

**Ernestine's Women's Shelter**  
**Financial Statements**  
For the year ended March 31, 2020

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## Independent Auditor's Report

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To the Board of Directors of Ernestine's Women's Shelter

### Qualified Opinion

We have audited the accompanying financial statements of Ernestine's Women's Shelter (the organization), which comprise the statement of financial position as at March 31, 2020, 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 as at March 31, 2020, 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 fundraising and donation revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 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.

## **Chartered Professional Accountants, Licensed Public Accountants**

Barrie, Ontario  
June 22, 2020

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**Ernestine's Women's Shelter  
Statement of Financial Position**

March 31 2020 2019

**Assets**

**Current**

Cash (note 2)	\$ 186,523	\$ 63,502	
Short-term investments (note 3)	56,194	59,074	
Accounts receivable (note 4)	72,118	37,844	
Prepaid expenses	65,547	71,438	
	380,382	231,858	
Long-Term Investments (note 3)	681,132	795,939	
Capital Assets, at cost less accumulated amortization (note 5)	3,461,001	3,595,863	
	\$ 4,522,515	\$ 4,623,660	

**Liabilities and Net Assets**

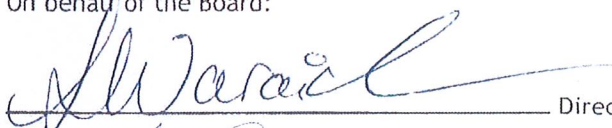
**Current Liabilities**

Accounts payable and accrued liabilities (note 6)	\$ 100,888	\$ 136,984	
Deferred contributions (note 7)	79,042	82,637	
	179,930	219,621	
Long-Term Debt (note 8)	675,555	712,221	
Deferred Contributions Related to Capital Assets (note 9)	1,834,990	1,917,645	
Contingency (note 14)			

**Net Assets**

Unrestricted	611,498	538,090	
Internally restricted reserve funds (note 11)	270,086	270,086	
Invested in capital assets (note 10)	950,456	965,997	
	1,832,040	1,774,173	
	\$ 4,522,515	\$ 4,623,660	

On behalf of the Board:

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

## Ernestine's Women's Shelter Statement of Operations

For the year ended March 31	2020	2019
<b>Revenues</b>		
Ministry of Children, Community and Social Services (note 12)	\$ 1,407,040	\$ 1,375,029
Fundraising and donations	596,620	564,043
United Way	336,482	336,482
Amortization of deferred contributions related to capital assets (note 9)	93,655	89,246
City of Toronto	60,034	49,101
CMHC debt forgiveness (note 8)	36,666	36,666
City of Toronto - personal needs allowance	36,407	51,353
Investment income	31,849	42,597
Other	1,401	4,937
Government of Canada	12,394	7,040
Unrealized loss on investments	(65,274)	(9,166)
Ministry of Citizenship	-	1,509
	<b>2,547,274</b>	<b>2,548,837</b>
<b>Expenses</b>		
Salaries and wages	1,516,516	1,530,690
Residents' expenses (note 13)	269,610	304,268
Employee benefits	245,198	255,165
Amortization of capital assets	153,491	148,001
Fundraising expenses	86,220	86,787
Office and general	59,943	65,678
Repairs and maintenance	71,345	81,965
Professional fees	28,267	27,155
Transitional support expenses	16,263	14,723
Payroll fees and bank charges	14,926	12,735
Training and development	13,082	13,691
Capacity building	5,428	5,400
Memberships and dues	4,733	6,398
Volunteer expenses	4,385	6,019
	<b>2,489,407</b>	<b>2,558,675</b>
<b>Excess of revenues over expenses (expenses over revenues) for the year</b>	<b>\$ 57,867</b>	<b>\$ (9,838)</b>

