

HORIZONS FOR YOUTH
Financial Statements
December 31, 2021

HORIZONS FOR YOUTH
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Horizons for Youth

Opinion

We have audited the financial statements of Horizons for Youth (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets 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 the Organization as at December 31, 2021, 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 charitable organizations, the Organization derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, and current assets and net assets as at December 31, 2021 and 2020 and January 1, 2021 and 2020.

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 Organization'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 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.

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.

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Independent Auditor's Report to the Members of Horizons for Youth *(continued)*

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 this financial information.

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.

Hogg, Shain & Scheck PC

Toronto, Ontario
June 27, 2022


Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

HORIZONS FOR YOUTH
Statement of Financial Position
As at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 139,904	\$ 325,084
Short-term investments <i>(Note 3)</i>	785,750	532,704
Accounts receivable	50,662	90,165
Prepaid expenses	22,361	19,890
	998,677	967,843
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	466,021	418,494
	\$ 1,464,698	\$ 1,386,337
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 64,399	\$ 52,620
Deferred revenues <i>(Note 5)</i>	50,621	59,279
	115,020	111,899
DEFERRED PROPERTY AND EQUIPMENT GRANTS <i>(Note 6)</i>	408,409	428,566
	523,429	540,465
NET ASSETS		
UNRESTRICTED	691,269	595,872
BOARD RESTRICTED RESERVE <i>(Note 7)</i>	150,000	150,000
CAPITAL REPLACEMENT RESERVE <i>(Note 8)</i>	100,000	100,000
	941,269	845,872
	\$ 1,464,698	\$ 1,386,337

APPROVED ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Statement of Operations
Year Ended December 31, 2021

	2021	2020
REVENUES		
Government funding <i>(Note 9)</i>	\$ 1,100,256	\$ 1,214,709
Fundraising and donations <i>(Note 10)</i>	369,797	421,053
United Way	97,369	106,226
Property and equipment grant amortization <i>(Note 6)</i>	96,087	78,570
Employment programs <i>(Note 11)</i>	20,351	43,513
Client support	5,818	64,675
Interest and other	3,328	9,301
	<u>1,693,006</u>	<u>1,938,047</u>
EXPENSES		
Shelter program	1,084,029	1,178,113
Building maintenance	195,097	218,463
Amortization of property and equipment	95,236	103,041
Housing help program	75,693	56,051
Administration	75,918	78,282
Residents' needs	46,541	56,117
Development	14,947	10,445
Household	10,148	5,178
	<u>1,597,609</u>	<u>1,705,690</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 95,397</u>	<u>\$ 232,357</u>

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Unrestricted	Board Restricted Reserve	Capital Replacement Reserve	2021	2020
NET ASSETS -					
BEGINNING OF YEAR	\$ 595,872	\$ 150,000	\$ 100,000	\$ 845,872	\$ 613,515
Excess of revenues over expenses	95,397	-	-	95,397	232,357
NET ASSETS - END OF YEAR	\$ 691,269	\$ 150,000	\$ 100,000	\$ 941,269	\$ 845,872

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 95,397	\$ 232,357
Items not affecting cash:		
Amortization of property and equipment	95,236	103,041
Amortization of property and equipment grants	<u>(96,087)</u>	<u>(78,570)</u>
	<u>94,546</u>	<u>256,828</u>
Changes in non-cash working capital:		
Accounts receivable	39,503	(61,488)
Prepaid expenses	(2,471)	(3,363)
Accounts payable and accrued liabilities	11,779	10,308
Deferred revenues	(8,658)	1,511
Deferred property and equipment grants	<u>75,930</u>	<u>92,712</u>
	<u>116,083</u>	<u>39,680</u>
Cash flows from operating activities	<u>210,629</u>	<u>296,508</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(142,763)</u>	<u>(269,320)</u>
FINANCING ACTIVITY		
Change in short-term investments (net)	<u>(253,046)</u>	<u>(7,755)</u>
NET INCREASE (DECREASE) IN CASH	(185,180)	19,433
CASH - BEGINNING OF YEAR	<u>325,084</u>	<u>305,651</u>
CASH - END OF YEAR	<u>\$ 139,904</u>	<u>\$ 325,084</u>

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2021

1. NATURE AND PURPOSE OF THE ORGANIZATION

Horizons for Youth (the "Organization") is incorporated as a not-for-profit organization without share capital under the Ontario Corporations Act as "Housing for Youth in the City of York Corporation". The Organization is exempt from income tax in Canada as a registered charitable organization under subsection 149(1)d the Income Tax Act (Canada).

The Organization provides a housing facility and related programs for youth in transition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions. Restricted contributions, including government funding, fundraising and donations, and other contributions, are recognized as revenue in the year in which the related expenses are incurred.

Based on the terms of funding agreements, grants are paid to the Organization as a fixed amount, on a staff time-basis, or as a fixed amount per measure of output. Terms range from less than one year to two years. The amount of revenue recognized is based on the services delivered in the period. Any grant funds unspent at year end are recorded as deferred revenues.

Grants related to the purchase of property and equipment are recorded as revenue in the same period the related property and equipment are charged to operations.

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.

Interest and other revenue is recorded when earned.

Donated goods and services

Donated goods and services, which are not normally purchased by the Organization, are not recorded in the accounts. The operations of the Organization depend on the contribution of time by volunteers, the fair value of which cannot be reasonably determined and are, therefore, not reflected in these financial statements.

Financial instruments

The Organization's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable.

