HIATUS HOUSE

Financial Statements

Year ended March 31, 2024

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hiatus House

Opinion

We have audited the financial statements of the Hiatus House (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024 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 of Opinion

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 auditor's 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.

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.

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 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 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor Canada
July 3, 2024

HIATUS HOUSE

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 1,634,176	$ 1,814,563
Investments (note 2)	1,342,799	1,023,083
Accounts receivable (note 3)	76,244	93,211
Prepaid expenses	49,950	59,989
	3,103,169	2,990,846
Investments (note 2)	524,876	675,298
Capital assets (note 4):	7,054,304	6,600,521
Less: accumulated amortization	(4,466,811)	(4,332,754)
	2,587,493	2,267,767
	$ 6,215,538	$ 5,933,911
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 231,837	$ 254,162
Current portion of mortgage payable (note 6)	43,942	103,700
	275,779	357,862
Mortgage payable (note 6)	-	43,942
Deferred contributions (note 7):		
Expenses of future periods	190,710	394,772
Capital assets	1,565,845	1,653,119
	1,756,555	2,047,891
Fund balances:		
Invested in capital assets (note 8)	1,081,636	927,811
Restricted for endowments (note 9)	1,494,073	1,341,172
Internally restricted (note 10)	859,701	895,654
Unrestricted	747,794	319,579
	4,183,204	3,484,216
Contingent liability and commitments (notes 11 & 12)		
	$ 6,215,538	$ 5,933,911

See accompanying notes to financial statements.

On behalf of the Board:

Catherine Morrison Director

Director

HIATUS HOUSE

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

		2024		2023
Revenue:				
Ministry and grant revenue:				
Ontario Ministry of Children, Community and Social Services (note 15)	$	2,955,017	$	2,881,532
Ontario Ministry of Children, Community and Social Services - Dedicated Supportive Housing		152,648		152,648
Government of Canada		310,503		467,216
Other grant revenue		137,447		47,652
		3,555,615		3,549,048
Fresh Start fees		4,680		7,850
		3,560,295		3,556,898
Expenses:				
Salaries, benefits and training		2,758,519		2,723,982
Purchased materials and services		387,786		438,111
Food and client needs		233,557		310,914
Building maintenance, utilities and insurance		159,489		156,472
Promotion		82,794		44,046
		3,622,145		3,673,525
Shortfall of revenues over expenses from unrestricted funds before undernoted items		(61,850)		(116,627)
Estate bequest (note 10)		111,804		16,246
Donations & fundraising (net of related expenses of $65,806; 2023 - $53,914)		341,747		308,219
Interest and miscellaneous		139,415		62,911
Excess revenue over expenses from unrestricted fund		531,116		270,749
Excess of revenue over expenses from capital fund (Schedule 1)		153,825		406,152
Excess of revenue over expenses from internally restricted fund (Schedule 1)		14,047		8,314
Excess revenue over expenses	$	698,988	$	685,215

See accompanying notes to financial statements.

HIATUS HOUSE

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Invested in Capital Assets	Restricted for Endowments	Internally Restricted	Unrestricted	2024 Total	2023 Total
Balance, beginning of year	$ 927,811	$ 1,341,172	$ 845,654	$ 369,579	$ 3,484,216	$ 2,799,001
Excess revenue over expenses	153,825	-	14,047	531,116	698,988	685,215
Internally restricted interfund transfer (note 10)	-	152,901	-	(152,901)		-
Balance, end of year	$ 1,081,636	$ 1,494,073	$ 859,701	$ 747,794	$ 4,183,204	$ 3,484,216

See accompanying notes to financial statements.

HIATUS HOUSE

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 698,988	$ 685,215
Items not involving cash:		
Gain on disposal of capital assets	-	(268,684)
Amortization of capital assets	138,658	152,237
Amortization of deferred contributions related to capital assets	(176,573)	(188,554)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	16,967	(17,527)
Decrease in prepaid expenses	10,039	6,368
Increase in accounts payable and accrued liabilities	(22,324)	(86,511)
Decrease (increase) in deferred contributions related to expenses of future periods	(204,062)	243,407
	461,693	525,951
Investing activities		
Capital assets acquired	(458,384)	(307,400)
Proceeds on disposal of capital assets	-	942,329
Contributions received related to capital assets	89,299	146,174
Decrease (increase) in investments	(169,295)	(94,097)
	(538,380)	687,006
Financing activities:		
Mortgage principal repayment	(103,700)	(101,150)
Increase (decrease) in cash	(180,387)	1,111,807
Cash, beginning of year	1,814,563	702,756
Cash, end of year	$ 1,634,176	$ 1,814,563

See accompanying notes to financial statements.

Hiatus House (the "Organization") is incorporated without share capital under the Ontario Corporations Act. The Organization provides a variety of services to abused women, child witnesses of domestic violence and abusive persons in Windsor and Essex County. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

1. Significant accounting policies:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions, which include government grants and donations.

The Organization is funded by the Province of Ontario in accordance with budget arrangements established with various ministries.

Operating 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. Where a portion of a grant is externally restricted to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed arrangements approved by the Ministries with respect to the year ended March 31, 2024.

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 other than endowment 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 on a straight-line basis, at a rate corresponding with the amortization rate for the related assets.

Endowment contributions are recognized as direct increases in the endowment fund balance.

Revenue from fees are recognized when the services are provided.

Pursuant to a Board of Directors' policy, memorial and estate donations are allocated from the unrestricted fund to the endowment fund.

(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.

1. Significant accounting policies (continued):

(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:

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

(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.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such 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.

