

Eva's Initiatives for Homeless Youth

Financial Statements

For the Year Ended September 30, 2020



INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Eva's Initiatives for Homeless Youth, (the Organization), which comprise the statement of financial position as at September 30, 2020 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, except for the 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 the Organization as at September 30, 2020, and 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 not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2020 and 2019, current assets as at September 30, 2020 and 2019, and net assets as at October 1 and September 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended September 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

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. 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 31, 2020
Toronto, Ontario

Eva's Initiatives for Homeless Youth
Statement of Financial Position
As at September 30, 2020

	2020	2019
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 1,698,555	\$ 1,343,051
Short-term investments (Note 3)	3,362,000	1,709,000
Accounts receivable	729,295	472,486
Prepaid expenses	261,633	470,354
	6,051,483	3,994,891
Property and equipment (Note 4)	9,998,901	10,612,131
	\$ 16,050,384	\$ 14,607,022

Liabilities

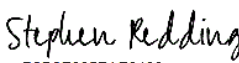
Current		
Accounts payable and accrued liabilities	\$ 482,342	\$ 485,378
Deferred grants (Note 6)	781,581	1,967,495
	1,263,923	2,452,873
Deferred capital contributions (Note 7)	9,674,907	10,348,309
	10,938,830	12,801,182

Net Assets

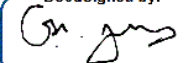
Operating Fund	4,087,560	842,018
Invested in Property and Equipment	323,994	263,822
Board Designated Reserve	700,000	700,000
	5,111,554	1,805,840
	\$ 16,050,384	\$ 14,607,022

Commitments (Note 8)
COVID-19 (Note 11)
Subsequent event (Note 12)

Approved by the Board

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Director

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Director

Eva's Initiatives for Homeless Youth
Statement of Operations
Year Ended September 30, 2020

	2020	2019
Revenue		
Donations, fundraising and grants (page 12)	\$ 8,730,515	\$ 7,169,069
Toronto Community Services funding (page 13)	3,520,666	3,052,177
Government assistance (Note 11)	2,609,910	-
Eva's Print Shop sales	226,118	283,941
Investment income	40,096	53,479
Other	20,450	38,395
	15,147,755	10,597,061
Expenses		
Youth programs	3,315,672	3,982,390
Inter-dependent Living	1,471,181	841,266
Shelter services	3,656,050	2,588,437
Building and property	959,792	884,028
Administration	1,530,457	1,097,616
Fundraising and volunteer services	954,696	1,096,924
	11,887,848	10,490,661
Excess of revenues over expenses before the following	3,259,907	106,400
Amortization of property and equipment	(627,595)	(624,137)
Amortization of deferred capital contribution	673,402	595,234
Excess of revenues over expenses, for the year	\$ 3,305,714	\$ 77,497

Eva's Initiatives for Homeless Youth
Statement of Changes in Net Assets
Year Ended September 30, 2020

	Operating Fund	Invested in Property and Equipment	Board Designated Reserve	2020	2019
Balance - at beginning of year	\$ 842,018	\$ 263,822	\$ 700,000	\$ 1,805,840	\$ 1,728,343
Excess of revenues over expenses	3,259,907	45,807	-	3,305,714	77,497
Purchase of property and equipment	(14,365)	14,365	-	-	-
Balance - at end of year	\$ 4,087,560	\$ 323,994	\$ 700,000	\$ 5,111,554	\$ 1,805,840

Eva's Initiatives for Homeless Youth
Statement of Cash Flows
Year Ended September 30, 2020

	2020	2019
Cash provided by (used in)		
Operations		
Excess of revenues over expenses	\$ 3,305,714	\$ 77,497
Items not affecting cash		
Amortization of property and equipment	627,595	624,137
Amortization of deferred capital contributions	(673,402)	(595,234)
	3,259,907	106,400
Net changes in non-cash working capital		
Decrease (increase) in accounts receivable	(256,809)	(200,514)
Decrease (increase) in prepaid expenses	208,721	(350,166)
Increase (decrease) in accounts payable and accrued liabilities	(3,036)	50,218
Increase (decrease) in deferred grants	(1,185,914)	682,052
	(1,237,038)	181,590
Investing		
Capital contributions received	-	91,107
Purchase of property and equipment	(14,365)	(68,428)
Purchase of short-term investments	(1,653,000)	(309,000)
	(1,667,365)	(286,321)
Change in cash	355,504	1,669
Cash, beginning of year	1,343,051	1,341,382
Cash, end of year	\$ 1,698,555	\$ 1,343,051

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2020

1. NATURE OF OPERATIONS

Eva's Initiatives for Homeless Youth ("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 provides shelter, transitional housing, and programming to help young people, who are aged 16-24 and experiencing homelessness, reach their full potential to lead productive, self-sufficient, healthy and inter-dependent lives.

