

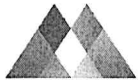
YOUTH WITHOUT SHELTER

Financial Statements

Year ended March 31, 2022

YOUTH WITHOUT SHELTER
Index to Financial Statements
March 31, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF CHANGES IN NET ASSETS.....	4
STATEMENT OF OPERATIONS.....	5
STATEMENT OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS.....	7 - 14



INDEPENDENT AUDITOR'S REPORT

To the Members of
Youth Without Shelter

Qualified Opinion

We have audited the financial statements of Youth Without Shelter, which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations 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 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, 2022, 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 charitable organizations, the Organization derives revenue from donations and fundraising activities, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2022, current assets as at March 31, 2022, and net assets as at April 1, 2021 and March 31, 2022.

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 opinion.

Other Matter

The financial statements of the Organization for the year ended March 31, 2021 were audited by another auditor who expressed a modified opinion on those financial statements on August 25, 2021.

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 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.

INDEPENDENT AUDITOR'S REPORT - cont'd

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 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.
- ◆ 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
August 22, 2022

YOUTH WITHOUT SHELTER

Statement of Financial Position

March 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 909,559	\$ 815,689
Short-term investments (Note 3)	6,984	172,267
Accounts receivable	77,898	89,294
Prepaid expenses and deposits	68,260	48,886
	1,062,701	1,126,136
Investments held for internally restricted reserves (Note 3 and 9)	1,140,844	970,844
Property and equipment (Note 4)	1,911,961	1,869,534
Assets held in trust (Note 5)	9,076	9,076
	\$ 4,124,582	\$ 3,975,590
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 71,008	\$ 202,503
Deferred revenues (Note 6)	658,848	428,441
	729,856	630,944
Deferred property and equipment grants (Note 7)	1,242,459	1,209,420
Funds held in trust (Note 5)	9,076	9,076
Long-term forgivable capital loan (Note 8)	-	153,669
	1,981,391	2,003,109
Net assets		
Unrestricted	332,845	495,193
Internally restricted (Note 9)	1,140,844	970,844
Invested in property and equipment	669,502	506,444
	2,143,191	1,972,481
	\$ 4,124,582	\$ 3,975,590

Approved on behalf of the Board:



Member



Member

YOUTH WITHOUT SHELTER

Statement of Changes in Net Assets

Year ended March 31, 2022

	Unrestricted	Internally restricted	Invested in property and equipment	Total 2022	Total 2021
Balance, beginning of year	\$ 495,193	\$ 970,844	\$ 506,444	\$ 1,972,481	\$ 1,702,892
Excess of revenues over expenses	170,710	-	-	170,710	269,589
Net amortization for the year	35,487	-	(35,487)	-	-
Property and equipment purchases	(242,718)	-	242,718	-	-
Property and equipment grants received	44,173	-	(44,173)	-	-
Interfund transfer (Note 9)	(170,000)	170,000	-	-	-
Balance, end of year	\$ 332,845	\$ 1,140,844	\$ 669,502	\$ 2,143,191	\$ 1,972,481

YOUTH WITHOUT SHELTER**Statement of Operations****Year ended March 31, 2022**

	2022	2021
Revenues		
Contributions		
Donations and fundraising (Note 11)	\$ 1,530,779	\$ 1,560,837
Grants	1,038,320	1,139,617
City of Toronto		
Per diem fees	1,144,660	1,147,493
Community Housing Support	100,000	100,000
Amortization of property and equipment grants (Note 7)	164,803	171,930
Interest and other	4,716	26,008
	3,983,278	4,145,885
Expenses		
Salaries and benefits	2,347,914	2,236,629
Administrative and operational		
Materials and services (Note 10)	525,289	319,221
Residents' needs (Note 10)	218,984	313,259
Food services (Note 10)	149,160	187,024
Transportation, insurance and other	43,301	54,522
Property management and building		
Building maintenance services (Note 10)	278,542	500,342
Amortization	200,291	200,802
Utilities and property tax	49,087	64,497
	3,812,568	3,876,296
Excess of revenues over expenses	\$ 170,710	\$ 269,589