## Ernestine's Women's Shelter Statement of Changes in Net Assets

For the year ended March 31

2020

	Unrestricted	Internally Restricted (note 11)	Invested in Capital Assets (note 10)	Total
Balance, beginning of year	\$ 538,090	\$ 270,086	\$ 965,997	\$ 1,774,173
Excess of revenues over expenses (expenses over revenues) for the year	81,037	-	(23,170)	57,867
Net change in investment in capital assets	(7,629)	-	7,629	-
<b>Balance, end of year</b>	<b>\$ 611,498</b>	<b>\$ 270,086</b>	<b>\$ 950,456</b>	<b>\$ 1,832,040</b>

For the year ended March 31

2019

	Unrestricted	Internally Restricted (note 11)	Invested in Capital Assets (note 10)	Total
Balance, beginning of year	\$ 536,740	\$ 270,086	\$ 977,185	\$ 1,784,011
Excess of revenues over expenses (expenses over revenues) for the year	12,251	-	(22,089)	(9,838)
Net change in investment in capital assets	(10,901)	-	10,901	-
<b>Balance, end of year</b>	<b>\$ 538,090</b>	<b>\$ 270,086</b>	<b>\$ 965,997</b>	<b>\$ 1,774,173</b>

## Ernestine's Women's Shelter Statement of Cash Flows

For the year ended March 31	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 57,867	\$ (9,838)
Adjustments for		
Amortization of capital assets	153,491	148,001
CMHC debt forgiveness	(36,666)	(36,666)
Amortization of deferred contributions related to capital assets	(93,655)	(89,246)
	81,037	12,251
Net change in non-cash working capital balances		
Accounts receivable	(34,274)	18,182
Prepaid expenses	5,894	14,842
Accounts payable and accrued liabilities	(36,096)	(8,339)
Deferred contributions	(3,596)	(19,455)
	(68,072)	5,230
<b>Cash flows from investing activities</b>		
Additions to capital assets	(18,629)	(118,069)
Decrease in investments	117,685	53,728
	99,056	(64,341)
<b>Cash flows from financing activities</b>		
Increase in deferred contributions related to capital assets	11,000	107,168
	123,021	60,308
<b>Increase in cash during the year</b>		
Cash, beginning of year	63,502	3,194
<b>Cash, end of year</b>	\$ 186,523	\$ 63,502

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# Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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## 1. Significant Accounting Policies

### Nature and Purpose of Organization

Ernestine's Women's Shelter is incorporated without share capital under the laws of Ontario. Ernestine's provides temporary emergency housing, crisis counselling and protection for women and children escaping from situations of emotional, psychological and physical abuse.

### Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

### Use of Estimates

The preparation of financial statements in accordance 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 amounts of revenue and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include the estimated useful life of capital assets and fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

### Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal amount.

Amortization is provided on capital assets based on a straight line basis over their estimated useful lives as follows:

Building	- 40 years
Shelter furniture and equipment	- 10 years
Office furniture and equipment	- 5 years
Telephone system	- 10 years
Security system	- 10 years
Paving and landscaping	- 10 years
Fence	- 40 years
Computer software	- 1 year
Computer hardware	- 3 years



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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Revenue Recognition

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

Operating revenues, including grants, are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that future period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate which corresponds with the amortization rate of the related capital asset.

Investment income is recorded when earned.

Forgiveness of debt is recognized as revenue in the period when the debt is forgiven.

#### Income Taxes

The organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

#### Contributed Materials and Services

Contributions of materials and assets are recognized in the period they are donated at their fair market value.

The organization is dependent on the voluntary services of many individuals. Since these contributed services are not normally purchased by the organization and because of the inherent difficulty in estimating their fair value, these services are not recorded in these financial statements.

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the organization's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. The organization considers that no circumstances exist that would require such an evaluation.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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### 2. Cash

	<u>2020</u>	<u>2019</u>
Petty cash	\$ 526	\$ 550
Investment cash	21,093	39,493
General account	164,884	21,457
Web donations account	20	2,002
	<u>\$ 186,523</u>	<u>\$ 63,502</u>

The organization's bank accounts are held at a chartered bank. The bank accounts earn interest at variable rates calculated on the daily balance.

