

Eva's Initiatives for Homeless Youth

Financial Statements

For the Year Ended September 30, 2018



INDEPENDENT AUDITORS' REPORT

To the Members and Board of Directors of Eva's Initiatives for Homeless Youth

We have audited the accompanying financial statements of Eva's Initiatives for Homeless Youth which comprise the statement of financial position as at September 30, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Eva's Initiatives for Homeless Youth derives revenue from fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of Eva's Initiatives for Homeless Youth and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses and cash flows from operations for the year ended September 30, 2018, current assets as at September 30, 2018 and net assets as at September 30, 2018 and October 1, 2017.

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Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Eva's Initiatives for Homeless Youth as at September 30, 2018, 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.

Other matter

The financial statement of Eva's Initiatives for Homeless Youth for the year ended September 30, 2017 were audited by another auditor who expressed a qualified opinion on those financial statements on February 28, 2018.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 29, 2019
Toronto, Ontario

Eva's Initiatives for Homeless Youth
Statement of Financial Position
As at September 30, 2018

	2018	2017
Assets		
Current		
Cash (Note 3)	\$ 1,341,332	\$ 1,406,113
Short-term investments (Note 3)	1,400,000	152,604
Accounts receivable	271,972	192,498
Prepaid expenses	120,188	101,177
	\$ 1,133,542	1,852,392
Property and equipment (Note 4)	11,167,840	11,774,217
	\$ 14,301,382	\$ 13,626,609
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 435,160	\$ 479,616
Construction and holdback payable	-	79,889
Deferred grants (Note 6)	1,285,443	583,990
	1,720,603	1,143,495
Deferred capital contributions (Note 7)	10,852,436	11,252,941
	12,573,039	12,396,436
Net Assets		
Operating Fund	712,939	708,897
Invested in Property and Equipment	315,404	521,270
Board Designated Reserve (Note 8)	700,000	-
	1,728,343	1,230,173
	\$ 14,301,382	\$ 13,626,609

Commitments (Note 9)

Approved by the Board

Director

Director

Eva's Initiatives for Homeless Youth
Statement of Operations
Year Ended September 30, 2018

	2018	2017
Revenue		
Donations, fundraising and grants (page 12)	\$ 5,191,574	\$ 4,442,472
Toronto Community Services funding (page 13)	3,014,606	3,016,232
Eva's Print Shop sales	270,601	244,868
Investment income	21,374	5,089
Other	152,201	80,965
	8,650,356	7,789,626
Expenses (page 13)		
Youth programs	2,789,261	2,654,893
Shelter services	2,612,758	2,317,873
Administration	1,000,927	802,932
Building and property	651,255	610,034
Fundraising and volunteer services	1,066,913	974,871
	8,121,114	7,360,603
Excess of revenues over expenses before the following	529,242	429,023
Amortization of property and equipment	(612,827)	(611,185)
Amortization of deferred capital contribution	581,755	579,839
Excess of revenues over expenses, for the year	\$ 498,170	\$ 397,677

Eva's Initiatives for Homeless Youth
Statement of Changes in Net Assets
Year Ended September 30, 2018

	Operating Fund	Invested in Property and Equipment	Board Designated Reserve	2018	2017
Balance - at beginning of year	\$ 708,897	\$ 521,276	\$ -	\$ 1,230,173	\$ 832,496
Excess of revenues over expenses	529,242	(31,072)	-	498,170	397,677
Purchase of property and equipment	(6,450)	6,450	-	-	-
Capital contributions received	181,250	(181,250)	-	-	-
Interfund transfer (Note 8)	(700,000)	-	700,000	-	-
Balance - at end of year	\$ 712,939	\$ 315,404	\$ 700,000	\$ 1,728,343	\$ 1,230,173

Eva's Initiatives for Homeless Youth
Statement of Cash Flows
Year Ended September 30, 2018

