

Financial Statements of

**LANARK COUNTY INTERVAL
HOUSE**

And Independent Auditor's Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' 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, 2022
- 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, 2022, 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, and the predecessor auditor, 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, 2022 and March 31, 2021;
- 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, 2022 and March 31, 2021.
- 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, 2022 and March 31, 2021.

The predecessor auditor's opinion on the financial statements for the year then ended March 31, 2021 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on August 30, 2021 due to the matter described in the "Basis for Qualified Opinion" section.

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



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- 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
September 26, 2022

LANARK COUNTY INTERVAL HOUSE

Financial Statements

Year ended March 31, 2022

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LANARK COUNTY INTERVAL HOUSE

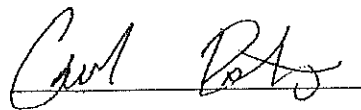
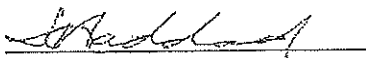
Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,023,207	\$ 1,082,952
Investments (note 2)	226,648	334,308
Accounts receivable	124,763	172,651
Prepaid expenses	18,201	24,762
	<u>1,392,819</u>	<u>1,614,673</u>
Tangible capital assets (note 3)	1,238,376	774,062
	<u>\$ 2,631,195</u>	<u>\$ 2,388,735</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 257,775	\$ 107,680
Deferred revenue (note 4)	227,555	328,782
	<u>485,330</u>	<u>436,462</u>
Forgivable loan (note 5)	611,500	611,500
Deferred capital contributions (note 6)	581,364	543,774
	<u>1,678,194</u>	<u>1,591,736</u>
Net assets:		
Unrestricted	572,762	427,524
Internally restricted	150,000	125,000
Invested in tangible capital assets (note 7)	148,326	162,562
Second Stage Housing	81,913	81,913
	<u>953,001</u>	<u>796,999</u>
Commitments (note 8)		
Economic dependence (note 10)		
	<u>\$ 2,631,195</u>	<u>\$ 2,388,735</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



LANARK COUNTY INTERVAL HOUSE

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Provincial funding:		
Ministry of Children, Community and Social Services	\$ 1,181,748	\$ 1,243,637
Ontario Health	29,347	35,735
Ministry of the Attorney General	24,250	16,250
Donations and funding	600,594	397,409
Grants	404,880	286,104
As Good As New shop income	88,216	59,109
Rental income	80,507	68,499
Amortization of deferred capital contributions	39,086	—
Miscellaneous	8,763	9,294
	<u>2,457,391</u>	<u>2,116,037</u>
Expenses:		
Wages and benefits	1,400,377	1,266,516
Repairs and maintenance	125,243	88,046
COVID-19	117,050	175,914
Fundraising and event costs	111,917	5,117
Resource materials and program supplies	102,352	67,068
Rent	77,310	71,315
Amortization	48,048	8,962
Information technology	46,171	23,278
Heat, light and power	41,918	30,436
Security system	33,989	3,691
Training and staff development	28,732	6,613
Travel	26,363	4,758
Telephone	24,542	25,026
Groceries	23,482	23,762
Promotions	22,509	11,312
Insurance	22,495	18,215
Property taxes	13,724	15,235
Office	11,212	9,013
Professional fees	10,058	18,470
Grants	7,520	6,400
Supplies	5,385	5,965
Bank charges and interest	992	1,148
	<u>2,301,389</u>	<u>1,886,260</u>
Excess of revenue over expenses	<u>156,002</u>	<u>229,777</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, 2022, with comparative information for 2021

	Unrestricted	Internally restricted	Invested in tangible capital assets	Second Stage Housing	2022 Total	2021 Total
Balance, beginning of year	\$ 427,524	\$ 125,000	\$ 162,562	\$ 81,913	\$ 796,999	\$ 567,222
Excess (deficiency) of revenues over expenses	164,964	—	(8,962)	—	156,002	229,777
Net change in investment intangible capital assets (note 7(b))	5,274	—	(5,274)	—	—	—
Interfund transfers	(25,000)	25,000	—	—	—	—
Balance, end of year	\$ 572,762	\$ 150,000	\$ 148,326	\$ 81,913	\$ 953,001	\$ 796,999

The accompanying notes are an integral part of these financial statements

LANARK COUNTY INTERVAL HOUSE

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 156,002	\$ 229,777
Items not involving cash:		
Amortization of tangible capital assets	48,048	8,962
Amortization of deferred capital contributions	(39,086)	—
Change in non-cash operating working capital:		
Accounts receivable	47,888	(116,695)
Prepaid expenses	6,561	(7,502)
Accounts payable and accrued liabilities	150,095	17,736
Deferred revenue	(101,227)	109,110
Net change in cash from operations	268,281	241,388
Financing activities:		
Increase in forgivable loan	—	611,500
Increase (decrease) in investments	107,660	(103,968)
	107,660	507,532
Investing activities:		
Acquisition of tangible capital assets	(512,362)	(616,774)
Increase in deferred capital contributions	76,676	543,774
	(435,686)	(73,000)
Increase (decrease) in cash	(59,745)	675,920
Cash, beginning of year	1,082,952	407,032
Cash, end of year	\$ 1,023,207	\$ 1,082,952

The accompanying notes are an integral part of these financial statements

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements

Year ended March 31, 2022

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, 2022

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.

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(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.

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.

