,555)	(478,550)
Forgivable loan	-	(611,500)
	<u>\$ 151,046</u>	<u>\$ 148,326</u>

(b) Change in net assets investment in capital assets is calculated as follows:

	2023	2022
Deficiency of revenue over expenses:		
Amortization of deferred contributions	\$ 42,309	\$ 39,086
Amortization of capital assets	(51,569)	(48,048)
	<u>\$ (9,260)</u>	<u>\$ (8,962)</u>

	2023	2022
Net change in investment in capital assets:		
Purchase of capital assets	\$ 114,794	\$ 512,362
Amount funded by deferred contributions	(102,814)	(517,636)
Amounts funded by forgivable loan	-	-
	<u>\$ 11,980</u>	<u>\$ 5,274</u>

8. Commitments:

The Corporation has entered into several commercial rent agreements. The Commitment payments fall due as follows:

2024	\$ 5,578
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LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Risk management:

In the normal course of operations, the Corporation is exposed to a variety of financial risks which are actively managed by the Corporation.

The Corporation's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, accounts receivable, deferred revenue and accounts payable approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Corporation's exposure to and management of risk has not changed materially from March 31, 2022.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the funding and accounts receivable. The Corporation assesses on a continuous basis, funding and accounts receivable and provides for any amounts that are not considered collectible in the allowance for impairment. As at March 31, 2023 the amount in the allowance for impairment was \$Nil (2022 - \$Nil).

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation requires working capital to meet day-to-day operating activities. Management expects that the Corporation's cash flows from operating activities will be sufficient to meet these requirements.

10. Economic dependence:

The Corporation receives a significant portion of its funding from the Province of Ontario through Ontario Health and the Ministry of Children, Community and Social Services, and, in this respect, is economically dependent upon the Province of Ontario for continued support. The ability of the Corporation to continue operations as its current size and scale is dependent upon funding agreements remaining in effect.

LANARK COUNTY INTERVAL HOUSE

Schedule 1 - Operations, Ontario Health

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Provincial funding - Ministry of Health	\$ 29,347	\$ 29,347
Expenses:		
Wages and benefits	30,396	69,142
Repairs and maintenance	4,521	2,181
Heat, light and power	2,516	1,995
Telephone	1,078	1,168
Travel	1,067	1,273
Insurance	590	553
Office	446	713
Professional fees	435	435
Supplies	461	415
Resource materials and program materials	347	33
Security system	154	216
Information technology	89	276
	42,100	78,400
Deficiency of revenue over expenses	\$ (12,753)	\$ (49,053)

LANARK COUNTY INTERVAL HOUSE

Schedule 2 - Operations, Ministry of Children, Community and Social Services

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Provincial funding - Ministry of Children, Community and Social Services	\$ 1,269,593	\$ 1,181,748
Miscellaneous grants	32,373	9,369
	<u>1,301,966</u>	<u>1,191,117</u>
Expenses:		
Wages and benefits	1,002,659	1,001,853
Repairs and maintenance	74,189	73,588
Resource materials and program materials	33,309	39,521
Security system	2,539	33,711
Information technology	14,202	23,710
Groceries	28,517	22,363
Travel	23,669	21,684
Heat, light and power	21,438	20,651
Telephone	20,232	17,997
Insurance	18,638	16,994
Training and staff development	13,035	12,609
Rent	13,100	11,178
Office	9,029	8,321
Professional fees	10,954	9,273
Promotions	25,595	7,515
COVID-19 expense	-	5,910
Supplies	3,754	2,717
Bank charges and interest	1,070	992
Fundraising and event costs	367	-
	<u>1,316,296</u>	<u>1,330,587</u>
Deficiency of revenue over expenses	<u>\$ (14,330)</u>	<u>\$ (139,470)</u>

