

# **NELSON HOUSE OF OTTAWA-CARLETON**

FINANCIAL STATEMENTS

MARCH 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
**Nelson House of Ottawa-Carleton:**

### Qualified opinion

We have audited the financial statements of Nelson House of Ottawa-Carleton ("the Entity"), which comprise the statement of financial position as at March 31, 2024, 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 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 Entity as at March 31, 2024, 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 not-for-profit organizations, the Entity 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, net revenue for the year, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 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 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 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 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.

OHCD LLP

**OUSELEY HANVEY CLIPSHAM DEEP LLP**

Licensed Public Accountants

Ottawa, Ontario

July 20, 2024

# NELSON HOUSE OF OTTAWA-CARLETON

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	2024	2023
<b>CURRENT ASSETS</b>		
Cash	\$ 597,147	\$ 339,821
Short-term investments (note 2)	425,000	750,000
Accounts receivable	13,453	14,119
Prepaid expenses	30,142	31,526
	<u>1,065,742</u>	<u>1,135,466</u>
<b>INVESTMENT IN OTTAWA COMMUNITY FOUNDATION</b>	541,997	495,624
<b>CAPITAL ASSETS (note 3)</b>	<u>4,186,265</u>	<u>4,340,899</u>
	<u>\$ 5,794,004</u>	<u>\$ 5,971,989</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 129,334	\$ 177,639
Deferred revenue (note 4)	12,947	88,288
	<u>142,281</u>	<u>265,927</u>
<b>DEFERRED FUNDING OF CAPITAL ASSETS (note 3)</b>	<u>3,619,741</u>	<u>3,772,580</u>
	<u>3,762,022</u>	<u>4,038,507</u>
<b>NET ASSETS</b>		
Invested in capital assets	529,174	530,970
Internally restricted capital asset reserve (note 7)	750,000	-
Internally restricted operating reserve (note 7)	650,000	-
Internally restricted community reserve (note 7)	100,000	-
Unrestricted net assets	2,808	1,402,512
	<u>2,031,982</u>	<u>1,933,482</u>
	<u>\$ 5,794,004</u>	<u>\$ 5,971,989</u>

Approved on behalf of the Board:

Carl Gera Board Member  
Kenneth Board Member

## NELSON HOUSE OF OTTAWA-CARLETON

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 530,970	\$ 533,177
Amortization of deferred funding	152,838	159,624
Amortization	(154,634)	(161,831)
<b>BALANCE END OF YEAR</b>	<b>\$ 529,174</b>	<b>\$ 530,970</b>
INTERNALLY RESTRICTED CAPITAL ASSET RESERVE		
Balance beginning of year	\$ -	\$ -
transfer from unrestricted net assets	750,000	-
<b>BALANCE END OF YEAR</b>	<b>\$ 750,000</b>	<b>\$ -</b>
INTERNALLY RESTRICTED OPERATING RESERVE		
Balance beginning of year	\$ -	\$ -
transfer from unrestricted net assets	650,000	-
<b>BALANCE END OF YEAR</b>	<b>\$ 650,000</b>	<b>\$ -</b>
INTERNALLY RESTRICTED COMMUNITY RESERVE		
Balance beginning of year	\$ -	\$ -
transfer from unrestricted net assets	100,000	-
<b>BALANCE END OF YEAR</b>	<b>\$ 100,000</b>	<b>\$ -</b>
UNRESTRICTED NET ASSETS		
Balance beginning of year	\$ 1,402,512	\$ 1,332,688
Change related to capital assets	1,796	2,207
transfer to internally restricted net assets	(1,500,000)	-
Net revenue for the year	98,500	67,617
<b>BALANCE END OF YEAR</b>	<b>\$ 2,808</b>	<b>\$ 1,402,512</b>