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 3. Investments

	<u>2020</u>	<u>2019</u>
Bonds, measured at amortized cost	\$ 453,755	\$ 509,190
Canadian equities, measured at fair value	283,571	345,823
Less amounts maturing in the next 12 months included in current assets	<u>(56,194)</u>	<u>(59,074)</u>
	<u>\$ 681,132</u>	<u>\$ 795,939</u>

Investments in bonds have an effective interest rate of 3.15% to 5.65% per annum (2019 - 2.58% to 5.65%) and have maturity dates between February 1, 2021 and December 1, 2033 (2019 - May 27, 2019 and December 1, 2033).

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### 4. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Grants receivable	\$ 52,354	\$ 18,311
Accrued interest receivable on investments	3,557	4,697
HST receivable	<u>16,207</u>	<u>14,836</u>
	<u>\$ 72,118</u>	<u>\$ 37,844</u>

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 5. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 833,588	\$ -	\$ 833,588	\$ -
Building	3,558,474	1,194,637	3,558,474	1,105,675
Computer hardware and software	85,339	77,919	79,149	69,352
Shelter furniture and equipment	299,639	155,044	299,639	128,768
Office furniture and equipment	203,275	154,891	203,275	130,385
Telephone system	12,441	622	-	-
Security system	52,876	45,208	52,876	44,184
Paving and landscaping	44,154	44,077	44,154	41,673
Fence	45,312	1,699	45,311	566
	<b>\$ 5,135,098</b>	<b>\$ 1,674,097</b>	<b>\$ 5,116,466</b>	<b>\$ 1,520,603</b>
Net book value		<b>\$ 3,461,001</b>		<b>\$ 3,595,863</b>

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### 6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities as at March 31, 2020 are government remittances totaling \$16,435 (2019 - \$19,525).

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### 7. Deferred Contributions

Deferred operating contributions relates to funding received in the current year that will be recognized into revenue in future years when the related expenses are incurred.

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

### 8. Long-Term Debt

	2020	2019
<p>City of Toronto forgivable loan payable, loan is non-interest bearing and the agreement is for a 25 year term, the loan is 100% repayable if the agreement is terminated before April 12, 2021; 75% is repayable if the agreement is terminated between April 12, 2021 and April 12, 2025; 50% repayable if the agreement is terminated between April 12, 2025 and April 11, 2030, loan is secured by a collateral charge on the property.</p>	\$ 565,554	\$ 565,554
<p>Canada Mortgage and Housing Corporation forgivable loan payable, loan is non-interest bearing and the agreement is for a 15 year term, maturing May 1, 2022, loan is forgivable at the rate of 1/15th of the original principal amount of \$550,000 for each year (\$36,667 per year) that the property is owned and used in accordance with the agreement beginning May 1, 2008, if default occurs or if there is any breach of the conditions set out in the commitment letter, the unearned amount is immediately due and payable, the loan is secured by a registered first mortgage on the property.</p>	110,001	146,667
	\$ 675,555	\$ 712,221

### 9. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized amount of grants and restricted donations received and used for the purchase of certain capital assets. The amortization of these contributions is recorded as revenue in the statement of operations.

	2020	2019
Balance, beginning of year	\$ 1,917,645	\$ 1,899,723
Assaulted Women's Helpline funding	11,000	-
Ministry of Children, Community and Social Services, Social Infrastructure Fund	-	15,255
United Way Funding for capital purchases	-	91,913
Amounts amortized to revenue	(93,655)	(89,246)
Balance, end of year	\$ 1,834,990	\$ 1,917,645

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 10. Net Assets Invested in Capital Assets

Net assets invested in capital assets consists of the following:

	2020	2019
Capital assets	\$ 3,461,001	\$ 3,595,863
Long-term debt	(675,555)	(712,221)
Deferred contributions related to capital assets	(1,834,990)	(1,917,645)
	\$ 950,456	\$ 965,997

Net change in investment in capital assets:

	2020	2019
Additions to capital assets	\$ 18,629	\$ 118,069
Increase in deferred grants related to capital assets	(11,000)	(107,168)
	\$ 7,629	\$ 10,901