YOUTH WITHOUT SHELTER

Statement of Cash Flows

Year ended March 31, 2022

	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 170,710	\$ 269,589
Amortization of property and equipment	200,291	200,802
Amortization of property and equipment grants	(164,803)	(171,930)
In-kind contributions	(376,460)	(341,010)
In-kind expenses	376,460	341,010
	206,198	298,461
Changes in		
Accounts receivable	11,396	(33,041)
Prepaid expenses and deposits	(19,374)	(18,568)
Accounts payable and accrued liabilities	(131,495)	144,025
Deferred revenues	230,407	(56,974)
	297,132	333,903
Financing activities		
Property and equipment grants received	44,173	132,586
Investing activities		
Change in investments (net)	(4,717)	(15,406)
Purchase of property and equipment	(242,718)	(231,808)
	(247,435)	(247,214)
Change in cash position	93,870	219,275
Cash, beginning of year	815,689	596,414
Cash, end of year	\$ 909,559	\$ 815,689

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

1. Nature of operations

Youth Without Shelter (the "Organization") is a registered charity incorporated in the Province of Ontario without share capital. It is incorporated under the name Youth Without Shelter Terra House North Toronto Emergency and Referral Agency. The shelter is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The shelter operates two facilities with a link between the two buildings. The original shelter operates a 33-bed residence in Toronto for temporary shelter and provides a supportive environment for youth in times of personal and family crisis. The second building offers a stay-in-school program for an additional 20 youth by providing long-term transitional housing and support.

Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Organization in future periods. The Organization projects that it will be able to continue its programming with no significant disruptions and has secured funding contracts for the next fiscal year. Management continues to closely monitor and assess the impact on operations.

2. Summary of significant accounting policies

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook.

Use of estimates

The preparation of these financial statements in accordance with ASNPO 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 revenues and expenses during the year. Estimates are periodically reviewed and any adjustments are reported in the year in which they become known. Significant estimates include the useful life of property and equipment, and the fair value of donated assets, materials, and services. Actual results could differ from these estimates.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

2. Summary of significant accounting policies - cont'd

Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions. Restricted contributions, including government funding, donations and fundraising, and other contributions, are recognized as revenue in the year in which the related expenses are incurred. 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.

Grants related to the purchase of property and equipment are recorded as revenue in the same year the related property and equipment are charged to operations. Grants related to the purchase of land is recorded as a direct increase in net assets in the year of receipt.

Government funding for providing youth accommodation is recognized based on the services delivered in the year. Any grant funds unspent at year end are recorded in deferred revenues.

Fundraising revenue is recognized when the event occurs.

Interest and other revenue is recorded when earned.

Contributed goods and services

Contributed goods and services are recognized at fair value when received, when they would be used in the normal course of operations, and would otherwise have been purchased.

Property and equipment

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

Building	25 years
Building improvements	10 years
Major equipment	10 years
Furniture and fixtures	7 years
Computer equipment	3 years
Vehicle	8 years

The Organization regularly reviews its property and equipment to eliminate obsolete items.

The amortization of property and equipment acquired during the year commences when they are placed into use.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

2. Summary of significant accounting policies - cont'd

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Financial instruments

The Organization's financial instruments consist of cash, investments, accounts receivable, and accounts payable.

All financial instruments are initially measured at fair value, and subsequently, at amortized cost, with the exception of investments, which are measured at cost plus accrued interest.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment, and are adjusted accordingly.

3. Investments

Investments are comprised of \$955,761 (2021 - \$949,439) in Guaranteed Investment Certificates issued by a major Canadian chartered bank, which earn interest in the range of 0.20% to 0.50% (2021 - 0.20% to 1.15%) and mature between April and July 2022 (2021 - April and July 2021); as well as \$192,067 (2021 - \$193,672) held in an investment savings account, earning interest at 0.60% (2021 - 0.20%).

