

SAFE 'N SOUND RESIDENCE
FINANCIAL STATEMENTS
MARCH 31, 2024

SAFE 'N SOUND RESIDENCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Safe 'N Sound Residence:

Qualified opinion

We have audited the financial statements of Safe 'N Sound Residence ("the Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flow 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 Safe 'N Sound Residence as at March 31, 2024, and its results of operations and 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 Organization derives revenues from donations and fundraising, 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 and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenue over expenses and net asset balances for the years ended March 31, 2024 and March 31, 2023.

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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Other matter

The financial statements of Safe 'N Sound Residence for the year ended March 31, 2023, were audited by another auditor who expressed a qualified opinion on those statements on October 27, 2023. A qualified opinion was expressed due to the completeness of revenue from donations and fundraising that was not susceptible to satisfactory audit verification.

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 the 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, the board of directors 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.

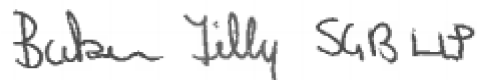
Auditor's responsibilities for the audit of the financial statements

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 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.

A handwritten signature in dark ink that reads "Baker Tilly SGB LLP".

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Owen Sound, Ontario
November 18, 2024

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SAFE 'N SOUND RESIDENCE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2024 \$	2023 \$
Assets		
Current		
Cash	65,512	63,568
Accounts receivables (Note 2)	44,154	62,554
HST rebate receivable	26,452	16,369
Prepaid expenses	-	111
	136,118	142,602
Liabilities		
Current		
Accounts payable and accruals	58,407	46,191
Government remittances payable	14,446	8,401
Deferred revenue (Note 3)	77,279	5,784
Current portion of long-term debt (Note 6)	14,710	38,315
	164,842	98,691
Long-term debt (Note 6)	251,377	236,149
	416,219	334,840
Net assets (deficiency)		
Unrestricted	(44,014)	52,226
Unfunded building purchase	(236,087)	(244,464)
	(280,101)	(192,238)
	136,118	142,602

Approved on behalf of the board:

Director

Director

See accompanying notes to the financial statements

SAFE 'N SOUND RESIDENCE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31

	2024 \$	2023 \$
Revenue		
Donations	57,958	63,835
Hostel payments	-	340
Grants - City of Owen Sound	-	25,000
Grants - Foundations and other charities	161,536	157,095
Grants - Grey County	274,000	112,500
Rental	14,892	20,776
	<u>508,386</u>	<u>379,546</u>
Expenses		
Advertising	753	527
Bank charges, interest and miscellaneous	2,039	2,185
Contractor fees	-	2,256
Insurance	13,200	13,975
Interest on long-term debt	11,128	11,505
Office	11,885	8,110
Professional fees	30,700	37,698
Programs	14,555	7,883
Property tax (rebate)	-	(2,703)
Repairs and maintenance	10,104	43,847
Rental expenses	15,090	14,945
Supplies and special events	21,491	1,973
Utilities and telephone	11,145	5,769
Wages, employee benefits and travel	454,159	262,820
	<u>596,249</u>	<u>410,790</u>
Deficiency of revenue over expenses for the year	<u>(87,863)</u>	<u>(31,244)</u>

See accompanying notes to the financial statements

SAFE 'N SOUND RESIDENCE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31

	Unrestricted	Unfunded Building Purchase	2024	2023
	\$	\$	\$	\$
Balance at beginning of year	52,226	(244,464)	(192,238)	(160,994)
Deficiency of revenue over expenses for the year	(87,863)	-	(87,863)	(31,244)
Repayment of long-term liabilities	(8,377)	8,377	-	-
Balance at end of year	(44,014)	(236,087)	(280,101)	(192,238)

See accompanying notes to the financial statements

SAFE 'N SOUND RESIDENCE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

	2024	2023
	\$	\$
Cash flows from (for):		
Operating activities		
Deficiency of expenses over revenue for the year	(87,863)	(31,244)
Changes in		
Accounts receivable	18,400	(11,509)
HST rebate receivable	(10,083)	27,688
Prepaid expenses	111	(111)
Accounts payable and accruals	12,216	25,589
Government remittances payable	6,045	732
Deferred revenue	71,495	(50,716)
	10,321	(39,571)
Financing activities		
Repayment of Canada Emergency Business Account loan	(30,000)	-
Repayment of long-term debt	(8,377)	(7,999)
Assumption of long-term debt	30,000	-
	(8,377)	(7,999)
Change in cash	1,944	(47,570)
Balance at beginning of year	63,568	111,138
Balance at end of year	65,512	63,568

See accompanying notes to the financial statements

SAFE 'N SOUND RESIDENCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

Nature of the organization

Safe 'N Sound Residence was incorporated without share capital under the laws of Ontario. The Organization exists to provide safe emergency shelter and support for homeless people in Grey and Bruce Counties, in partnership with community services, and public education and advocacy for homelessness prevention.