	2018	2017
Cash provided by (used in)		
Operations		
Excess of revenues over expenses	\$ 498,170	\$ 397,677
Items not affecting cash		
Amortization of property and equipment	612,827	611,185
Amortization of deferred capital contributions	(581,755)	(579,839)
	529,242	429,023
Net changes in non-cash working capital		
Increase in accounts receivable	(79,474)	(714)
Increase in prepaid expenses	(19,011)	(15,187)
(Decrease) increase in accounts payable and accrued liabilities	(44,456)	94,904
Decrease in construction and holdback payable	(79,889)	(1,912,622)
Increase in deferred grants	701,453	237,625
	478,623	(1,595,994)
Investing		
Capital contributions received	181,250	2,195,012
Purchase of property and equipment	(6,450)	(63,364)
Purchase of short-term investments	(1,400,000)	(152,604)
Redemption of short-term investments	152,604	150,000
	(1,072,596)	2,129,044
Financing		
Repayments of loan payable	-	(1,500,000)
Change in cash	(64,731)	(537,927)
Cash, beginning of year	1,406,113	1,944,040
Cash, end of year	\$ 1,341,382	\$ 1,406,113

Eva's Initiatives for Homeless Youth
Notes to Financial Statements
September 30, 2018

1. NATURE OF OPERATIONS

Eva's Initiatives for Homeless Youth ("Eva's") works collaboratively with young people experiencing homelessness to help them reach their goals by providing safe shelter and a range of programs and services to help them leave the streets permanently.

Eva's operates two shelters for homeless youth, a transitional housing site, and a youth training and employment readiness centre. Eva's also develops and implements a range of innovative programs and services, such as Family Reconnect, that are aimed at preventing and ending youth homelessness and support independent living skills.

Eva's is a not-for-profit organization incorporated under the laws of the Province of Ontario on November 30, 1989 as a corporation without share capital. Eva's is generally exempt from income taxes as a registered charitable organization under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Assets and Liabilities

Eva's initially measures its financial assets and financial liabilities at fair value. Eva's subsequently measures all its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets and financial liabilities measured at amortized cost include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and loan payable.

Designated Funds

Operating Fund

The operating fund represents the unrestricted net assets of Eva's.

Invested in Property and Equipment

Net assets invested in property and equipment represents the net book value of property and equipment less any deferred capital contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Designated Funds (Cont'd)

Board Designated Reserve

The Board Designated Reserve represents the amounts internally restricted by the board of directors to maintain an adequate level of unrestricted net assets to support the organization's day-to-day operations in the event of unforeseen shortfalls.

Short-Term Investments

Short term investments are comprised of guaranteed investment certificates and are recorded at amortized cost.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided over their estimated useful lives. The annual amortization rates and methods are as follow:

Building	-	4% declining balance
Furniture and equipment	-	20% declining balance
Vehicle	-	30% declining balance
Leasehold improvements	-	Over the term of the lease

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis.

Property and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is measured as the amount by which the carrying value of the property and equipment exceeds its fair value.

Deferred Capital Contributions

Externally restricted contributions for the purchase of capital assets that will be amortized are deferred and amortized over the life of the related capital assets on the same basis of amortization as the related capital asset. Externally restricted contributions that have not been expended are recorded as part of deferral capital contributions on the statement of financial position.

Revenue Recognition

Contributions

Eva's follows the deferral method of accounting for contributions which include donations, government grants and other contributions. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Grants approved, but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

Donated Goods and Services

Donated goods are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods can be readily determined.

Volunteers contribute significant amounts of time to assist Eva's in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Toronto Community Services Funding

Toronto Community Services Funding is recognized as revenue as the related shelter services are provided using the City of Toronto rates in effect at that time.

Eva's Print Shop Sales

Eva's Print Shop sales are recognized as revenue when the goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable and sale price is fixed and determinable.

Investment and Other Income

Investment and other income are recorded in the accounts as earned.

Allocation of Expenses

Eva's serves homeless and at-risk youth and engages in providing youth program shelter services and fundraising and volunteer programs. The cost of programs includes direct salaries and benefits and other expenses that are directly related to providing the program services.

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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Key areas of estimation where management has made difficult, complex or subjective judgment often as a result of matters that are uncertain, include, among others, the allocation of expenses to programs, provisions for doubtful accounts receivable, and useful lives for amortization of property and equipment. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

Eva's Initiatives for Homeless Youth
Notes to Financial Statements
September 30, 2018

3. CASH AND SHORT-TERM INVESTMENTS

The cash balance consists of cash for operations and programs as well as restricted cash for the Eva's Phoenix site construction of \$291,400 (2017 - \$202,285).

The short-term investments consist of guaranteed investment certificates that bear interest ranging from 1.20% to 2.10% (2017 - 1.00% to 1.10%) and which mature on December 28, 2018, January 2, 2019, February 23, 2019 and May 9, 2019. The certificates from December 28, 2018, January 2, 2019, and February 23, 2019 matured and were reinvested into further guaranteed investment certificates.