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

4. Property and equipment

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 371,162	\$ -	\$ 371,162	\$ 371,162
Building	2,293,323	1,382,389	910,934	1,002,027
Building improvements	632,712	266,360	366,352	332,954
Major equipment	90,105	38,459	51,646	53,619
Furniture and fixtures	167,117	139,232	27,885	40,855
Computer equipment	65,821	46,031	19,790	9,599
Vehicle	66,654	14,667	51,987	59,318
Bathurst property acquisition (Note 11)	112,205	-	112,205	-
	\$ 3,799,099	\$ 1,887,138	\$ 1,911,961	\$ 1,869,534

5. Funds administered for others

The shelter is administering funds of \$9,076 (2021 - \$9,076) on behalf of the Youth Shelter Interagency Network. The funds are held in cash, and remain unchanged from the prior year.

6. Deferred revenue

The continuity of deferred revenues is as follows:

	2022	2021
Balance, beginning of year	\$ 428,441	\$ 485,415
Add: Restricted contributions received in year	1,080,844	1,322,627
Less: Restricted contributions spent in year	(806,264)	(1,247,015)
Less: Funds used to purchase property and equipment (Note 7)	(44,173)	(132,586)
	\$ 658,848	\$ 428,441

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

7. Deferred property and equipment grants

Deferred property and equipment grants as at March 31 are comprised of the following:

	2022	2021
Building and building improvements	\$ 1,143,217	\$ 1,103,396
Equipment	42,586	40,335
Furniture and fixtures	21,770	29,579
Vehicle	21,670	25,419
Computer equipment	13,216	10,691
	\$ 1,242,459	\$ 1,209,420

The continuity of deferred property and equipment grants is as follows:

	2022	2021
Balance, beginning of year	\$ 1,209,420	\$ 1,095,431
Add: Property and equipment grants received in year	153,669	153,333
Add: Grants from deferred revenues (Note 6)	44,173	132,586
Less: Grants amortized to revenues in year	(164,803)	(171,930)
Balance, end of year	\$ 1,242,459	\$ 1,209,420

8. Long-term forgivable capital loan

The Canada Mortgage and Housing Corporation ("CMHC") provided a forgivable capital loan to a maximum of \$2,300,000 for a term of 15 years. Funds borrowed on this loan are recorded as part of capital grants. The unforgiven portion of the loan at March 31, 2022 is \$Nil (2021 - \$153,669).

Forgiveness of the loan was earned at a rate of one-fifteenth of the original principal amount for each year that the shelter continued to own and use the property for youth shelter services. As the loan was forgiven, the contribution to the shelter was treated as follows:

- ♦ The portion of the contribution related to land, estimated at \$371,162, was recorded as a direct increase in net assets in the first year of forgiveness.
- ♦ The portion of the contribution related to the cost of the building, leasehold improvements, and furniture and equipment was deferred and recognized as revenue over the life of the assets.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

8. Long-term forgivable capital loan - cont'd

The forgivable loan was secured by a first mortgage on the property for the full amount of the loan, a general assignment of revenues, and a first security interest in chattels.

9. Internally restricted investments and net assets

The Board of Directors (the "Board") designated a portion of net assets to be set aside in reserves. The Organization maintains certain cash and Guaranteed Investment Certificates in segregated accounts which are designated for internally restricted purposes.

Capital Reserve

The Board established a Capital Reserve to set aside funds for capital purposes. The reserve funds will be used for capital replacement, acquisition, renovation, or for unforeseen working capital requirements, as approved by the Board. Effective March 31, 2022, the Board approved a transfer of \$Nil (2021 - \$156,109) to the Capital Reserve from unrestricted net assets.

