



**HIATUS HOUSE**

**Financial Statements**

**Year ended March 31, 2020**



### ***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 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.



# HIATUS HOUSE

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 358,750	\$ 398,120
Investments (note 2)	681,060	698,159
Accounts receivable (note 3)	66,752	58,249
Prepaid expenses	44,799	40,245
	<u>1,151,361</u>	<u>1,194,773</u>
Investments (note 2)	684,617	637,695
Capital assets (note 4):	6,745,091	6,764,797
Less: accumulated amortization	<u>(3,963,315)</u>	<u>(3,822,813)</u>
	<u>2,781,776</u>	<u>2,941,984</u>
	<u>\$ 4,617,754</u>	<u>\$ 4,774,452</u>



# HIATUS HOUSE

## Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Ministry and grant revenue:		
Ontario Ministry of Children, Community and Social Services (note 15)	\$ 2,599,918	\$ 2,666,249
Ontario Ministry of Children, Community and Social Services - Dedicated Supportive Housing	152,648	152,648
Ontario Ministry of the Attorney General - Family Court Support Worker Program (Schedule 2)	65,000	65,000
City of Windsor	12,863	60,518
Government of Canada	29,646	-
Other grant revenue	-	38,593
	2,860,075	2,983,008
Fresh Start fees	12,310	7,670
	2,872,385	2,990,678
Expenses:		
Salaries, benefits and training	2,413,126	2,492,808
Purchased materials and services	304,903	250,232
Food and client needs	156,712	227,458
Building maintenance, utilities and insurance	143,561	132,736
Promotion	31,683	52,666
	3,049,985	3,155,900
Shortfall of revenues over expenses from unrestricted funds before undernoted items	(177,600)	(165,222)
Estate bequest (note 10)	4,924	33,990
Donations & fundraising (net of related expenses of \$24,275; 2019 - \$21,272)	170,170	174,957
Interest and miscellaneous	25,286	22,838
Excess revenues over expenses from unrestricted fund	22,780	66,563
Excess of revenues over expenses from capital fund (Schedule 1)	71,913	71,835
Excess of revenues over expenses from internally restricted fund (Schedule 1)	7,570	5,647
Excess revenues over expenses	\$ 102,263	144,045

See accompanying notes to financial statements.



# HIATUS HOUSE

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	102,263	144,045
Items not involving cash:		
Loss on disposal of capital assets	-	46,239
Amortization of capital assets	160,208	169,816
Amortization of deferred contributions related to capital assets	(137,822)	(195,281)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(8,503)	22,846
Decrease (increase) in prepaid expenses	(4,554)	44,704
Increase (decrease) in accounts payable and accrued liabilities	(80,916)	3,870
Increase (decrease) in deferred contributions related to expenses of future periods	10,306	(15,731)
	<u>40,982</u>	<u>220,508</u>
Investing activities		
Capital assets acquired	-	(702,210)
Contributions received related to capital assets	43,637	106,658
Decrease (increase) in investments	(29,823)	526,444
	<u>13,814</u>	<u>(69,108)</u>
Financing activities:		
Mortgage principal repayment	(94,166)	(92,439)
	<u>(94,166)</u>	<u>(92,439)</u>
Increase (decrease) in cash	(39,370)	58,961
Cash, beginning of year	398,120	339,159
Cash, end of year	<u>358,750</u>	<u>398,120</u>

See accompanying notes to financial statements.



# HIATUS HOUSE

Notes to Financial Statements, continued  
Year ended March 31, 2020

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**1. Significant accounting policies (continued):**

(b) Interest income:

Interest income earned on unrestricted and internally restricted resources is recorded in the statement of operations. Interest income earned on endowments subject to external restrictions is recorded as an increase in the fund balance restricted for endowments and is included in endowment contributions in the statement of changes in fund balances. Interest income earned on externally restricted resources is deferred and recognized as revenue in the year in which the related expense is recognized.

(c) Contributed materials and services:

The Organization periodically receives toys and miscellaneous items which are immediately passed on to residents. Contributed materials of this nature are not recognized in the financial statements.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When an asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

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Building	4%
Computer equipment	33%
Furniture and equipment	20%
Automobiles	20%

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(e) Use of estimates:

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates include the carrying amount of capital assets.