The short-term investments are pledged as security under the credit facility as disclosed in Note 5.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2018	Net 2017
Building	\$ 1,769,746	\$ 1,110,229	\$ 659,517	\$ 686,996
Furniture and equipment	195,779	195,330	449	562
Vehicle	21,781	17,336	4,445	6,350
Leasehold improvements	11,666,598	1,163,169	10,503,429	11,080,309
	\$ 13,653,904	\$ 2,486,064	\$ 11,167,840	\$ 11,774,217

5. CREDIT FACILITY

Eva's has a credit facility with Scotia Bank of Canada to a maximum of \$150,000 which bears interest at the bank's prime lending rate plus 1.50% per annum. A general security agreement covering all assets of Eva's, specifically short term investments, has been pledged as security. There were no advances against the facility as at September 30, 2018 (\$NIL as at September 30, 2017).

Eva's also had a non-revolving term facilities by way of a fixed rate term loan in the amount of \$1,500,000 at an interest rate of bank prime lending rate plus 0.75% per annum with interest payable monthly. In the prior period, Eva's was advanced a total of \$1,500,000 for the purpose of facilitating the completion of Eva's Phoenix site. This credit facility was closed and was fully repaid as of September 30, 2017.

Interest expenses incurred during the year were \$Nil (2017 - \$24,600).

Eva's Initiatives for Homeless Youth
Notes to Financial Statements
September 30, 2018

6. DEFERRED GRANTS

	2018	2017
Deferred grants, beginning of year	\$ 583,990	\$ 346,365
Other externally restricted funds received	3,812,782	237,625
Amount recognized as revenue during the year	(3,111,329)	-
Deferred grants, end of year	\$ 1,285,443	\$ 583,990

	2018	2017
Eva's Print Shop	\$ -	\$ 43,484
Harm Reduction	85,246	27,982
Independent Living Program	21,899	48,086
Education Program	59,289	66,316
Toronto Community Service Funding	20,944	7,097
Youth Succeeding in Employment	121,126	139,248
Recreation	29,707	88,382
Family Reconnect	440,493	12,650
You Got This Program	109,849	-
Construction Property Maintenance	165,913	55,463
Special Event Revenue In Advance	40,447	48,676
Other	190,530	46,606
Total	\$ 1,285,443	\$ 583,990

7. DEFERRED CAPITAL CONTRIBUTIONS

Capital contributions represent contributions received for the renovation and relocation of Eva's Phoenix. The deferred capital contributions consist of contributions received that have not been expended and unamortized contributions received and expended for the renovation of the building. The changes in deferred capital contributions are as follows:

	2018	2017
Balance, beginning of year	\$ 11,252,941	\$ 9,637,768
Capital contributions for the year	181,250	2,195,012
Amounts recognized in revenue for the year	(581,755)	(579,839)
Balance, end of year	\$ 10,852,436	\$ 11,252,941

8. BOARD DESIGNATED RESERVE

During the year ended September 30, 2018, the board of directors approved transfers totalling \$700,000 from the Operating Fund to the Board Designated Reserve.

Eva's Initiatives for Homeless Youth
Notes to Financial Statements
September 30, 2018

9. COMMITMENTS

Land at the Eva's Place location is leased from the City of Toronto. The renewal option for 15 years ending November 25, 2031 at a rate of \$1 per year has been exercised. Lease payments to November 2031 have been prepaid in full.

Land and building at the Eva's Phoenix location at 60 Brant Street are leased from the City of Toronto under the initial term of 20 years ending August 29, 2036 at a rate of \$1 per year for the basic rent plus operating costs with 4 renewal options for additional 5 years each ending August 29, 2056. The basic rent payments to August 29, 2036 have been prepaid in full.

The building at the Satellite location at 25 Canterbury Place is leased from the City of Toronto. The renewal option for 5 years ending November 20, 2019 at a rate of \$2 per year has been exercised. Lease payments to November 2019 have been prepaid in full.

Eva's has entered into an agreement to lease administrative office space which expires on November 30, 2020 and to lease equipment under operating leases which expire from May 2019 to December 2023. Minimum rental payments under the leases are as follows:

	Premises	Equipment	Total
2019	\$ 46,875	\$ 64,883	\$ 111,758
2020	49,219	64,767	113,986
2021	-	64,767	64,767
2022	-	64,767	64,767
2023	-	64,767	64,767
Thereafter	-	24,579	24,579
	<u>\$ 96,094</u>	<u>\$ 348,530</u>	<u>\$ 444,624</u>

In addition, Eva's is committed to pay its proportionate share of taxes, utilities and operating costs of the premises which amounted to approximately \$19,213 (2017 - \$81,493).

10. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

Eva's is exposed to various risks through its financial instruments. The following analysis provides a measure of the Eva's risk exposure at September 30, 2018.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Eva's main credit risks relate to accounts receivable. Eva's mitigates credit risk by performing credit checks and imposing credit limits. Management includes provision for doubtful accounts receivable in these financial statements when collection is in doubt. Management determined there is no provision required as at September 30, 2018.

Eva's Initiatives for Homeless Youth
Notes to Financial Statements
September 30, 2018

11. ADMINISTRATION AND FUNDRAISING AND VOLUNTEERING SERVICES

Eva's administration and fundraising and volunteering services as a percentage of total expenses are as follows:

	2018	2017
Administration	12.3 %	10.3 %
Fundraising and volunteer services	13.1 %	12.2 %

During the year, Eva's incurred \$5,590,109 (2017 - \$5,372,804) of salary and benefits. The table below sets out how salary and benefits have been allocated by function. The allocation is based on management's estimate of labour time spent by function.

	2018	2017
Youth programs	\$ 1,672,527	\$ 1,741,487
Shelter services	2,546,752	2,352,229
Administration	660,191	580,520
Building and property	75,792	107,111
Fundraising and volunteer Services	634,847	591,457
	\$ 5,590,109	\$ 5,372,804

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Excess of revenues over expenditures previously reported has not been affected by this reclassification.

Eva's Initiatives for Homeless Youth
Schedule of Donations, Fundraising and Grant Revenues
Year Ended September 30, 2018

	2018	2017
Revenues		
Unrestricted donations	\$ 2,590,621	\$ 1,946,816
Youth Succeeding in Employment Program	531,641	420,741
Independent Living and Housing Help	433,859	470,050
Harm Reduction Program	300,530	368,706
Family Reconnect Program	244,045	358,137
Recreation Program	218,774	187,569
Eva's Print Shop	196,148	131,050
Construction and Property Maintenance Program	182,050	174,666
Other Restricted Grants	111,650	-
Education Program	106,027	111,118
AIDS Prevention and Drug Prevention	69,378	97,938
Non-Bed Services - Satellite	55,707	55,707
Community Outreach Program	51,361	51,615
Building Up Program	38,000	37,000
SERVE Program	30,084	-
Crisis Bed - Satellite	26,587	26,587
Phoenix Art Program	5,112	1,436
Investing in Neighbourhoods	-	3,336
	\$ 5,191,574	\$ 4,442,472

Eva's Initiatives for Homeless Youth
Schedule of Shelter Operations and Housing Help Funding
Year Ended September 30, 2018

	Phoenix	2018 Place	Satellite	Total	2017 Total
Expenses					
Salaries and benefits	\$ 1,115,540	\$ 977,326	\$ 866,372	\$ 2,959,238	\$ 2,463,076
Shelter services	157,459	206,819	180,407	544,685	535,296
Building and property	222,720	189,762	162,980	575,462	493,784
Amortization	-	27,592	-	27,592	28,625
Fundraising and administration	376,497	409,535	376,930	1,162,962	834,760
	1,872,216	1,811,034	1,586,689	5,269,939	4,355,541
Revenue					
Toronto Community Services funding	1,066,667	832,351	1,115,588	3,014,606	3,016,232
Housing Help (City of Toronto) grant	93,012	93,012	93,012	279,036	279,034
Other government funding	-	-	55,707	55,707	55,707
	1,159,679	925,363	1,264,307	3,349,349	3,350,973
Excess of expenses over revenues, supported by fundraising and other revenues	\$ 712,537	\$ 885,671	\$ 322,382	\$ 1,920,590	\$ 1,004,568

The City of Toronto provides financial support to Eva's on the basis of an approved operating budget for the year for shelter operations and housing help. The City of Toronto requires funded agencies to submit an annual statement of shelter operations, including funding and expenditures, as well as Housing Help funding provided by the City of Toronto, on a site by site basis. This schedule reflects the funding provided by the City of Toronto, and the expenditures related to the shelter operations and housing help funding only, and are included in the Statement of Operations.