Contingency Reserve

The Contingency Reserve was established to preserve the provision of service in the event of a shortfall in contributions, or in the event of disaster or any such other emergency. The reserve is not to exceed 180 days of the shelter's operating expenditures from the previous year. Funds contributed are from the Organization's own fundraising efforts or from donations. It is the intention of the Board to add to the Contingency Reserve until the maximum of 180 days of operating expenditures is attained. Effective March 31, 2022, the Board approved a transfer of \$Nil (2021 - \$175,000) to the Contingency Reserve from unrestricted net assets.

Long-Term Development Fund

In 2016, the Board established the Long-Term Development Fund to be used for a feasibility study and research into possible expansion and other strategic initiatives as outlined in the Organization's strategic plan. Effective March 31, 2022, the Board approved a transfer of \$170,000 (2021 - \$170,000) to the Long-Term Development Fund from unrestricted net assets.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

9. Internally restricted investments and net assets - cont'd

Internally restricted net assets are comprised of the following:

	2022	2021
Capital Reserve	\$ 300,000	\$ 300,000
Contingency Reserve	425,000	425,000
Long-Term Development Fund	415,844	245,844
	\$ 1,140,844	\$ 970,844

10. Donations and fundraising revenue

Donation and fundraising were received from the following sources:

	2022	2021
Donations	\$ 841,485	\$ 961,399
Fundraising	312,834	258,428
Donations in-kind:		
Advertisements	205,366	-
Residents' personal needs	86,831	193,808
Residents' food	83,819	147,004
Building supplies	444	198
	\$ 1,530,779	\$ 1,560,837

Amounts equal to donated in-kind materials and services are recorded in the applicable expense categories on the statement of operations.

11. Subsequent event

In February 2022, the Organization entered into a purchase and sale agreement for the 24-bedroom property at 556 Bathurst Street, Toronto at a cost of \$3,875,000, plus closing costs and applicable taxes, to expand its existing programs. The closing date of the purchase was subsequent to year end on July 29, 2022.

The property purchase was financed through a vendor-take-back ("VTB") mortgage of \$1,350,000, a forgivable loan from the City of Toronto of \$2,500,000 received in July 2022 under a Contribution Agreement, effective July 25, 2022, and through the Organization's funds.

YOUTH WITHOUT SHELTER
Notes to Financial Statements
Year ended March 31, 2022

11. Subsequent event - cont'd

The VTB mortgage amount, including any unpaid accrued interest, is to be repaid in full 12 months after the closing date. The Organization may repay the full amount at any time before it is due. The VTB mortgage bears interest at 4% per annum and is secured by a first charge in the amount of \$1,350,000 on the property and general assignment of property rent in favour of the vendor.

The forgivable loan from the City of Toronto is to be used for the purchase of the property and related acquisition costs. During fiscal 2022, the Organization incurred acquisition costs of \$12,205 and paid a \$100,000 deposit in February 2022. The total of \$112,205 is recorded in property and equipment costs at year-end. A \$200,000 deposit was paid in May 2022, and a further \$350,000 was paid in June 2022.

The loan from the City of Toronto will be forgivable over a term of 99 years at a rate of 1% on each anniversary of the closing date, so long as the Organization continues to abide by the terms and conditions of the Contribution Agreement. The remaining outstanding balance will be repayable if the Contribution Agreement is terminated before the funds are fully forgiven. The loan is secured by a second charge in the amount of \$2,500,000 on the property and issued title insurance in favour of the City of Toronto.

After the closing date of the purchase, commencing in July 2022, under the terms of the Contribution Agreement, the Organization is required to transfer 8% of rental income earned on the property to a capital asset replacement reserve fund, as well as any interest earned on the fund.

12. Financial instrument risks

It is management's opinion that the Organization is not exposed to significant credit, liquidity, currency, or other price risks arising from its financial instruments.

The Organization is subject to interest rate risk on its investments and the VTB mortgage. Interest risk is the risk that the value of the investments or mortgage might be adversely affected by a change in the market interest rates. Fluctuations in market interest rates are not expected to significantly affect the Organization's cash flows.