# HIATUS HOUSE

Notes to Financial Statements, continued  
Year ended March 31, 2020

## 2. Investments:

Investments are recorded at cost and are summarized as follows:

	2020	2019
Guaranteed Investment Certificates, with interest rates varying between 2.00% and 3.25%, maturing before December 8, 2022	\$ 1,348,544	\$ 1,326,963
Equities – Dividend Fund	2,592	2,525
Cash with an interest rate less than 0.1%	14,541	6,366
	1,365,677	1,335,854
Less: amounts maturing within one year	(681,060)	(698,159)
	\$ 684,617	\$ 637,695

## 3. Accounts receivable:

	2020	2019
Ministry of Children, Community and Social Services	\$ 1,168	\$ (5,432)
Ministry of Children, Community and Social Services - Dedicated Supportive Housing	20,444	24,628
HST Receivable	27,120	22,360
Children's Aid Society	3,560	1,600
City of Windsor	7,113	-
Government of Canada	7,347	-
Legal Assistance of Windsor	-	15,093
	\$ 66,752	\$ 58,249



# HIATUS HOUSE

Notes to Financial Statements, continued  
Year ended March 31, 2020

**6. Mortgage payable (continued):**

(b) Mortgage repayment schedule:

The minimum principle payments required over the next five years is as follows:

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2021	\$	96,237
2022		98,663
2023		101,150
2024		103,700
2025		43,942

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**7. Deferred contributions:**

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for programs.

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	2020	2019
Balance, beginning of year	\$ 102,178	\$ 117,909
Less: amount recognized as revenue in the year	(6,539)	(34,344)
Less: amounts returned to funders	-	-
Add: amount received related to future periods	16,845	18,613
	\$ 112,484	\$ 102,178

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## HIATUS HOUSE

Notes to Financial Statements, continued  
Year ended March 31, 2020

### 10. Interfund balances, interfund transfers and internally restricted fund balances:

The following interfund balances have been eliminated in the financial statements and are presented from the perspective of the fund noted across the top:

	Invested in capital assets	Restricted for endowment	Internally restricted	Unrestricted
Due from (to):				
Unrestricted	\$ (422,700)	\$ 469,680	\$ (48,307)	\$ -
Invested in capital assets	-	-	-	422,700
Endowments	-	-	-	(469,680)
Internally restricted	-	-	-	48,307

These balances are non-interest bearing and have no definite repayment terms.

Internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors and are intended for future capital asset acquisitions.

In 2020, the Organization's Board of Directors transferred excess revenue over expenses of \$21,227 (2019 - \$49,269) to the endowment fund. Included in this amount were memorial and estate donations of \$4,924 (2019 - \$33,990). These internally restricted amounts are not available without approval of the Board of Directors.

### 11. Contingent liability:

A contingent liability exists to return portions of specific fund surpluses at the end of each year to certain of the funding organizations. This refund is made only at the request of the various funding organizations and the amount of the refund is not determinable until requested.



## HIATUS HOUSE

Notes to Financial Statements, continued  
Year ended March 31, 2020

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### 16. Financial risks and concentration of credit risk:

#### (a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019.

#### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

#### (c) Interest rate risk:

The Organization is not exposed to interest rate risk.

### 17. Subsequent Event:

Subsequent to March 31, 2020, financial markets and private entities have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. It is difficult to reliably measure the potential impact, if any, on the Organization's future financial results.



# HIATUS HOUSE

Schedule 2

## Schedule of Revenue and Expenses

Ontario Ministry of the Attorney General - Family Court Support Worker Program

Year ended March 31, 2020

	Budget	Actual
	(Unaudited)	
Revenue:		
Ministry revenue	\$ 65,000	\$ 65,000
Other revenue	-	-
	<u>65,000</u>	<u>65,000</u>
Expenses:		
Salaries and benefits	58,350	76,352
Training & staff development	900	1,781
Client expenses	640	683
Materials -Including service-related office supplies	3,295	4,205
Promotion/public education	570	319
Professional fees - audit and legal	420	1,797
Telephone	360	315
Insurance	540	552
Other expenses	2,570	2,666
	<u>67,645</u>	<u>88,669</u>
Shortfall of revenues over expenses	\$ (2,645)	\$ (23,669)