## NELSON HOUSE OF OTTAWA-CARLETON

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
REVENUE		
Ministry of Children, Community and Social Services	\$ 935,484	\$ 861,924
COVID	-	48,087
Donations	235,070	196,622
Fundraising	8,755	10,324
Other grants	116,844	132,312
Amortization of deferred funding (note 3)	152,838	159,624
Interest	50,590	16,982
Gain (loss) on Ottawa Community Foundation investment	46,373	(2,504)
	1,545,954	1,423,371
EXPENDITURE		
Administration (Schedule)	156,440	158,633
Housing and resident (Schedule)	346,162	361,935
Salaries and benefits (note 5)	944,852	835,186
	1,447,454	1,355,754
NET REVENUE FOR THE YEAR	\$ 98,500	\$ 67,617

## NELSON HOUSE OF OTTAWA-CARLETON

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 98,500	\$ 67,617
Non cash items: amortization of capital assets	154,634	161,831
amortization of deferred funding	(152,838)	(159,624)
Changes in non cash working capital items:		
Accounts receivable	666	4,161
Prepaid expenses	1,384	(14,854)
Accounts payable	(48,306)	1,624
Deferred revenue	(75,341)	76,574
	(21,301)	137,329
INVESTING ACTIVITIES		
Short term investments	325,000	(179,000)
Investment in Ottawa Community Foundation	(46,373)	2,501
	278,627	(176,499)
Change in cash	257,326	(39,170)
Cash beginning of the year	339,821	378,992
CASH END OF YEAR	\$ 597,147	\$ 339,821

# NELSON HOUSE OF OTTAWA-CARLETON

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

Nelson House of Ottawa-Carleton is incorporated without share capital and has a mandate to provide temporary safety, shelter and support to women and children. As a registered charitable organization, Nelson House is not subject to income tax.

### 1. SIGNIFICANT 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:

#### **Revenue recognition**

The Organization follows the deferral method of accounting for grants. Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Externally restricted grants are recognized as revenue in the year in which the related expenses take place. Donation revenue is recognized when received. Fundraising revenue is recognized in the year to which it pertains and when collection is reasonably assured. Investment and interest income are recognized in the year to which it pertains. Amortization on deferred funding is recognized over the same period as the amortization expense.

#### **Donated equipment, materials and services**

Donated equipment, materials and services are recorded at fair market value where the fair market value may be reasonably estimated and if the organization would have purchased the equipment, materials or services if they had not been contributed.

#### **Ministry of Children, Community and Social Services Funding**

Funding received from the Ministry are subject to specific terms and conditions regarding the expenditure of the funds. The organization's accounting records are subject to audit by the Ministry to identify instances, if any, in which amounts charged against funding are not complied with the agreed terms and conditions and which, therefore would be refundable to the Ministry.

Any portion of a contribution that has not been spent for the purpose it was intended may be considered refundable to the Ministry. Adjustments to prior year's contributions are recorded in the year the Ministry requests an adjustment.

#### **Use of estimates**

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period they become known.



# NELSON HOUSE OF OTTAWA-CARLETON

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments**

Financial instruments are initially recognized at fair value and are subsequently measured at amortized cost or fair value.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial assets measured at fair value include investment in Ottawa Community Foundation.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

#### **Capital Assets**

Capital assets are recorded at cost and are amortized on an annual basis using the following methods:

Building	4% declining balance
Playground structure	10% declining balance
Furniture and equipment	20% declining balance
Computer equipment	30% to 55% declining balance

In the year of acquisition, amortization is normally calculated at one half of the normal annual rate.

In association with its activities, the organization receives grants or special funding from various organizations to assist in the acquisition of capital assets. In accordance with the organization's policy, these funds are initially recorded as deferred revenue and are allocated to future operations in amounts equivalent to the amortization charged relating to the capital asset acquired.

### 2. SHORT-TERM INVESTMENTS

The short-term investments consist of Guaranteed Investment Certificates with interest rates from 5% to 5.35% per annum, maturing from April through December 2024.