Eva's operates two emergency shelters for homeless youth, as well as transitional housing sites, and a youth training and employment readiness centre. Eva's also develops and implements a range of innovative programs and services, such as our Life Skills and Reconnect programs, that are aimed at preventing and ending youth homelessness.

Our first facility, Eva's Place, opened in 1994. In total Eva's manages the following sites across the City of Toronto.

- Eva's Phoenix: Townhouse-style transitional housing for 50 youth, providing education support and employment training.
- Eva's Place: a 40-bed emergency shelter and home to the Family Reconnect Program.
- Eva's Satellite: a 33-bed emergency shelter that also specializes in harm reduction
- Eva's Scattered Sites: Also known as YOUth Belong. An inter-dependent living program for Black youth experiencing homelessness or precarious living.

Eva's is 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.

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

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.

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
Vehicles	-	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.

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

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.

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 year.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2020

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

Use of Estimates (Cont'd)

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 years.

3. CASH AND SHORT-TERM INVESTMENTS

The cash and short-term investments balance consists of unrestricted cash and investments in the amount of \$3,928,195 (2019 - \$1,759,091) as well as restricted cash and investments in the amount of \$1,132,360 (2019 - \$1,292,960).

Short-term investments consist of guaranteed investment certificates that bear interest ranging from 0.25% to 3.45% per annum (2019 - 1.72% to 3.45% per annum) and mature on various dates from March 1, 2021 to February 13, 2024.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2020	Net 2019
Building	\$ 1,769,746	\$ 1,162,990	\$ 606,756	\$ 632,037
Furniture and equipment	195,779	195,779	-	359
Vehicles	87,888	46,377	41,511	59,302
Leasehold improvements	11,683,284	2,332,650	9,350,634	9,920,433
	\$ 13,736,697	\$ 3,737,796	\$ 9,998,901	\$ 10,612,131

5. CREDIT FACILITY

Eva's has a credit facility with Bank of Nova Scotia 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 has been pledged as security. There were no advances against the facility as at September 30, 2020 (\$Nil as at September 30, 2019).

Interest expenses incurred during the year were \$Nil (2019 - \$Nil).

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2020

6. DEFERRED GRANTS AND OTHER RESTRICTED FUNDS

	2020	2019
Deferred grants, beginning of year	\$ 1,967,495	\$ 1,285,443
Other externally restricted funds received	4,947,292	5,658,195
Amount recognized as revenue during the year	(6,133,206)	(4,976,143)
Deferred grants, end of year	\$ 781,581	\$ 1,967,495

	2020	2019
Inter-dependent Living	\$ 410,522	\$ 553,228
Harm Reduction	127,342	126,065
You Got This Program	81,691	263,389
Special Event Revenue In Advance	80,000	80,824
Housing Support Program	51,639	17,045
Toronto Urban Health Fund	30,387	31,039
Family Reconnect	-	607,214
Youth Succeeding in Employment	-	47,532
Recreation	-	40,878
Education Program	-	33,862
Construction Property Maintenance	-	17,765
Other	-	148,654
	\$ 781,581	\$ 1,967,495

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 either not yet been expended or have been expended for the renovation of the building but not yet amortized. The changes in deferred capital contributions are as follows:

	2020	2019
Balance, beginning of year	\$ 10,348,309	\$ 10,852,436
Capital contributions for the year	-	91,107
Amounts recognized in revenue for the year	(673,402)	(595,234)
Balance, end of year	\$ 9,674,907	\$ 10,348,309

8. 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.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2020

8. COMMITMENTS (Cont'd)

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. A 5-year lease extension agreement is currently being negotiated with the City. There is no reason to believe that the extension agreement will not be extended.

A commercial lease is in place for the Inter-dependent Living location. The lease term is for 22 months ending March 2021 at a rate of \$311,400 per year for the basic rent, plus TMI costs. The lease contains 2 renewal options, each for an additional 2 years. Base rent payments for this fiscal year have been paid in full.

