

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT
FINANCIAL STATEMENTS
MARCH 31, 2024

Approved on behalf of the board:



Stephen Gross
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, 2024**, 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, 2024** 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 27, 2024
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, 2024

(The comparative figures as at March 31, 2023)

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

	2024			2023		
	<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	559,088	-	559,088	-	-	-
Investments (note 2)	-	-	-	154,944	-	154,944
Accounts receivable	95,195	-	95,195	180,663	-	180,663
Prepaid expenses	46,210	-	46,210	67,460	-	67,460
Mortgage receivable	-	-	-	-	-	-
	<u>700,493</u>	<u>-</u>	<u>700,493</u>	<u>403,067</u>	<u>-</u>	<u>403,067</u>
PROPERTY AND EQUIPMENT (note 3)	-	1,056,614	1,056,614	-	1,095,801	1,095,801
	<u>\$ 700,493</u>	<u>\$ 1,056,614</u>	<u>\$ 1,757,107</u>	<u>\$ 403,067</u>	<u>\$ 1,095,801</u>	<u>\$ 1,498,868</u>
LIABILITIES						
CURRENT						
Bank overdraft (note 4)	-	-	-	263,975	-	263,975
Accounts payable and accrued	651,164	-	651,164	309,027	-	309,027
Government remittances payable	55,113	-	55,113	-	-	-
Provincial subsidies repayable	81,511	-	81,511	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	-	19,933	19,933
	<u>789,259</u>	<u>18,940</u>	<u>808,199</u>	<u>655,984</u>	<u>19,933</u>	<u>675,917</u>
LONG-TERM						
Mortgage payable (note 5)	-	-	-	-	18,923	18,923
TOTAL LIABILITIES	<u>789,259</u>	<u>18,940</u>	<u>808,199</u>	<u>655,984</u>	<u>38,856</u>	<u>694,840</u>
NET ASSETS (DEFICIT)						
Unrestricted	(88,766)	-	(88,766)	(252,917)	-	(252,917)
Invested in capital assets	-	1,037,674	1,037,674	-	1,056,945	1,056,945
	<u>(88,766)</u>	<u>1,037,674</u>	<u>948,908</u>	<u>(252,917)</u>	<u>1,056,945</u>	<u>804,028</u>
	<u>\$700,493</u>	<u>\$1,056,614</u>	<u>\$1,757,107</u>	<u>\$403,067</u>	<u>\$1,095,801</u>	<u>\$1,498,868</u>

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2024

(With comparative figures for the year ended March 31, 2023)

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

	<u>2024</u>			<u>2023</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	(252,917)	1,056,945	804,028	171,761	1,053,815	1,225,576
Excess (deficit) of revenues over expenses	184,067	-	184,067	(383,727)	-	(383,727)
Amortization of property and equipment	-	(39,187)	(39,187)	-	(37,821)	(37,821)
	184,067	(39,187)	144,880	(383,727)	(37,821)	(421,548)
Transfers from (to) other funds						
Capital assets purchased	-	-	-	(21,772)	21,772	-
Mortgage principal repaid	(19,916)	19,916	-	(19,179)	19,179	-
	(19,916)	19,916	-	(40,951)	40,951	-
CLOSING BALANCE (DEFICIT)	\$ (88,766)	\$ 1,037,674	\$ 948,908	\$ (252,917)	\$ 1,056,945	\$ 804,028

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

(With comparative figures for the year ended March 31, 2023)

