

London Cares Homeless Response Services

Financial Statements

March 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London Cares Homeless Response Services

Opinion

We have audited the financial statements of London Cares Homeless Response Services (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of London Cares Homeless Response Services as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Service Agreements as administered by the City of London.

Basis for 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 report. We are independent of the Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared to assist London Cares Homeless Response Services to meet the requirement of the City of London. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for London Cares Homeless Response Services and the City of London and should not be distributed to parties other than London Cares Homeless Response Services or the City of London.

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 the financial reporting provisions of the Funding Agreement as administered by the City of London, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities of Management 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 Organization'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 Organization'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 Organization 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.

London, Ontario
June 12, 2024

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

London Cares Homeless Response Services

Statement of Financial Position

March 31	Total 2024 (\$)	Total 2023 (\$)
Assets		
Current Assets		
Cash	868,757	1,166,593
Temporary investments (note 2)	175,527	13,126
Accounts receivable	581,033	205,640
Harmonized sales tax recoverable	141,351	123,586
Prepaid expenses	228,444	60,342
Restricted cash (note 5)	42,761	487,113
	2,037,873	2,056,400
Capital Assets (note 3)	278,163	315,738
	2,316,036	2,372,138
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	491,253	528,659
Deferred revenue (note 4)	1,230,590	905,684
Amounts administered for other parties (note 5)	42,761	487,113
	1,764,604	1,921,456
Net Assets		
Highly Supportive Housing	(81,653)	-
Unrestricted	354,922	134,944
Invested in capital assets	278,163	315,738
	551,432	450,682
	2,316,036	2,372,138

Approved on behalf of the Board:

_____, Director

_____, Director

London Cares Homeless Response Services Statement of Operations

Year ended March 31, 2024	Highly Supportive Housing (\$)	City of London (\$)	602 Queens Drop In Space (\$)	United Way (\$)	Unrestricted (\$)	Total 2024 (\$)	Total 2023 (\$)
Revenues - City of London							
Outreach and Informed Response		1,729,300				1,729,300	1,454,598
Resting Spaces		1,327,621				1,327,621	744,825
Housing Stability		1,019,219			30,000	1,049,219	899,825
Drop In Space			744,946			744,946	75,438
Housing Allowance		189,152				189,152	278,669
Winter Response Administration (note 5)		91,105				91,105	30,368
Capital Construction							500,000
Revenues - Other							
London Health Science Centre	583,333					583,333	
Donation income			12,068		208,951	221,019	84,928
United Way				125,000		125,000	125,000
Ontario Trillium Foundation			108,027			108,027	33,973
London Community Foundation	102,422					102,422	
Rent and other income	69,267				19,635	88,902	13,230
Capital funding							89,000
	755,022	4,356,397	865,041	125,000	258,586	6,360,046	4,329,854
Expenses							
Salaries and benefits	125,422	3,313,411	240,104	106,650	30,000	3,815,587	2,769,019
Rent	527,907	197,517				725,424	156,266
Security		116,979	456,517			573,496	837
Participant support	3,913	307,509	23,415			334,837	371,664
Maintenance	75,433	101,035	75,795			252,263	64,612
Information technology and communications	1,036	183,884		1,400		186,320	87,331
Vehicle and travel costs		102,693		3,735		106,428	60,858
Professional fees	18,557	41,027	35,635			95,219	66,997
Insurance	25,475	17,676				43,151	9,544
Amortization					37,575	37,575	32,869
Office and administrative	1,438	35,989				37,427	25,181
Professional development	338	34,978		850		36,166	34,039
Staff wellness and clothing		21,343		1,000		22,343	16,249
Leasehold improvements							589,000
Administration cost allocation	57,156	(117,644)	33,575	11,365	8,608	(6,940)	
	836,675	4,356,397	865,041	125,000	76,183	6,259,296	4,284,466
Excess (Deficiency) for the year	(81,653)				182,403	100,750	45,388
Net Assets, beginning of year					450,682	450,682	405,294
Net Assets, end of year	(81,653)				633,085	551,432	450,682

London Cares Homeless Response Services

Statement of Cash Flows

Year ended March 31, 2024	2024	2023
	(\$)	(\$)
Cash Flows From (Used in) Operating Activities		
Excess (deficiency) of revenues over expenses	100,750	45,388
Add back amortization	37,575	32,869
	138,325	78,257
Net change in non-cash operational balances		
Accounts receivable	(375,393)	(112,917)
Prepaid expenses	(168,102)	(20,321)
Accounts payable	(55,171)	152,055
Deferred revenue	324,906	564,430
	(273,760)	583,247
Cash Flows From (Used in) Operating Activities	(135,435)	661,504
Acquisition of capital assets		(213,914)
Decrease (Increase) in temporary investments (note 2)	(162,401)	
Cash Flows From (Used in) Investing Activities	(162,401)	(213,914)
Increase (Decrease) in Cash	(297,836)	447,590
Cash, beginning of Year	1,166,593	719,003
Cash, end of Year	868,757	1,166,593

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2024

Operations

London Cares Homeless Response Services (the "Organization") is a Housing first intervention aimed at individuals experiencing chronic and persistent homelessness based on a highly collaborative community-based approach. The Organization is incorporated under the laws of the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

1. Summary of Significant Accounting Policies

Basis of presentation

The financial statements were prepared in accordance with the financial reporting provisions of the Service Agreements as administered by the City of London. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations as follows:

1. Tangible capital assets purchased with funding provided through the Service Agreements or other restricted funding agreements from other funders are charged to operations in the year the expenditure is incurred rather than being capitalized on the statement of financial position and amortized over their useful lives.

