

**TRANSITION HOUSE COALITION
OF NORTHUMBERLAND
FINANCIAL STATEMENTS
MARCH 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Transition House Coalition of Northumberland

Qualified Opinion

We have audited the financial statements of Transition House Coalition of Northumberland, (the Organization) which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its 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 other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and March 31, 2022, current assets and nets assets as at March 31, 2023 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility 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.

Langhorne Irwin Coleman LLP

Chartered Professional Accountants, Licensed Public Accountants

Cobourg, Ontario
September 21, 2023

TRANSITION HOUSE COALITION OF NORTHUMBERLAND

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash (Note 3)	\$ 400,234	\$ 419,109
Harmonized sales tax (HST) receivable	38,098	24,031
Other receivables	14,117	53,440
Prepaid expenses	12,377	11,026
	464,826	507,606
CAPITAL		
Property, building and equipment (Note 4)	309,884	320,898
	\$ 774,710	\$ 828,504
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 68,490	\$ 55,048
Deferred contributions (Note 6)	29,531	286,227
Current portion of term loan payable (Note 7)	12,804	12,297
	110,825	353,572
LONG TERM		
Term loan payable (Note 7)	84,539	97,343
	195,364	450,915
NET ASSETS		
UNRESTRICTED	366,806	165,523
RESTRICTED FOR CAPITAL PURPOSES	212,540	212,066
	579,346	377,589
	\$ 774,710	\$ 828,504

On behalf of the Board:

_____ Chairman

_____ Treasurer

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

TRANSITION HOUSE COALITION OF NORTHUMBERLAND

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE		
Donations	\$ 68,770	\$ 40,392
County funding - emergency shelter	494,000	490,000
County funding - other programs	884,547	609,249
Ontario Trillium Foundation grant	12,669	-
United Way Simcoe Muskoka grant	217,000	-
Other grants	24,585	110,881
United Way Northumberland grant	45,000	54,535
Government assistance (Note 11)	-	207,233
Interest and other income	1,267	343
	1,747,838	1,512,633
EXPENSES		
Amortization	11,014	11,852
Administration expenses	28,711	73,214
Insurance	17,526	11,369
Interest on term loan	4,217	4,704
Fundraising	6,334	1,255
Accounting and bookkeeping	20,320	19,856
Unforeseen expenses	-	94,437
Repair and maintenance	23,417	20,621
Residents expenses	562,376	140,048
Training	8,576	64,959
Utilities	14,104	10,976
Wages and benefits	791,274	855,329
Ontario Trillium grant expenses	12,669	-
Audit fees	7,276	6,756
Consulting and other fees	38,267	12,694
	1,546,081	1,328,070
EXCESS OF REVENUES OVER EXPENSES	\$ 201,757	\$ 184,563

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

TRANSITION HOUSE COALITION OF NORTHUMBERLAND

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023**

	UNRESTRICTED	RESTRICTED FOR CAPITAL PURPOSES	2023	2022
BALANCE , beginning of year	\$ 165,523	\$ 212,066	\$ 377,589	\$ 193,026
Excess of revenues over expenses	201,757	-	201,757	184,563
Interfund transfer (Note 8)	(474)	474	-	-
BALANCE , end of year	\$ 366,806	\$ 212,540	\$ 579,346	\$ 377,589

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

TRANSITION HOUSE COALITION OF NORTHUMBERLAND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN)		
Operating activities		
Excess of revenue over expenses	\$ 201,757	\$ 184,563
Item not requiring an outlay of cash		
Amortization	<u>11,014</u>	<u>11,852</u>
	<u>212,771</u>	<u>196,415</u>
Changes in non-cash working capital balances		
Other receivables	39,323	57,425
HST receivable	(14,067)	(440)
Prepaid expenses	(1,351)	(11,026)
Accounts payable and accrued liabilities	13,440	(7,021)
Deferred contributions	<u>(256,696)</u>	<u>101,152</u>
	<u>(219,351)</u>	<u>140,090</u>
Financing activities		
Repayment of term loan	<u>(12,295)</u>	<u>(11,808)</u>
INCREASE (DECREASE) IN CASH	(18,875)	324,697
CASH, beginning of year	<u>419,109</u>	<u>94,412</u>
CASH, end of year	<u>\$ 400,234</u>	<u>\$ 419,109</u>

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

TRANSITION HOUSE COALITION OF NORTHUMBERLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

1. PURPOSE AND LEGAL FORM OF THE ORGANIZATION

Transition House Coalition of Northumberland (Coalition) was established as a local response to homelessness in Northumberland County.

Their mission statement is "The Transition House Coalition of Northumberland will lead community groups and individuals to develop transitional housing solutions that will move people from emergency housing to permanent housing that is safe, accessible and affordable. In order to address the systemic issues of homelessness, the coalition will coordinate with partner groups and work with other community groups whose work supports the retention of permanent accommodation."

The Coalition is a non-profit corporation, incorporated on September 21, 1999 without share capital under the laws of the Province of Ontario, and is a registered charity under the Income Tax Act (Canada).

2. SUMMARY OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition;

The Coalition follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Coalition is funded primarily by the Corporation of the County of Northumberland (County) in accordance with budgets and contract arrangements. Operating grants are recorded as revenue in the period to which it relates. Grants approved but not received at the end of an accounting period are accrued.

Donations, government assistance, fundraising and other revenue are recognized in the period in which they are earned. Donations are recorded on the cash and in-kind basis when a measurement can be determined.

(b) Capital;

Property, building and equipment are recorded at cost. Amortization is provided at rates to amortize the cost of the assets on a declining basis over their estimated useful lives as follows:

Building	- 4%
Equipment	- 20%

(c) Donated goods and services;

The value of donated goods and services is recognized only when the fair market value is ascertainable. Other donated goods or services are not normally reflected in the records as their monetary value cannot be ascertained.