Safe 'N Sound Residence is a registered charity under paragraph 149{1}{f} of the Income Tax Act and is exempt from tax by virtue of that section.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (referred to as "ASNPO") and are in accordance with Canadian generally accepted accounting principles (GAAP).

The following is a summary of significant accounting policies followed in the preparation of the financial statements:

(a) Financial instruments

Initial recognition and measurement

A financial asset or a financial liability is recognized when the Organization becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments are recognized in operations in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

The Organization's financial instruments consist of cash, accounts receivable, which will result in future cash receipts, as well as accounts payable and long-term liabilities, which will result in future cash outlays.

(b) 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 reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term, highly liquid financial instruments with a maturity of three months or less at acquisition.

In fiscal year 2022, there was a building purchase which had a total cost of \$386,378.

SAFE 'N SOUND RESIDENCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

1. Summary of significant accounting policies (continued)

(d) Capital assets

Capital asset additions are not recorded in the statement of financial position. Expenditures for capital assets are recorded in the statement of operations in the year they have incurred. Normal expenditures would include furniture and fixtures, equipment and computer hardware.

In fiscal year 2022, there was a building purchase which had a total cost of \$386,378.

(e) Revenue recognition

The Organization follows the deferral method of accounting for contributions. 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. Unrestricted contributions include donations and fundraising (unless otherwise specified by the donor), grants (unless otherwise specified in the grant agreement). Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Restricted contributions include specific grants, donations and fundraising revenue.

Rent is recognized on a monthly basis as funded by government agencies.

(f) Contributed materials and services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Volunteers contribute many hours each year to assist the Organization in carrying out its service delivery activities. Because of the difficulty in determining fair market value, volunteer services are not recognized in the financial statements.

2. Accounts receivable

Accounts receivable is net of an allowance for doubtful accounts of \$NIL (2023 - \$NIL).

3. Deferred revenue

Donations were externally restricted as follows:

	2024	2023
	\$	\$
Balance, beginning of the year	5,784	56,500
Community donations and grants	76,782	5,287
Rental	497	497
Expenditures	(5,784)	(56,500)
	77,279	5,784

During the year, the Organization received externally restricted donations totaling \$76,782 (2023 - \$5,287). The funds donated in 2024 and 2023 were for repairs, strategic planning and other various programs.

The Organization applies to and receives funding from a variety of sources including foundations, community programs, and provincial, county and municipal government initiatives. The amounts received vary from year to year depending on the needs of the organization and the funding available from these sources.

SAFE 'N SOUND RESIDENCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

4. Economic dependence

The Organization is dependant upon a government operating subsidy from the County of Grey and subsidies from local organizations to deliver its programs.

5. Financial instruments

The Organization is not exposed to significant credit risk or market risk, which is comprised of currency risk, interest rate risk and other price risk. There have been no changes in the risk exposures from the prior year.

Financial risks

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk in respect of its accounts payable and accrued liabilities and long-term debt. The Organization believes that future funding and donations will be sufficient to satisfy its financial liabilities as they become due. In addition, the Organization has established a credit facility for short term cash shortfalls.

SAFE 'N SOUND RESIDENCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

6. Long-term liabilities

Long-term liabilities consist of the following:

	2024	2023
	\$	\$
(a) 4.65% loan payable to Royal Bank of Canada. Repayable \$1,625 principal and interest monthly, based on 215 month amortization, due January 31, 2027. Secured by a general security agreement as well as land and building.	236,087	244,464
(b) Prime plus 1.25% non-revolving loan payable to the Royal Bank of Canada. Repayable \$500 principal plus interest monthly, based on a 5 year amortization, due March 15, 2029. Secured by a general security agreement as well as land and building.	30,000	-
(c) Canada Emergency Business Account loan	-	30,000
	266,087	274,464
Less: current portion	(14,710)	(38,315)
	251,377	236,149

Principal payments expected to be paid in the next five years are as follows:

	Principal \$
2025	14,710
2026	15,123
2027	224,254
2028	6,000
2029	6,000
	266,087

The Organization has a demand facility of \$5,000 for bank overdraft. Interest is prime plus 5%. Available credit at March 31, 2024 was \$5,000 (2023 - \$5,000).

7. Comparative figures

Certain comparative information on the statement of financial position and statement of operations has been reclassified to conform with the current financial statement presentation.