Other significant accounting policies that are in accordance with Canadian accounting standards for not-for-profit organizations include:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash and term deposits with a maturity period of three months or less from the date of acquisition.

(b) Investments

The Organization's investments consist of guaranteed investment certificates ("GICs"), which are initially recognized at fair value and subsequently measured at amortized cost. When the investment is measured at amortized cost, any premium paid or discount received relative to the face amount of the investment, is amortized over the expected life of the item and recognized in net income. Transaction costs that are directly attributable to the acquisition of these investments are an adjustment to the fair value when initially recognized.

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London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

(c) Capital Assets and Amortization

Tangible capital assets purchased by the Organization (from unrestricted funds) are recorded at cost. Amortization is recorded in the accounts on the straight-line method using the predicted life as follows:

Computers	4 years straight-line method
Furniture	5 years straight-line method
Leasehold Improvements	Straight-line method over term of the lease

(d) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions, if any, are recognized as direct increases in net assets.

(e) Contributed Services

Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(f) Impairment of Long-lived Assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

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Notes to the Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

(g) Inter-Program Revenue/Expenditures and Transfers

The Organization's policy is to operate and account for its various programs and activities on a stand-alone basis wherever possible. Accordingly, certain inter-program revenue/expenditures and transfers are recorded in the accounts to reflect services rendered between programs. These transactions are identified and eliminated in the summary statement of receipts and disbursements to arrive at the organization's combined net funding and expenditures for the year.

(h) Use of Estimates

The preparation of the financial statements of the organization 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 the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Financial Instruments

The Organization's financial instruments consist of cash, investments, accounts receivable, HST recoverable, accounts payable and accrued liabilities, and government remittances payable. The Organization initially recognizes these financial instruments at fair value and subsequently, except for investments, at amortized cost. Investments are subsequently measured at fair value. Changes in fair value are recognized in net income.

2. Temporary Investments

	2024	2023
	Total	Total
	(\$)	(\$)
Guaranteed Investment Certificates	170,810	10,281
Libro Credit Union Membership Shares	4,717	2,845
	175,527	13,126

Temporary investments are comprised of guaranteed investment certificates maturing on September 28, 2024 and January 12, 2025 earning interest at rates of 3.95% and 5.00%. Interest is paid at maturity.

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3. Capital Assets

	Cost (\$)	Accumulated Amortization (\$)	2024 Net (\$)	2023 Net (\$)
Furniture	33,547	33,547		3,355
Computers	21,076	21,076		
Leasehold Improvements	342,204	64,041	278,163	312,383
	396,827	118,664	278,163	315,738

4. Deferred Revenue

	2024 (\$)	2023 (\$)
City of London	473,256	470,291
Thames Valley Family Health Team	307,989	
Ontario Trillium Foundation		93,827
London Community Foundation	142,917	70,000
London InterCommunity Health Centre	50,000	
Restricted donations (see below)	256,428	271,566
	1,230,590	905,684

Deferred revenue represents externally restricted funds received that relate to a subsequent period.

Activity in the restricted donations for the year are as follows:

Opening balance	271,566	191,073
Add: Restricted donations received	14,662	80,493
Less: Restricted donations utilized in the year	(29,800)	
Ending balance	256,428	271,566

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5. Amounts Administered for Other Parties

The organization administers certain funds received from the City of London and other funders on behalf of other parties external to the organization related to the Winter Response Program and Circle of Support. The funds are held in trust and disbursed in accordance with the terms and conditions of the funding agreements.

The following table summarizes the activity in such funds during the year:

	2024 (\$)	2023 (\$)
Funds received	675,486	1,799,077
Funds expended	(1,119,838)	(1,311,964)
Change during the year	(444,352)	487,113
Balance administered for other parties - beginning of year	487,113	-
Balance administered for other parties - end of year	42,761	487,113
The ending balance noted above is administered on behalf of:		
City of London		471,113
Circle of Support	42,761	16,000
	42,761	487,113

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6. Lease Commitments

The Organization has entered into a lease agreement for building space located at 602 Queens Ave., London. Additionally, it has entered into various sub-leases with other organizations for a portion of the premises, and also has some additional space available for sub-lease. Under the terms of these agreements, which expires May 2031, the expected gross lease payments (and lease payments net of sub-leases) are as follows:

	GROSS (\$)	NET (\$)
2025	474,473	231,815
2026	479,017	234,040
2027	489,352	239,101
2028	501,083	244,846
2029	513,108	250,734
Subsequent	1,150,182	560,376

An additional lease was entered into by the Organization for the property related to the Highly Supportive Housing program. Under the terms of this agreement, which expires August 2034, the expected lease payments are as follows:

2025	872,982
2026	872,982
2027	872,982
2028	872,982
2029	923,991
Subsequent	4,241,883

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7. Financial Instruments

All assets and liabilities, with the exception of prepaid expenses, are financial instruments, and are initially recorded at fair market value and are subsequently recorded at amortized cost. Unless otherwise noted, it is the Board's opinion that the Organization is not exposed to significant risks arising from its financial instruments.

Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Organization places its cash and investments with high quality, government-backed institutions and believes its exposure is not significant. The Organization is not exposed to credit risk on the funding from various government agencies and affiliates.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Organization manages this risk by establishing budgets and funding plans. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

8. Allocation of Expenses

General support expenses that are common to the administration of the Organization and each of its programs have been allocated to the various programs as deemed appropriate by management and the board. The allocations have also been approved by those providing the funding.