The portion of excess of revenues over expenses (expenses over revenues) charged to net assets invested in capital assets consists of the following:

	2020	2019
Amortization of deferred contributions related to capital assets	\$ 93,655	\$ 89,246
CMHC debt forgiveness	36,666	36,666
Amortization of capital assets	(153,491)	(148,001)
	\$ (23,170)	\$ (22,089)

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 11. Internally Restricted Reserve Funds

#### Capital Acquisitions and Replacements Reserve Fund

During 2003, the Board of Directors have approved a policy to designate any unrestricted operating surplus in excess of three months' operating expenses as internally restricted assets for capital acquisitions and replacements. There were no allocations from unrestricted assets for this purpose during the year.

	2020	2019
Balance, beginning and end of year	\$ 240,086	\$ 240,086

#### Human Resources Reserve Fund

During 2007, the Board has approved a policy to designate certain surplus funds to a Human Resource fund. These funds will allow the organization to manage, on an ongoing basis, unanticipated personnel expenditures. During the year, there were no allocations from unrestricted assets for this purpose.

	2020	2019
Balance, beginning and end of year	\$ 30,000	\$ 30,000

<b>Total Internally Restricted Reserve Funds</b>	<b>\$ 270,086</b>	<b>\$ 270,086</b>
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### 12. Ministry of Children, Community and Social Services Grant Revenues

	2020	2019
Case management	\$ 1,211,494	\$ 1,194,224
Transitional support program	71,276	71,456
Capacity building	5,400	7,500
Proxy pay equity adjustment	4,863	4,853
Temporary beds	45,000	60,000
Bill 148 NMW	-	18,505
Children and youth safe space program	-	18,491
Child and youth	51,403	-
COVID-19 residential relief	17,604	-
	<b>\$ 1,407,040</b>	<b>\$ 1,375,029</b>

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 13. Residents' Expenses

	2020	2019
Program expense	\$ 134,904	\$ 148,177
Food and supplies	82,954	97,853
Utilities	31,586	39,091
Insurance	16,071	15,331
Telephone	4,095	3,816
	<u>\$ 269,610</u>	<u>\$ 304,268</u>

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### 14. Contingency

Several of the organization's programs are funded by external agencies, including the Ministry of Children, Community and Social Services, United Way and City of Toronto. The organization has a service contract under the MCCSS Act with the Ministry. The amount of funding provided to the organization is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the period April 1, 2019 to March 31, 2020 has not been subject to this review process. Any adjustment to prior years' funding resulting from a review of the programs by these agencies are recorded in the period in which written confirmation is received.

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### 15. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. Due to both Federal and Provincial government restrictions put in place to mitigate the impact of this virus, the organization temporarily reduced its operations to essential work only.

The Ministry has created a COVID-19 Residential Relief Fund (CRRF) to support residential gender-based violence residential programming to help address the financial and service delivery pressures during the outbreak. Additionally, the organization has received additional funding from the United Way of Greater Toronto and Shelter's Canada subsequent to year end in response to the pandemic.

If the impacts of COVID-19 continue, there could be impacts on the organization and the clients it serves, suppliers and other third party business associates that may impact the timing and delivery of services and funding amounts received by the Ministry. At this time, the full potential impact of COVID-19 on the organization is not known.

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## Ernestine's Women's Shelter Notes to the Financial Statements

For the year ended March 31, 2020

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### 16. Financial Instrument Risk

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk through its interest bearing investments.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from non-collection of its accounts receivable. The majority of the organization's receivables are due from government entities. There has been no history of significant impairments and management considers there to be minimal exposure to credit risk.

#### Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and long-term debt.

#### Market Risk

The company is exposed to fluctuations in equity markets on its long-term investments.

There has been no changes to the organization's financial instrument risk exposure from the prior year.

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### 17. Economic Dependence

The organization received 62.9% (2019 - 61.1%) of its revenue from a combination of grants from federal, provincial and municipal governments.

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