

HORIZONS FOR YOUTH
Financial Statements
December 31, 2022

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HORIZONS FOR YOUTH
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Year Ended December 31, 2022

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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, 2022, 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, 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 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, 2022 and 2021, and current assets and net assets as at December 31, 2022 and 2021 and January 1, 2022 and 2021.

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.

Toronto, Ontario
June 20, 2023

Hogg, Shain & Scheck PC


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

HORIZONS FOR YOUTH
Statement of Financial Position
As at December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 222,974	\$ 139,904
Short-term investments (Note 3)	797,563	785,750
Accounts receivable	40,373	50,662
Prepaid expenses	29,645	22,361
	1,090,555	998,677
PROPERTY AND EQUIPMENT (Note 4)	431,905	466,021
	\$ 1,522,460	\$ 1,464,698
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 69,146	\$ 64,399
Deferred revenues (Note 5)	131,111	50,621
	200,257	115,020
DEFERRED PROPERTY AND EQUIPMENT GRANTS (Note 6)	348,682	408,409
	548,939	523,429
NET ASSETS		
UNRESTRICTED	723,521	691,269
BOARD RESTRICTED RESERVE (Note 7)	150,000	150,000
CAPITAL REPLACEMENT RESERVE (Note 8)	100,000	100,000
	973,521	941,269
	\$ 1,522,460	\$ 1,464,698

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, 2022

	2022	2021
REVENUES		
Government funding <i>(Note 9)</i>	\$ 1,224,598	\$ 1,100,256
Fundraising and donations <i>(Note 10)</i>	321,743	369,797
Property and equipment grant amortization <i>(Note 6)</i>	91,347	96,087
United Way	95,127	97,369
Employment programs <i>(Note 11)</i>	28,724	20,351
Interest and other	15,629	3,328
Client support	-	5,818
	<u>1,777,168</u>	<u>1,693,006</u>
EXPENSES		
Shelter program	1,254,878	1,084,029
Building maintenance	172,630	195,097
Amortization of property and equipment	105,741	95,236
Administration	81,583	75,918
Housing help program	65,731	75,693
Residents' needs	28,640	46,541
Household	23,833	10,148
Development	11,880	14,947
	<u>1,744,916</u>	<u>1,597,609</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 32,252	\$ 95,397

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Unrestricted	Board Restricted Reserve	Capital Replacement Reserve	2022	2021
NET ASSETS -					
BEGINNING OF YEAR \$	691,269	\$ 150,000	\$ 100,000	\$ 941,269	\$ 845,872
Excess (deficiency) of revenues over expenses	32,252	-	-	32,252	95,397
NET ASSETS - END OF YEAR	\$ 723,521	\$ 150,000	\$ 100,000	\$ 973,521	\$ 941,269

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 32,252	\$ 95,397
Items not affecting cash:		
Amortization of property and equipment	105,741	95,236
Amortization of property and equipment grants	(91,347)	(96,087)
	<u>46,646</u>	<u>94,546</u>
Changes in non-cash working capital:		
Accounts receivable	10,289	39,503
Prepaid expenses	(7,284)	(2,471)
Accounts payable and accrued liabilities	4,748	11,779
Deferred revenues	80,490	(8,658)
Deferred property and equipment grants	31,620	75,930
	<u>119,863</u>	<u>116,083</u>
Cash flows from operating activities	<u>166,509</u>	<u>210,629</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(71,625)</u>	<u>(142,763)</u>
FINANCING ACTIVITY		
Change in short-term investments (net)	<u>(11,814)</u>	<u>(253,046)</u>
NET INCREASE (DECREASE) IN CASH	83,070	(185,180)
CASH - BEGINNING OF YEAR	139,904	325,084
CASH - END OF YEAR	\$ 222,974	\$ 139,904

See the accompanying notes to these financial statements

HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2022

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) of 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, 2022

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 are not amortized until they are placed into use.

Impairment of long-lived assets

Long-lived assets, including capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

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 1.68% and 2.50% (2021 - 0.30% and 0.50%) per annum, and mature between February 2023 and June 2023 (2021 - January and June 2022).

HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2022

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 1	\$ -	\$ 1	\$ 1
Building improvements	527,269	237,597	289,672	307,259
Furniture, fixtures, and equipment	295,404	153,172	142,232	158,761
	<u>\$ 822,674</u>	<u>\$ 390,769</u>	<u>\$ 431,905</u>	<u>\$ 466,021</u>

The original land and building owned and 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	2022 Carrying Value
Land	\$ 819,549	\$ (819,548)	\$ 1
Building	1,817,028	(1,817,027)	1
	<u>\$ 2,636,577</u>	<u>\$ 2,636,575</u>	<u>\$ 2</u>

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:

	2022	2021
Ontario Trillium Foundation	\$ 36,200	\$ -
Maple Leaf Sports Entertainment	24,661	24,661
Catherine and Maxwell Foundation	24,000	20,000
Bell Canada	20,000	-
Peter Gilgan Foundation	12,500	-
Telus Canada	10,000	-
Others	3,750	5,000
City of Toronto	-	960
	<u>\$ 131,111</u>	<u>\$ 50,621</u>

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HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2022

5. DEFERRED REVENUES (continued)

The continuity of deferred revenues is as follows:

	2022	2021
Balance, beginning of year	\$ 50,621	\$ 59,279
Add: amounts received during the year	128,950	30,960
Less: amounts recognized in revenue in the year	(48,460)	(39,618)
	\$ 131,111	\$ 50,621

6. DEFERRED PROPERTY AND EQUIPMENT GRANTS

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

	2022	2021
Ontario Trillium Foundation	\$ 226,168	\$ 253,160
Harold E. Ballard Foundation	44,583	49,583
Home Depot Canada Foundation	28,918	33,417
Agriculture and Food Canada	18,708	24,945
Others	16,120	18,930
City of Toronto	14,185	28,374
	\$ 348,682	\$ 408,409

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

	2022	2021
Balance, beginning of year	\$ 408,409	\$ 428,566
Add: amounts received during the year	31,620	75,930
Less: amounts amortized in revenue in the year	(91,347)	(96,087)
	\$ 348,682	\$ 408,409

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.

HORIZONS FOR YOUTH
Notes to Financial Statements
Year Ended December 31, 2022

9. GOVERNMENT FUNDING

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

	<u>2022</u>	<u>2021</u>
Per diem fees	\$ 1,000,686	\$ 1,000,686
Hostel re-direct	87,068	87,070
City of Toronto - COVID19 support	70,064	12,500
Ontario Trillium fund	66,780	-
	<u>\$ 1,224,598</u>	<u>\$ 1,100,256</u>

10. FUNDRAISING AND DONATIONS

Fundraising and donations were received from the following sources:

	<u>2022</u>	<u>2021</u>
Foundations	\$ 161,055	\$ 142,573
Individuals	97,007	115,854
Corporations	60,509	80,161
Special events and others	3,172	31,209
	<u>\$ 321,743</u>	<u>\$ 369,797</u>

11. EMPLOYMENT PROGRAMS

Funding received for employment programs are comprised of the following:

	<u>2022</u>	<u>2021</u>
Investing in Neighbourhoods	\$ 20,503	\$ 20,351
Employment and Social Development Canada - Canada Summer Jobs	8,221	-
	<u>\$ 28,724</u>	<u>\$ 20,351</u>

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, 2022, 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, 2022

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 \$70,064 (2021 - \$12,500) as COVID-19 funding support from the City of Toronto to assist in its operations (Note 9).