## NELSON HOUSE OF OTTAWA-CARLETON

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

#### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2024	Net Book Value 2023
Land	\$ 520,324	\$ -	\$ 520,324	\$ 520,324
Building	4,506,643	903,802	3,602,841	3,752,959
Playground structure	24,982	10,968	14,014	15,571
Furniture and equipment	33,962	22,251	11,711	14,639
Computer equipment	24,945	24,920	25	56
Artwork	37,350	-	37,350	37,350
Totals	\$ 5,148,206	\$ 961,941	\$ 4,186,265	\$ 4,340,899

Certain property included in land and building has been funded by the Ministry of Children, Community and Social Services (MCCSS). The disposition of this property and subsequent disposition of proceeds require the approval of MCCSS.

#### 4. DEFERRED REVENUE

Deferred revenue consists of funding of \$nil (2023 - \$76,633) and \$12,947 (2023 - \$11,655 of gift cards).

#### 5. ALLOCATION OF EXPENSES

The organization engages in various projects involving grants. The cost of each project includes expenses directly related to the project. The organization also incurs a number of general and administrative support expenses that are common to the administration and organization of its projects. The salary and benefit costs are allocated to each of these projects in an amount that is proportional to the services provided.

The salaries allocated to projects in 2024 was \$44,405 (2023 - \$53,023), and the total allocated to Covid expense was \$nil (2023 - \$47,563).

#### 6. FINANCIAL INSTRUMENTS

The organization is exposed to interest rate and market risk through its investments. The organization follows investment policies and practices to control the amount of risk to which it is exposed. The maximum investment risk is represented by the fair value of the investments. It is management's opinion that the carrying amounts of the investments approximate their fair value.

## 7. INTERNALLY RESTRICTED NET ASSETS

A healthy reserve is vital to Nelson House's ability to maintain its mission and support its residents in the current economic climate. Despite annual funding from the Ministry of Community and Children's Social Services (MCCSS), the shelter's funding is not stabilized and the funding has not increased at a rate equivalent to the increase in expenses. The ever-increasing cost of living has resulted in the shelter relying more heavily on donations to fund operations.

This shift has highlighted the need for a strong operating fund reserve to ensure funds are available to keep the shelter running, and residents taken care of, should an unexpected funding shortfall occur. This reserve policy is intended to support the Board in allocating current liquid assets (\$1.5 million) and any future surpluses. The Reserve funds, in no particular order, are:

### Capital asset reserve:

To set aside funds for the replacement of future capital assets (furniture and equipment, office, large repairs, buildings, and grounds). The Capital Asset Reserve target will be 15% of the estimated value of the property-building and contents.

### Operating reserve:

Beyond the capital asset reserve, this reserve fund is to be allocated to annual operating shortfalls. The funding target is nine (9) months of operations with the addition of a skeleton staff.

### Community reserve:

The general purpose of the Community Reserve is to ensure Nelson House invests funds into a general reserve to give back to the community we serve. The target of this fund is to accumulate enough funds to assist the shelter in potentially achieving its mission to open the additional five (5) unfunded beds.

## NELSON HOUSE OF OTTAWA-CARLETON

### SCHEDULE OF EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
ADMINISTRATION		
Board and AGM expenses	\$ 410	\$ 415
Fundraising	8,381	3,693
Office	3,580	3,621
Office services and equipment	13,457	21,604
Membership and subscriptions	4,312	4,630
Bank charges	401	407
Professional fees	115,511	114,508
Staff travel	2,085	1,819
Telephone and internet	8,303	7,936
	\$ 156,440	\$ 158,633
HOUSING AND RESIDENT		
Amortization	154,634	161,831
COVID	-	47,563
Directed donations	27,000	36,000
Food	20,399	21,704
Insurance	30,218	24,398
Household supplies	8,459	14,788
Repairs and maintenance	63,552	20,701
Residents' needs and program expenses	17,181	5,479
Resident travel	2,764	3,579
Security	2,803	1,787
Staff training	20	1,966
Utilities	19,132	22,139
	\$ 346,162	\$ 361,935

