

**GRACE INN SHELTER**  
**Financial Statements**

---

Year Ended December 31, 2018

*(Unaudited)*

**ERIC REYNOLDS**  
**CHARTERED ACCOUNTANT**

---

**GRACE INN SHELTER**  
Index to the Financial Statements  
Year Ended December 31, 2018  
*(Unaudited)*

**Contents**

	<b>Page</b>
Review Engagement Report	3
Statement of Financial Position	4
Statement of Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-10

**ERIC REYNOLDS**  

---

**CHARTERED ACCOUNTANT**

---

**REVIEW ENGAGEMENT REPORT**

To the Board of Directors of GRACE INN SHELTER

I have reviewed the statement of financial position of GRACE INN SHELTER as at December 31, 2018, and the statements of operations, 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.

**Practitioner's Responsibility**

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

**Basis for Qualified Conclusion**

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraisers, the completeness of which is not susceptible to us obtaining satisfactory review evidence. Accordingly, my evidence of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenue, net income(loss), assets, net assets and cash flows from operations.

**Qualified Conclusion**

Based on my review, except for the effect of any adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations and fundraisers referred to in the preceding paragraph, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of GRACE INN SHELTER as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Eric Reynolds Chartered Accountant  
Licensed Public Accountant

  
Eric Reynolds CPA, CA

June 28, 2019

**GRACE INN SHELTER**  
Statement of Financial Position as at December 31, 2018  
(Unaudited)

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current		
Cash	344,908	37,521
Accounts receivable, trade and other (note 4)	4,794	1,692
Due from government	6,111	3,443
Prepaid expenses and other assets	3,654	3,753
	<u>359,467</u>	<u>46,409</u>
Property, plant and equipment (Note 3)		
Cost	58,364	17,812
Accumulated Amortization	(3,061)	(632)
	<u>55,303</u>	<u>17,180</u>
	<u>414,770</u>	<u>63,589</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities		
Accounts payable and accrued liabilities	2,938	164
	<u>2,938</u>	<u>164</u>
Deferred revenue (note 4)	15,335	-
	<u>15,335</u>	<u>-</u>
Fund balances		
Net Assets	396,497	63,425
	<u>396,497</u>	<u>63,425</u>
	<u>414,770</u>	<u>63,589</u>

See accompanying notes to the unaudited financial statements

Approved by:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

**GRACE INN SHELTER**  
Statement of Net Assets for the year ended December 31, 2018  
*(Unaudited)*

	2018 \$	2017 \$
Net Assets, beginning of the year, as previously stated	64,057	-
Prior Period Adjustment (Note 7)	(632)	-
Net Assets, adjusted, beginning of the year	63,425	-
Excess revenues over expenses	333,072	63,425
<b>Net Assets, end of the year</b>	<b>396,497</b>	<b>63,425</b>

See accompanying notes to the unaudited financial statements

**GRACE INN SHELTER**  
Statement of Operations for the year ended December 31, 2018  
(Unaudited)

	2018	2017
	\$	\$
<b>Revenues</b>		
Donations	378,274	85,046
	<u>378,274</u>	<u>85,046</u>
<b>Operating Expenses:</b>		
Advertising and promotion	1,330	373
Amortization of property, plant and equipment	2,429	632
Charitable contributions	2,118	-
Interest and bank charges	1,260	832
Fundraising expenses	1,939	-
Office expenses	444	546
Professional fees	1,500	374
Rent	31,182	18,190
Telephone	125	625
Utilities	2,875	49
	<u>45,202</u>	<u>21,621</u>
<b>Net revenues over expenses</b>	<u>333,072</u>	<u>63,425</u>

