

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT
FINANCIAL STATEMENTS
MARCH 31, 2025

Approved on behalf of the board:

A handwritten signature in blue ink, appearing to read 'Adrienne Farrell', is positioned above a horizontal line.

Adrienne Farrell
Board President



INDEPENDENT AUDITOR'S REPORT

To the Directors of Traverse Independence Not-For-Profit

Opinion

I have audited the financial statements of **Traverse Independence Not-For-Profit**, which comprise the statement of financial position as at **March 31, 2025**, 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 my opinion the accompanying financial statements present fairly, in all material respects, the financial position of **Traverse Independence Not-For-Profit** as at **March 31, 2025** and its results of operations, changes in net assets, and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis of Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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

My 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 my 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 Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

E.M. Simon CPA

June 25, 2025
Waterloo, ON

E.M. Simon CPA Professional Corporation

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TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2025

(The comparative figures as at March 31, 2024)

(The accompanying notes are an integral part of the financial statements)

	2025			2024		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS						
CURRENT						
Cash	298,957	-	298,957	559,088	-	559,088
Accounts receivable	147,751	-	147,751	95,195	-	95,195
Prepaid expenses	50,167	-	50,167	46,210	-	46,210
	496,875	-	496,875	700,493	-	700,493
PROPERTY AND EQUIPMENT (note 3)	-	1,020,139	1,020,139	-	1,056,614	1,056,614
	\$ 496,875	\$ 1,020,139	\$ 1,517,014	\$ 700,493	\$ 1,056,614	\$ 1,757,107
LIABILITIES						
CURRENT						
Accounts payable and accrued	442,993	-	442,993	651,164	-	651,164
Government remittances payable	65,399	-	65,399	55,113	-	55,113
Provincial subsidies repayable	-	-	-	81,511	-	81,511
Deferred income	1,471	-	1,471	1,471	-	1,471
Current portion of long-term debt (note 5)	-	-	-	-	18,940	18,940
	509,863	-	509,863	789,259	18,940	808,199
NET ASSETS (DEFICIT)						
Unrestricted	(12,988)	-	(12,988)	(88,766)	-	(88,766)
Invested in capital assets	-	1,020,139	1,020,139	-	1,037,674	1,037,674
	(12,988)	1,020,139	1,007,151	(88,766)	1,037,674	948,908
	\$496,875	\$1,020,139	\$1,517,014	\$700,493	\$1,056,614	\$1,757,107

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2025

(With comparative figures for the year ended March 31, 2024)

(The accompanying notes are an integral part of the financial statements)

	<u>2025</u>			<u>2024</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
OPENING BALANCE	(88,766)	1,037,674	948,908	(252,917)	1,056,945	804,028
Excess (deficit) of revenues over expenses	94,718	-	94,718	184,067	-	184,067
Amortization of property and equipment	-	(36,475)	(36,475)	-	(39,187)	(39,187)
	94,718	(36,475)	58,243	184,067	(39,187)	144,880
Transfers from (to) other funds						
Mortgage principal repaid	(18,940)	18,940	-	(19,916)	19,916	-
CLOSING BALANCE (DEFICIT)	\$ (12,988)	\$ 1,020,139	\$ 1,007,151	\$ (88,766)	\$ 1,037,674	\$ 948,908

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2025

(With comparative figures for the year ended March 31, 2024)

(The accompanying notes are an integral part of the financial statements)

OPERATIONS ELIGIBLE FOR PROVINCIAL SUBSIDY	2025	2024
REVENUES		
Provincial subsidy - program	7,470,418	6,593,935
Other revenues	-	-
	7,470,418	6,593,935
EXPENDITURES		
Supportive Housing	1,851,345	1,786,599
Tagge Street Group Home	938,346	914,943
Day Programs	464,384	451,027
Outreach Program	1,337,836	589,897
Summit Transitional Living	689,550	775,831
Ferguson Place	620,790	620,724
Service Support	212,916	189,108
Caregiver Support	21,530	19,540
Education Service Provider	-	3,665
Administration and Support	1,333,721	1,242,601
	7,470,418	6,593,935
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	-
OTHER OPERATIONS		
REVENUES		
Rent, fee for service and other income	307,427	308,378
Donations and other revenue	178,463	108,567
Tagge Street household	22,560	20,090
	508,450	437,035
EXPENDITURES		
Andes	158	173
Stanley Street - facilities	58,301	27,622
Bowman Street - facilities	64,459	56,287
Ferguson Place - facilities	81,299	77,423
Tagge Street - facilities	110,216	12,990
Tagge Street household	15,299	14,300
Board supported expenses	84,000	64,173
	413,732	252,968
EXCESS OF REVENUES OVER EXPENDITURES	94,718	184,067
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES:		
Operating Fund	94,718	184,067
Capital Fund - amortization of property and equipment	(36,475)	(39,187)
TOTAL EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 58,243	\$ 144,880

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2025

(With comparative figures for the year ended March 31, 2024)

(The accompanying notes are an integral part of the financial statements)