All financial instruments are initially measured at fair value, and subsequently, at amortized cost, with the exception of the short-term investments, which are measured at cost plus accrued interest.

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HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. They are amortized on a straight-line basis over their estimated useful lives as follows:

Building improvements	10 years
Furniture, fixtures, and equipment	5 years

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long-lived assets

Long-lived assets, comprising of capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to excess of revenues over expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates include the collection of accounts receivable and the useful life of property and equipment. Estimates are periodically reviewed and any adjustments necessary are reported in the year in which they become known. Actual results could differ from these estimates.

3. SHORT-TERM INVESTMENTS

Short-term investments are comprised of Guaranteed Investment Certificates issued by a major Canadian chartered bank, which earn interest of 0.30% and 0.50% (2020 - 0.90% and 1.58%) per annum, and mature between January and June 2022 (2020 - January and May 2021).

HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2021

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 1	\$ -	\$ 1	\$ 1
Building improvements	494,757	187,498	307,259	291,262
Furniture, fixtures, and equipment	256,291	97,530	158,761	127,231
	\$ 751,049	\$ 285,028	\$ 466,021	\$ 418,494

The original land and building owned and of used by the Organization were purchased and constructed primarily with capital grants received from the Ontario Ministry of Community and Social Services and sales tax rebates. These grants and rebates have been deducted from the cost of the assets as follows:

	Original Cost	Grants Received	2021 Carrying Value
Land	\$ 819,549	\$ (819,548)	\$ 1
Building	1,817,028	(1,817,027)	1
	\$ 2,636,577	\$ 2,636,575	\$ 2

Under terms of the capital funding agreement with the Province of Ontario, the Organization may not dispose of, or significantly change the use of, the land and building without prior written permission from the Ministry of Community and Social Services.

5. DEFERRED REVENUES

Deferred revenues as at December 31 are comprised of restricted contributions from the following:

	2021	2020
Maple Leaf Sports Entertainment	\$ 24,661	\$ 24,661
Catherine and Maxwell Foundation	20,000	-
Others	5,000	3,218
City of Toronto	960	-
Toronto Foundation	-	11,400
Bell Canada	-	20,000
	\$ 50,621	\$ 59,279

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HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2021

5. DEFERRED REVENUES (continued)

The continuity of deferred revenues is as follows:

	2021	2020
Balance, beginning of year	\$ 59,279	\$ 57,768
Add: Amounts received during the year	30,960	59,118
Less: Amounts recognized in revenue in the year	(39,618)	(57,607)
Balance, end of year	\$ 50,621	\$ 59,279

6. DEFERRED PROPERTY AND EQUIPMENT GRANTS

Deferred property and equipment grants as at December 31 are comprised of contributions from the following entities:

	2021	2020
Ontario Trillium Foundation	\$ 253,160	\$ 268,431
Harold E. Ballard Foundation	49,583	50,000
Home Depot Canada Foundation	33,417	45,000
City of Toronto	28,374	45,844
Agriculture and Food Canada	24,945	-
Others	18,930	19,291
	\$ 408,409	\$ 428,566

The continuity of deferred property and equipment grants is as follows:

	2021	2020
Balance, beginning of year	\$ 428,566	\$ 414,424
Add: amounts received during the year	75,930	92,712
Less: amounts amortized in revenue in the year	(96,087)	(78,570)
Balance, end of year	\$ 408,409	\$ 428,566

7. BOARD RESTRICTED RESERVE

Effective for 2020, the Board of Directors approved the establishment of a Board Restricted Reserve to mitigate the uncertainties of COVID-19, and approved a transfer of \$150,000 from unrestricted net assets.

8. CAPITAL REPLACEMENT RESERVE

In 2018, the Board of Directors approved the establishment of a Capital Replacement Reserve to maintain the building. As such, this reserve will be used to fund major capital items needed to keep the building at an acceptable standard.

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Notes to Financial Statements
Year Ended December 31, 2021

9. GOVERNMENT FUNDING

Funding from the City of Toronto is comprised of the following:

	2021	2020
Per diem fees	\$ 1,000,686	\$ 1,000,686
Hostel re-direct	87,070	87,069
COVID-19 support	12,500	105,186
Other	-	21,768
	\$ 1,100,256	\$ 1,214,709

10. FUNDRAISING AND DONATIONS

Fundraising and donations were received from the following sources:

	2021	2020
Foundations	\$ 142,573	\$ 223,853
Individuals	115,854	73,943
Corporations	80,161	95,880
Special events and others	31,209	27,376
	\$ 369,797	\$ 421,052

11. EMPLOYMENT PROGRAMS

Funding received for employment programs are comprised of the following:

	2021	2020
Investing in Neighbourhoods	\$ 20,351	\$ 33,513
Ryerson University	-	10,000
	\$ 20,351	\$ 43,513

12. FINANCIAL RISKS

The Organization is exposed to risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2021, which are consistent with the prior year.

Credit risk

Credit risk arises from the potential that fees are not paid. Fee receivables are monitored and followed-up by management to minimize the risk of lost revenues.

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HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2021

12. FINANCIAL RISKS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk primarily as a result of its fixed-rate investments, which are generally reinvested as they mature.

It is management's opinion the Organization is not exposed to significant liquidity, currency, or other price risks arising from its financial instruments.

13. GOVERNMENT ASSISTANCE

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus.

The Organization received \$12,500 (2020 - \$105,186) as COVID-19 funding support from the City of Toronto to assist in its operations (Note 9).