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Investments:

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

	2021 Cost	2021 Market Value
Canadian equity, bonds and guaranteed investment certificates	\$ 334,308	\$ 336,155

3. Tangible capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 10,000	\$ —	\$ 10,000	\$ 10,000
Buildings:				
Moore Street	210,863	169,898	40,965	45,966
Bridge Street	212,789	115,428	97,361	101,322
Beyond Second Stage Housing	1,063,369	25,934	1,037,435	616,774
Vehicles	65,767	13,152	52,615	—
	\$ 1,562,788	\$ 324,412	\$ 1,238,376	\$ 774,062

Cost and accumulated amortization at March 31, 2021 amounted to \$1,050,425 and \$276,363, respectively.

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Deferred revenue:

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	\$ 85,301	\$ 123,147	\$ 16,288	\$ 2,819	\$ 227,555

2021	Pat Jeeve's Trust Fund	Grants and Funding	Fundraising and Donations	Rent	Total
Balance, beginning of year	\$ 92,791	\$ 18,930	\$ 43,830	\$ 5,559	\$ 161,110
Revenue received in the year	—	164,530	147,077	4,211	315,818
Interest earned in the year	2,890	—	—	—	2,890
Revenue earned during the year	(6,400)	(66,141)	(73,786)	(4,709)	(151,036)
Closing balance	\$ 89,281	\$ 117,319	\$ 117,121	\$ 5,061	\$ 328,782

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Forgivable loan:

	2022	2021
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.

	2022	2021
Balance, beginning of year	\$ 543,774	\$ 58,562
Contributions received	76,676	534,466
Less amounts amortized to revenue	(39,086)	(49,254)
Balance, end of year	\$ 581,364	\$ 543,774

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

	2022	2021
Unamortized contributions used to purchase assets	\$ 478,550	\$ -
Unspent donations	102,814	543,774
	\$ 581,364	\$ 543,774

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Invested in tangible capital assets:

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

	2022	2021
Capital assets	\$ 1,238,376	\$ 774,062
Amounts funded by:		
Deferred contributions on capital assets	(478,550)	-
Forgivable loan	(611,500)	(611,500)
	\$ 148,326	\$ 162,562

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

	2022	2021
Deficiency of revenue over expenses:		
Amortization of deferred contributions	\$ 39,086	\$ -
Amortization of capital assets	(48,048)	(8,962)
	\$ (8,962)	\$ (8,962)

	2022	2021
Net change in investment in capital assets:		
Purchase of capital assets	\$ 512,362	\$ 616,774
Amount funded by deferred contributions	(517,636)	-
Amounts funded by forgivable loan	-	(611,500)
	\$ 5,274	\$ 5,274

8. Commitments:

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

2023	\$ 11,151
2024	5,578
	\$ 16,729

LANARK COUNTY INTERVAL HOUSE

Notes to Financial Statements (continued)

Year ended March 31, 2022

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, 2021.

(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, 2022 the amount in the allowance for impairment was \$Nil (2021 - \$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.

11. Comparative information:

Certain 2021 comparative information has been reclassified to conform with the financial statement presentation adopted for the current period.

LANARK COUNTY INTERVAL HOUSE

Schedule 1 - Operations, Ministry of the Attorney General

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Provincial funding - Ministry of the Attorney General	\$ 24,250	\$ 16,250
Expenses:		
Wages and benefits	22,020	13,870
Telephone	715	200
Rent	600	600
Training and staff development	363	—
Professional fees	350	350
Resource materials and program supplies	199	—
Travel	3	—
Information technology	—	880
Office	—	350
	24,250	16,250
Excess of revenue over expenses	\$ —	\$ —

LANARK COUNTY INTERVAL HOUSE

Schedule 2 - Operations, Ontario Health

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Provincial funding - Ministry of Health	\$ 29,347	\$ 35,735
Expenses:		
Wages and benefits	69,142	54,034
Repairs and maintenance	2,181	2,675
Heat, light and power	1,995	1,579
Travel	1,273	490
Telephone	1,168	1,305
Office	713	727
Insurance	553	654
Professional fees	435	435
Supplies	415	526
Information technology	276	19
Security system	216	183
Resource materials and program materials	33	435
COVID-19 expense	-	219
	78,400	63,281
Deficiency of revenue over expenses	\$ (49,053)	\$ (27,546)

LANARK COUNTY INTERVAL HOUSE

Schedule 3 - Operations, Ministry of Children, Community and Social Services

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Provincial funding - Ministry of Children, Community and Social Services	\$ 1,181,748	\$ 1,243,637
Miscellaneous grants	9,369	1,996
	<u>1,191,117</u>	<u>1,245,633</u>
Expenses:		
Wages and benefits	1,001,853	1,018,539
Repairs and maintenance	73,588	44,305
Resource materials and program materials	39,521	50,642
Security system	33,711	3,302
Information technology	23,710	17,087
Groceries	22,363	21,778
Travel	21,684	3,986
Heat, light and power	20,651	16,334
Telephone	17,997	18,624
Insurance	16,994	13,623
Training and staff development	12,609	3,905
Rent	11,178	10,430
Office	8,321	6,830
Professional fees	8,265	10,941
Promotions	7,515	13,144
COVID-19 expense	5,910	66,950
Supplies	2,717	3,481
Labour negotiations	1,008	-
Bank charges and interest	992	1,140
Community support	-	51
Miscellaneous expense	-	280
	<u>1,330,587</u>	<u>1,325,372</u>
Deficiency of revenue over expenses	<u>\$ (139,470)</u>	<u>\$ (79,739)</u>