	2025			2024		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
SOURCES (USES) OF FUNDS:						
OPERATING ACTIVITIES						
Excess of revenues over expenditures	94,718	(36,475)	58,243	184,067	(39,187)	144,880
Items therein not affecting cash flow:						
Amortization of capital assets	-	36,475	36,475	-	39,187	39,187
Change in non-cash current items:						
Investments	-	-	-	154,944	-	154,944
Accounts receivable	(52,556)	-	(52,556)	85,468	-	85,468
Prepaid expenses	(3,957)	-	(3,957)	21,250	-	21,250
Accounts payable and accrued	(197,885)	-	(197,885)	397,250	-	397,250
Provincial subsidies repayable	(81,511)	-	(81,511)	-	-	-
	(241,191)	-	(241,191)	842,979	-	842,979
INVESTING ACTIVITIES	-	-	-	-	-	-
FINANCING ACTIVITIES						
Mortgage principal repaid	-	(18,940)	(18,940)	-	(19,916)	(19,916)
Interfund transfers	(18,940)	18,940	-	(19,916)	19,916	-
	(18,940)	-	(18,940)	(19,916)	-	(19,916)
CHANGE IN CASH FOR THE YEAR	(260,131)	-	(260,131)	823,063	-	823,063
CASH - beginning of the year	559,088	-	559,088	(263,975)	-	(263,975)
CASH - end of the year	\$ 298,957	\$ -	\$ 298,957	\$ 559,088	\$ -	\$ 559,088

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

STATUS AND NATURE OF ACTIVITIES

Traverse Independence Not-For-Profit (Traverse Independence) provides support services for adults with a physical disability or brain injury thereby maximizing their ability to live independently.

Traverse Independence Not-For-Profit is a registered charity incorporated without share capital under the laws of Ontario and as such does not pay income tax.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

Fund accounting

Traverse Independence maintains its accounts in accordance with the principles of fund accounting, wherein resources for various purposes are classified in accordance with activities or objectives as specified by the board, management or donors. The Operating Fund reflects the organization's program delivery and administrative activities, and reports unrestricted resources and restricted operating grants. The Capital Fund reflects the assets, liabilities, revenue and expenses related to capital assets.

Revenue recognition

Traverse Independence uses the restricted fund method of accounting for income whereby restricted contributions are recognized as revenue in the appropriate restricted fund. Unrestricted contributions are reflected as income in the Operating Fund when received or receivable provided collection is reasonably assured and amounts reasonably estimable. Restricted contributions received by the Operating Fund, such as government funding, are reflected as Government Remittances Repayable to the extent they have not be expended as designated.

Property and equipment

Property and equipment are reflected at cost which is amortized using the following rates:

Buildings	- 4% annually on the declining balance
Equipment and furniture	- 20% annually on the declining balance

Cash and cash equivalents

Cash consists of cash on hand and held in bank accounts. Cash equivalents, if any, consist of short-term investments which mature within 30 days of issuance.

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. Financial assets and liabilities are initially measured at fair value, except for non-arm's length transactions, if any. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized on the statement of operations and changes in net assets. Any previously recognized impairment losses may be reversed and reflected in income to the extent of improvement, provided they are no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. Transaction costs are recognized in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. FINANCIAL ASSETS

	<u>2025</u>	<u>2024</u>
Financial assets carried at amortized cost		
Cash and receivables (excluding HST)	404,233	613,464
	<u>\$404,233</u>	<u>\$613,464</u>

Traverse Independence has no financial assets carried at amortized cost less a reduction for impairment.

As in the prior year, management believes the organization does not face any significant interest rate, market, credit, currency or liquidity risk with respect to its financial instruments.

3. PROPERTY AND EQUIPMENT

	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	266,380	-	266,380	266,380
Buildings	1,421,574	683,646	737,928	768,675
Equipment and furniture	429,890	414,059	15,831	21,559
	<u>\$ 2,117,844</u>	<u>\$ 1,097,705</u>	<u>\$ 1,020,139</u>	<u>\$ 1,056,614</u>

4. BANK DEMAND LOAN

Traverse Independence has a bank operating line of credit which has a borrowing limit of \$450,000, bears interest at prime plus .5%, is payable on demand and is secured by a general security agreement, and first collateral mortgages on the Stanley St. and the Tagge St. properties in the amounts of \$302,250 and \$290,000 respectively.

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

5. MORTGAGE PAYABLE

	<u>2025</u>	<u>2024</u>
The mortgage payable bore interest at 3.82%, required monthly principal and interest payments of \$1,755, matured in October 2024 and was secured by a first collateral mortgage in the amount of \$302,250 on 78 Stanley Ave., Kitchener, ON.	-	18,940
Current portion	-	18,940
Long-term portion	\$ -	\$ -

Interest expense (charged to Stanley St. - facilities)	\$ 367	\$ 1,143
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6. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Leases: Traverse Independence has committed to the following commercial lease obligations, requiring annual base lease payments as noted below, plus a pro rata share of common costs:

		<u>Base rent</u>
Administrative offices	- April 2024 to March 2029	\$ 48,562
Day Program	- August 2023 to July 2028	\$ 56,820
Community Services	- February 2024 to January 2029	\$ 45,000

Annual lease commitments:	<u>Fiscal year</u>	<u>Base rent</u>
	2026	\$ 150,382
	2027	\$ 152,325
	2028	\$ 152,325
	2029	\$ 106,945

Banking: Travers Independence has complied with the following banking covenants:

- maintain a ratio of debt to tangible net worth of no more than 3:1
- no change in ownership without the bank's consent
- no further guarantees or encumbrances of assets
- cumulative capital expenditures may not exceed \$250,000 per annum
- no mergers, acquisitions, investments or change in the line of business

7. ECONOMIC DEPENDENCE

Traverse Independence receives the vast majority of its funding from Ontario Health West. The continuance of the organization's programs in their present form is dependent on the continued receipt of funding from this or a similar government agency.