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

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 Organization 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 Organization 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) Allocated expenses:

The Organization incurs expenditures related to administration that are not directly attributable to one aspect of the Organization's operations. These expenditures are allocated to each program based on the program's total funding and other related expenditures.

2. Investments:

Investments are recorded at cost and are summarized as follows:

	2024	2023
Guaranteed Investment Certificates, with interest rates varying between 1.33% and 5.40%, maturing before January 15, 2026	$ 1,845,541	$ 1,686,383
Equities – Dividend Fund	10,490	7,870
Cash with an interest rate less than 0.1%	11,644	4,128
	1,867,675	1,698,381
Less: amounts maturing within one year	(1,342,799)	(1,023,083)
	$ 524,876	$ 675,298

3. Accounts receivable:

	2024	2023
Ministry of Children, Community and Social Services - Dedicated Supportive Housing	$ 22,371	$ 22,371
HST Receivable	52,613	54,260
Children's Aid Society	1,260	580
Windsor Police Services	–	16,000
	$ 76,244	$ 93,211

4. Capital assets:

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	$ 1,363,129	$ –	$ 1,363,129	$ 951,544
Building	4,659,802	3,522,614	1,137,188	1,209,138
Computer equipment	413,476	399,366	14,110	28,949
Furniture and equipment	531,563	502,718	28,845	16,648
Automobiles	86,334	42,113	44,221	61,488
	$ 7,054,304	$ 4,466,811	$ 2,587,493	$ 2,267,767

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $8,757 (2023 - $8,785), which includes amounts payable for payroll related taxes.

6. Mortgage payable:

(a) Mortgage details:

	2024	2023
Mortgage Payable to the Computershare Trust Company of Canada $8,850 repayable monthly including interest at 2.505% Secured by the property at 250 Louis Ave. Windsor, ON, a general security agreement and an assignment of Insurance. Matures August 1, 2024.	$ 43,942	$ 147,642
Less current portion	(43,942)	(103,700)
	$ –	$ 43,942

7. Deferred contributions:

(a) Expenses of future periods:

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

	2024	2023
Balance, beginning of year	$ 394,772	$ 151,365
Less: amount recognized as revenue in the year	(414,115)	(475,017)
Add: amount received related to future periods	210,053	718,424
	$ 190,710	$ 394,772

7. Deferred contributions:

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in Schedule 1.

	2024	2023
Balance, beginning of the year	$ 1,653,119	$ 1,695,499
Less: amount amortized to revenue	(176,573)	(188,554)
Add: additional contributions received	72,077	146,174
Add: transfer from capital reserve	17,222	–
	$ 1,565,845	$1,653,119

8. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2024	2023
Capital assets, net of amortization	$ 2,587,493	$ 2,267,767
Amounts financed by:		
Due from (to) other funds	(98,347)	266,145
Accounts payable	7,928	7,928
Deferred contributions, net of related accounts receivable and investments	(1,371,496)	(1,466,368)
Mortgage payable	(43,942)	(147,661)
	$ 1,081,636	$ 927,811

9. Restrictions on fund balances:

Of the fund balance restricted for endowment purposes, $36,623 (2023 - $35,616) is subject to externally imposed restrictions stipulating that the principal be maintained permanently. The balance of $1,457,451 (2023 - $1,305,556) has been internally restricted for endowment purposes by the Board of Directors.

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	$ (98,347)	$ 511,409	$ 477,828	$ –
Invested in capital assets	–	–	–	98,347
Endowments	–	–	–	(511,409)
Internally restricted	–	–	–	(477,828)

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 2024, the Organization’s Board of Directors transferred excess revenue over expenses of $152,902 (2023 - $37,452) to the endowment fund. Included in this amount were memorial and estate donations of $111,804 (2023 – $16,246).

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.

12. Commitments:

The Organization leases copier equipment and a vehicle for which it is committed to payments to maturity as follows:

	Commitments
2025	$ 15,459
2026	15,574
2027	15,574
2028	15,574
2029	1,520

13. Public Sector Disclosure Act:

In the calendar year 2023, no employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, greater than $100,000.

14. Investment income:

Investment income earned, recorded in the statement of operations, is calculated as follows:

	2024	2023
Income earned on unrestricted resources	$ 97,167	$ 41,704
Income earned on resources restricted for the purchase of capital assets	14,047	8,315
Income earned on resources held for endowment: Unrestricted	41,098	21,206
	$ 152,312	$ 71,225

15. Contract with the Ministry of Children, Community and Social Services:

Hiatus House has a service contract with the Ministry of Children, Community and Social Services. One requirement of the service contract is the production by management of a Transfer Payment Annual Reconciliation (TPAR) report. A review engagement is required on this report for the year ended March 31, 2024.

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 2023.

(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.

HIATUS HOUSE

Schedule 1

Schedule of Revenue and Expenses - Other Funds

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Capital Asset Fund		
Revenue:		
Ontario Ministry of Children, Community and Social Services -		
Dedicated Supportive Housing	$ 106,200	$ 106,200
Non-Ministry Grant	12,210	-
Amortization of deferred contributions related to capital assets	125,068	135,581
Donations and fundraising	51,505	52,974
Gain on disposal of capital assets	-	268,684
	294,983	563,439
Expenses:		
Amortization of capital assets	138,658	152,237
Mortgage interest	2,500	5,050
	141,158	157,287
Excess of revenues over expenses from capital fund	$ 153,825	$ 406,152

	2024	2023
Internally Restricted Funds		
Revenue:		
Interest revenue	$ 14,047	$ 8,314
Excess of revenues over expenses from internally restricted fund	$ 14,047	$ 8,314