See accompanying notes to the unaudited financial statements

**GRACE INN SHELTER**  
Statement of Cash Flows for the year ended December 31, 2018  
(Unaudited)

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net Revenues over expenses	333,072	63,425
Items not affecting cash:		
Amortization of property, plant and equipment	2,429	632
Changes in non-cash working capital:		
Accounts receivable	(3,102)	(1,692)
Due from government	(2,668)	(3,443)
Prepaid expenses and other assets	99	(3,753)
Accounts payable and accrued liabilities	2,773	164
Deferred revenue	15,335	-
<b>Net cash provided by operating activities</b>	<b>347,938</b>	<b>55,333</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(40,551)	(17,812)
<b>Net cash used in investing activities</b>	<b>(40,551)</b>	<b>(17,812)</b>
<b>Net increase in cash and cash equivalents</b>	<b>307,387</b>	<b>37,521</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>37,521</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>344,908</b>	<b>37,521</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	344,908	37,521

**GRACE INN SHELTER**  
Notes to Financial Statements  
Year Ended December 31, 2018  
(Unaudited)

**1. Nature of Business**

Grace Inn Shelter will house homeless adults in a safe, dignified and hospitable environment, by meeting essentials needs, providing compassionated mentors, and advocating for a future with hope.

Grace Inn Shelter is a religious, charitable and not-for-profit organization, registered by Canada Revenue Agency for tax-deductible contributions. The organization also claims exemption from income taxes under section 149 of the Income Tax(Canada) related to registered charities. The Letters Patent was issued November 15, 2016 under the Corporations Act of Ontario and the charitable registration was granted January 27, 2017 by the Canada Revenue Agency.

**2. Summary of Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Company. Changes made upon adoption of these standards for the first year of review engagement has been shown in the Prior period adjustment Note 7.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less.

Property, Plant, and Equipment

Property, plant and equipment are stated at acquisition cost. Gains or losses on disposal of individual assets are recognized in the year of disposal. Donated assets are stated at fair market value and are amortized consistently with other property, plant and equipment. Amortization of property, plant and equipment, which is based on estimated useful life, is calculated on the following basis and rates set out below.

Asset	Rate	Basis
Leasehold Improvements	20 years/reduced each year	Straight-line- over time of lease declining balance method
Equipment	20%	

Volunteer Services and Gifts in Kind

The organization relies on volunteer services and due to the difficult nature of determining a value of the services provided they are not recorded by the Corporation. The organization will issue and recognize a gift in kind only if the value of the donated asset is feasible and requested.

Revenue Recognition

Revenue from contributions is recognized using the deferral method. Under this method, restricted contributions are recognized in the period the related expenses are incurred or the restrictions are met.

Unrestricted contributions are recognized as revenue when received or receivable, if the amounts to be received can be reasonably estimated and collection is reasonably assured.



**GRACE INN SHELTER**  
Notes to Financial Statements  
Year Ended December 31, 2018  
(Unaudited)

**2. Summary of Significant Accounting Policies continued...**

Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets at amortized cost.

Financial assets measured at amortized cost include cash, due from government, prepaid expenses and property, plant and equipment.

Financial liabilities measured at amortized cost include accounts payable.

Use of Estimates

The preparation of financial statements, in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined. Significant financial statement items that require the use of estimates are useful life of property plant and equipment and accrued liabilities.

**3. Deferred Contributions**

Funding for future projects	2018	2017
	\$	\$
Balance, beginning of year	-	-
Less: amount recognized as revenue in the year	-	-
Plus: amount received related to the following year(s)	15,335	-
Balance, end of year	<u>15,335</u>	<u>-</u>

**4. Property, Plant and Equipment**

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
	\$	\$	\$	\$
Equipment	4,490	897	3,593	2,241
Leasehold improvements	53,874	2,164	51,710	14,940
	<u>58,364</u>	<u>3,061</u>	<u>55,303</u>	<u>17,181</u>

**5. Lease Commitments**

The Organization has signed a lease agreement from June 1, 2017 for a 20 year lease, ending May 31, 2037. The rent per month is \$2,600. for a total of \$31,200 each year.

**GRACE INN SHELTER**  
Notes to Financial Statements  
Year Ended December 31, 2018  
*(Unaudited)*

**6. Financial Risks**

The organization is exposed to various risks through its financial instruments. The following analysis

a.) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations

**7. Prior period adjustment**

The organization has chosen to amortize its capital assets which was not done in its first fiscal year. A adjustment has been shown to account for this amortization.