

NELSON HOUSE OF OTTAWA-CARLETON

FINANCIAL STATEMENTS
MARCH 31, 2020



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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 28, 2020

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	2020	2019
CURRENT ASSETS		
Cash	\$ 227,555	\$ 265,315
Short-term investments (note 2)	937,624	208,651
Accounts receivable	11,615	50,458
Prepaid expenses	9,473	13,788
	<u>1,186,267</u>	<u>538,212</u>
CAPITAL ASSETS (note 3)	<u>4,840,594</u>	<u>5,688,284</u>
	<u>\$ 6,026,860</u>	<u>\$ 6,226,496</u>
CURRENT LIABILITIES		
Accounts payable	\$ 164,672	\$ 197,527
Deferred revenue	4,805	-
	<u>169,477</u>	<u>197,527</u>
DEFERRED FUNDING OF CAPITAL ASSETS (note 4)	<u>4,271,340</u>	<u>4,877,475</u>
	<u>4,440,817</u>	<u>5,075,002</u>
NET ASSETS		
Invested in capital assets	531,903	773,458
Unrestricted net assets	1,054,141	378,036
	<u>1,586,043</u>	<u>1,151,494</u>
	<u>\$ 6,026,860</u>	<u>\$ 6,226,496</u>

Approved on behalf of the Board:

Carl Gerwin

Board Member

Carolyn Sinclair

Board Member

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 773,458	\$ 760,798
Acquisition of capital assets	25,320	2,159,289
Funding received for acquisition of capital assets	(25,320)	(2,145,074)
Sale of capital assets	(239,126)	-
Amortization of deferred funding (note 4)	181,888	108,399
Amortization	(184,318)	(109,954)
BALANCE END OF YEAR	\$ 531,903	\$ 773,458
UNRESTRICTED NET ASSETS		
Balance beginning of year	\$ 378,036	\$ 347,675
Change related to capital assets	241,556	(12,660)
Net revenue for the year	434,549	43,021
BALANCE END OF YEAR	\$ 1,054,141	\$ 378,036

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Ministry of Community and Social Services	\$ 837,112	\$ 878,324
COVID	4,546	-
Donations	110,024	144,948
Fundraising	44,384	20,217
Other grants	35,832	36,913
Amortization of deferred funding (note 4)	181,888	108,399
Gain on sale of property	425,107	-
Interest	7,394	3,460
	<u>1,646,286</u>	<u>1,192,261</u>
EXPENDITURE		
Administration (Schedule)	63,024	84,538
Housing and resident (Schedule)	303,838	260,311
Salaries and benefits	844,875	804,391
	<u>1,211,737</u>	<u>1,149,240</u>
NET REVENUE FOR THE YEAR	<u>\$ 434,549</u>	<u>\$ 43,021</u>

NELSON HOUSE OF OTTAWA-CARLETON

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
CASH PROVIDED BY (USED FOR)		
	0	
OPERATING ACTIVITIES		
Net revenue for the year	\$ 434,549	\$ 43,021
Non cash items: amortization of capital assets	184,318	109,954
amortization of deferred funding	(181,888)	(108,399)
gain on sale of property	(425,107)	-
Changes in non cash working capital items:		
Accounts receivable	38,843	136,824
Prepaid expenses	4,315	(12,619)
Accounts payable	(32,855)	(480,735)
Deferred revenue	4,805	-
	26,981	(311,954)
INVESTING ACTIVITIES		
Purchase of capital assets	(25,320)	(2,159,289)
Proceeds from sale of property	664,233	-
Short term investments	(728,973)	(174,999)
	(90,060)	(2,334,288)
FINANCING ACTIVITIES		
Funding received for purchase of capital assets	25,320	2,145,074
Change in cash	(37,759)	(501,168)
Cash beginning of the year	265,315	766,483
CASH END OF YEAR	\$ 227,555	\$ 265,315

NELSON HOUSE OF OTTAWA-CARLETON

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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 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, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets measured at amortized cost include cash, investments and accounts receivable.

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% to 5% declining balance
Parking lot and fence	10% declining balance
Playground structure	10% to 20% 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 investments consist of cashable Guaranteed Investment Certificates with interest rates from 1.5% to 1.96% per annum, maturing from April 22 to June 28, 2020.

NELSON HOUSE OF OTTAWA-CARLETON

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Land (old)	\$ -	\$ -	\$ -	197,449
Building (old)	-	-	-	456,337
Land (new)	520,324	-	520,324	520,324
Building (new)	4,506,643	265,800	4,240,843	4,391,697
Parking lot and fence	-	-	-	33,634
Playground structure (old)	-	-	-	1,271
Playground structure (new)	24,982	3,622	21,359	23,734
Furniture and equipment	27,930	7,820	20,110	25,137
Computer equipment	24,945	24,337	608	1,351
Artwork	37,350	-	37,350	37,350
Totals	\$ 5,142,174	\$ 301,580	\$ 4,840,594	\$ 5,688,284

4. DEFERRED FUNDING OF CAPITAL ASSETS

In 2020, \$25,320 (2019 - \$2,145,074) was received from the Ministry of Community and Social Services (MCSS) for the Social Infrastructure Project (see note 5 for further details).

5. CONTINGENCY

Nelson House commenced work on the MCSS funded Social Infrastructure Project in the 2017 fiscal year. This project included the purchase of land and construction of a new 20 bed facility to take the place of the existing shelter. The project is essentially complete, however there are some remaining repairs and modifications to be done. The cost of these have not been determined at this time.

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.

7. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

NELSON HOUSE OF OTTAWA-CARLETON

SCHEDULE OF EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
ADMINISTRATION		
Advertising and promotion	\$ 410	\$ 1,067
Board and AGM expenses	558	248
Capacity building	1,122	9,774
Fundraising	9,991	2,902
Office	3,482	4,722
Office services and equipment	2,579	5,655
Membership and subscriptions	1,545	531
Bank charges	761	763
Professional fees	24,004	27,076
Staff travel	6,370	5,352
Telephone and internet	10,382	13,001
Board and staff development	1,820	2,903
New building - transition	-	10,544
	\$ 63,024	\$ 84,538
HOUSING AND RESIDENT		
Amortization	184,318	109,954
COVID	4,409	-
Food	35,564	28,876
Insurance	16,861	16,596
Household supplies	7,441	51,890
Repairs and maintenance	10,568	10,952
Residents' needs and program expenses	2,227	2,402
Resident travel	1,858	2,565
Security	383	887
Staff training	14,096	2,622
Utilities	26,113	33,567
	\$ 303,838	\$ 260,311