

NELSON HOUSE OF OTTAWA-CARLETON

FINANCIAL STATEMENTS
MARCH 31, 2022



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, 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 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 19, 2022

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	2022	2021
CURRENT ASSETS		
Cash	\$ 378,992	\$ 835,887
Short-term investments (note 2)	571,000	410,808
Accounts receivable	18,279	60,095
Prepaid expenses	16,671	11,430
	984,942	1,318,220
INVESTMENT IN OTTAWA COMMUNITY FOUNDATION CAPITAL ASSETS (note 3)		
	498,125	-
	4,502,730	4,665,481
	\$ 5,985,797	\$ 5,983,701
CURRENT LIABILITIES		
Accounts payable	\$ 176,015	\$ 153,764
Deferred revenue	11,714	51,213
	187,729	204,977
DEFERRED FUNDING OF CAPITAL ASSETS		
	3,932,203	4,097,996
	4,119,932	4,302,973
NET ASSETS		
Invested in capital assets	533,177	530,135
Unrestricted net assets	1,332,688	1,150,593
	1,865,865	1,680,728
	\$ 5,985,797	\$ 5,983,701

Approved on behalf of the Board:

Board Member

Board Member

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 530,135	\$ 531,903
Acquisition of capital assets	6,032	-
Amortization of deferred funding	165,793	173,344
Amortization	(168,782)	(175,112)
BALANCE END OF YEAR	\$ 533,177	\$ 530,135
UNRESTRICTED NET ASSETS		
Balance beginning of year	\$ 1,150,593	\$ 1,054,139
Change related to capital assets	(3,043)	1,768
Net revenue for the year	185,138	94,685
BALANCE END OF YEAR	\$ 1,332,688	\$ 1,150,593

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUE		
Ministry of Children, Community and Social Services	\$ 862,449	\$ 850,683
COVID	87,063	199,690
Donations	288,238	250,815
Fundraising	-	5,210
Other grants	177,305	74,717
Amortization of deferred funding (note 3)	165,793	173,344
Interest	3,103	9,924
Gain (loss) on Ottawa Community Foundation investment	(1,875)	-
	1,582,076	1,564,382
EXPENDITURE		
Administration (Schedule)	75,400	63,100
Housing and resident (Schedule)	385,657	481,744
Salaries and benefits (note 4)	935,881	924,853
	1,396,938	1,469,697
NET REVENUE FOR THE YEAR	\$ 185,138	\$ 94,685

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 185,138	\$ 94,685
Non cash items: amortization of capital assets	168,782	175,112
amortization of deferred funding	(165,793)	(173,344)
Changes in non cash working capital items:		
Accounts receivable	41,816	(48,480)
Prepaid expenses	(5,241)	(1,957)
Accounts payable	22,251	(10,908)
Deferred revenue	(39,499)	46,408
	<u>207,454</u>	<u>81,516</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(6,032)	-
Short term investments	(160,192)	526,816
Investment in Ottawa Community Foundation	(498,125)	-
	<u>(664,349)</u>	<u>526,816</u>
Change in cash	(456,895)	608,332
Cash beginning of the year	835,887	227,555
CASH END OF YEAR	\$ 378,992	\$ 835,887

NELSON HOUSE OF OTTAWA-CARLETON

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

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

Operating grants are recognized as revenue in the period for which the grant applies. Funds not spent during the year to which they apply are deferred to the subsequent fiscal year or are considered refundable to the funding entity. Other revenues 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.

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, 2022

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 .4% to 1.0% per annum, maturing from June 7, 2022 to March 9, 2023.

NELSON HOUSE OF OTTAWA-CARLETON

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
Land	\$ 520,324	\$ -	\$ 520,324	\$ 520,324
Building	4,506,643	597,311	3,909,332	4,072,221
Playground structure	24,982	7,681	17,301	19,224
Furniture and equipment	33,962	15,663	18,299	16,088
Computer equipment	24,945	24,821	124	274
Artwork	37,350	-	37,350	37,350
Totals	\$ 5,148,206	\$ 645,476	\$ 4,502,730	\$ 4,665,481

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. 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 2022 was \$126,724 (2021 - \$nil), and the total allocated to Covid expense was \$29,658 (2021 - \$72,113).

5. 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.

6. FUTURE OPERATIONS

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. This has caused disruption in the operations of the organization. The extent of the impact of COVID-19 on the organization's operational and financial performance will depend on certain developments and factors, including the duration and spread of the outbreak, impact on the organization's funders, employees and vendors, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact the organization's financial condition or results of operations cannot be reasonably estimated at this time.

NELSON HOUSE OF OTTAWA-CARLETON

SCHEDULE OF EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
ADMINISTRATION		
Advertising and promotion	\$ 298	\$ 447
Board and AGM expenses	-	78
Capacity building	-	2,986
Fundraising	1,897	2,468
Office	3,280	3,468
Office services and equipment	6,698	6,404
Membership and subscriptions	5,244	3,119
Bank charges	972	987
Professional fees	40,637	32,317
Staff travel	5,196	562
Telephone and internet	10,182	10,264
Board and staff development	996	-
	\$ 75,400	\$ 63,100
HOUSING AND RESIDENT		
Amortization	168,782	175,112
COVID (note 4)	86,743	186,739
Directed donations	36,000	30,000
Food	13,673	19,894
Insurance	20,950	17,637
Household supplies	8,857	3,909
Repairs and maintenance	12,370	21,654
Residents' needs and program expenses	6,261	2,721
Resident travel	8,213	83
Security	2,991	5,640
Staff training	2,722	35
Utilities	18,095	18,320
	\$ 385,657	\$ 481,744