Eva's administrative office lease has been renewed for an additional 3 years, expiring November 30, 2023.

Lease equipment commitments under operating leases expire between May 2024 to February 2028. Minimum rental payments under the leases are as follows:

	Premises	Equipment	Total
2021	\$ 342,685	\$ 67,154	\$ 409,839
2022	392,651	67,154	459,805
2023	237,054	67,154	304,208
2024	13,063	26,966	40,029
2025	-	2,984	2,984
	<u>\$ 985,453</u>	<u>\$ 231,412</u>	<u>\$ 1,216,865</u>

9. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

Eva's is exposed to various risks through its financial instruments.

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, 2020.

Eva's Initiatives for Homeless Youth

Notes to Financial Statements

September 30, 2020

10. ADMINISTRATION AND FUNDRAISING AND VOLUNTEERING SERVICES

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

	2020	2019
Administration	12.9 %	10.5 %
Fundraising and volunteer services	8.0 %	10.5 %

During the year, Eva's incurred \$7,878,332 (2019 - \$6,490,994) 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.

	2020	2019
Youth programs	\$ 2,273,152	\$ 2,084,268
Inter-dependent Living	592,879	311,532
Shelter services	2,996,335	2,593,416
Administration	1,076,440	796,472
Building and property	235,949	155,652
Fundraising and volunteer services	703,577	549,654
	\$ 7,878,332	\$ 6,490,994

11. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Ontario declared an emergency under s7.0.1(1) of the Emergency Management and Civil Protection Act on March 17, 2020 with respect to COVID-19.

The Organization applied for and received the Canada Emergency Wage Subsidy (CEWS) of \$2,385,986 to September 30, 2020, which is included in government assistance. \$305,000 of this amount is included in accounts receivable at year-end.

As of the date of these financial statements, the extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.

12. SUBSEQUENT EVENT

On October 28, 2020, the Board of Directors approved transfers totalling \$490,000 from the Operating Fund to the Board Designated Reserve.

Eva's Initiatives for Homeless Youth
Schedule of Donations, Fundraising and Grant Revenues
Year Ended September 30, 2020

	2020	2019
Revenues		
Unrestricted donations	\$ 4,115,467	\$ 2,583,174
Inter-dependent Living	1,471,181	841,266
Youth Succeeding in Employment	903,699	722,848
Family Reconnect	551,254	510,520
Housing Supports	446,052	526,278
Harm Reduction	376,679	306,461
Innovation Lab & Other Restricted Grants	225,564	116,491
Construction and Property Maintenance	212,724	346,084
TUHF (formerly AIDS Prevention and Drug Prevention)	86,846	85,790
Community Outreach	85,669	48,986
Eva's Print Shop Training	72,962	200,273
Education	46,883	158,176
Health & Wellness	41,994	185,861
Life Skills	33,581	259,832
Non-Bed Services - Satellite	28,611	55,707
Crisis Bed - Satellite	25,701	36,989
CMHC	5,648	184,333
	\$ 8,730,515	\$ 7,169,069

Eva's Initiatives for Homeless Youth
Schedule of Shelter Operations and Housing Help Funding
Year Ended September 30, 2020

	Phoenix	Place	2020 Satellite	Hotel	Total	2019 Total
Expenses						
Salaries and benefits	\$ 1,156,276	\$ 1,055,534	\$ 1,024,455	\$ 277,611	\$ 3,513,876	\$ 3,014,267
Shelter services	214,860	285,422	315,327	50,867	866,476	558,562
Building and property	266,688	277,131	196,909	-	740,728	740,914
Amortization	(71,447)	25,820	-	-	(45,627)	49,979
Fundraising and administration	495,979	490,002	465,353	-	1,451,334	1,150,050
	2,062,356	2,133,909	2,002,044	328,478	6,526,787	5,513,772
Revenue						
Toronto Community Services funding	1,122,804	884,057	1,170,907	342,898	3,520,666	3,052,177
Housing Help (City of Toronto) grant	81,480	81,480	81,480	-	244,440	296,991
	1,204,284	965,537	1,252,387	342,898	3,765,106	3,349,168
Excess of expenses over revenues, supported by fund- raising and other revenues	\$ 858,072	\$ 1,168,372	\$ 749,657	\$ (14,420)	\$ 2,761,681	\$ 2,164,604

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.