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

OPERATIONS ELIGIBLE FOR PROVINCIAL SUBSIDY	<u>2024</u>	<u>2023</u>
REVENUES		
Provincial subsidy - program	6,593,935	5,717,424
Other revenues	-	433,762
	6,593,935	6,151,186
EXPENDITURES		
Supportive Housing	1,786,599	1,708,530
Tagge Street Group Home	914,943	807,237
Day Programs	451,027	428,255
Outreach Program	589,897	641,200
Summit Transitional Living	775,831	719,495
Ferguson Place	620,724	641,598
Service Support	189,108	201,767
Caregiver Support	19,540	11,480
Education Service Provider	3,665	8,500
Administration and Support	1,242,601	983,124
	6,593,935	6,151,186
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	-
OTHER OPERATIONS		
REVENUES		
Rent, fee for service and other income	308,378	86,013
Donations and other revenue	108,567	60,236
Tagge Street household	20,090	18,375
Investment income (loss)	-	(1,424)
	437,035	163,200
EXPENDITURES		
Andes	173	158
Stanley Street - facilities	27,622	64,235
Bowman Street - facilities	56,287	55,024
Ferguson Place - facilities	77,423	86,219
Tagge Street - facilities	12,990	23,883
Tagge Street household	14,300	17,359
Board supported expenses	64,173	300,049
	252,968	546,927
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	184,067	(383,727)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES:		
Operating Fund	184,067	(383,727)
Capital Fund - amortization of property and equipment	(39,187)	(37,821)
TOTAL EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 144,880	\$ (421,548)

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

(With comparative figures for the year ended March 31, 2023)

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

	2024			2023		
	<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	184,067	(39,187)	144,880	(383,727)	(37,821)	(421,548)
Items therein not affecting cash flow:						
Amortization of capital assets	-	39,187	39,187	-	37,821	37,821
Change in non-cash current items:						
Investments	154,944	-	154,944	7,004	-	7,004
Accounts receivable	85,468	-	85,468	98,896	-	98,896
Prepaid expenses	21,250	-	21,250	(10,596)	-	(10,596)
Accounts payable and accrued	397,250	-	397,250	(37,121)	-	(37,121)
Provincial subsidies repayable	-	-	-	(39,842)	-	(39,842)
	842,979	-	842,979	(365,386)	-	(365,386)
INVESTING ACTIVITIES						
Purchases of property and equipment	-	-	-	-	(21,772)	(21,772)
Mortgage receivable	-	-	-	198,315	-	198,315
	-	-	-	198,315	(21,772)	176,543
FINANCING ACTIVITIES						
Mortgage principal repaid	-	(19,916)	(19,916)	-	(19,179)	(19,179)
Interfund transfers	(19,916)	19,916	-	(40,951)	40,951	-
	(19,916)	-	(19,916)	(40,951)	21,772	(19,179)
CHANGE IN CASH FOR THE YEAR	823,063	-	823,063	(208,022)	-	(208,022)
CASH (BANK OVERDRAFT) - beginning of the year	(263,975)	-	(263,975)	(55,953)	-	(55,953)
CASH (BANK OVERDRAFT) - end of the year	\$ 559,088	\$ -	\$ 559,088	\$ (263,975)	\$ -	\$ (263,975)

TRAVERSE INDEPENDENCE NOT-FOR-PROFIT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

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, 2024

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>2024</u>	<u>2023</u>
Financial assets carried at fair value:		
Investment - Scotia Wealth Management - equities	-	76,395
Financial assets carried at amortized cost:		
Investment - Scotia Wealth Management - cash	-	78,549
	-	154,944
Other financial assets carried at amortized cost	54,376	139,648
	<u>\$54,376</u>	<u>\$294,592</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 face some interest rate and market risk, in that changes in market conditions can impact the value of investments held. As in the prior year, management believes the organization does not face any significant credit, currency or liquidity risk with respect to its financial instruments.

3. PROPERTY AND EQUIPMENT

	<u>2024</u>		<u>2023</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	652,899	768,675	800,703
Equipment and furniture	429,890	408,331	21,559	28,718
	<u>\$ 2,117,844</u>	<u>\$ 1,061,230</u>	<u>\$ 1,056,614</u>	<u>\$ 1,095,801</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, 2024

5. MORTGAGE PAYABLE

	<u>2024</u>	<u>2023</u>
The mortgage payable bears interest at 3.82%, requires monthly principal and interest payments of \$1,755, matures in October 2024 and is secured by a first collateral mortgage in the amount of \$302,250 on 78 Stanley Ave., Kitchener, ON.	18,940	38,856
Current portion	18,940	19,193
Long-term portion	\$ -	\$ 19,663

Interest expense (charged to Stanley St. - facilities)	\$ 1,143	\$ 1,880
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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, 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>
	2025	\$ 150,382
	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.