Raising the Roof/Chez Toit

Financial Statements

June 30, 2020

Clarkson Rouble LLP
Chartered Professional Accountants

Independent Auditor's Report

To the Members of

Raising the Roof/Chez Toit

Qualified Opinion

We have audited the financial statements of **Raising the Roof/Chez Toit** (the Organization), which comprise the statement of financial position as at **June 30, 2020** and **2019**, 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.

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 June 30, 2020 and 2019, and its financial performance 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, **Raising the Roof/Chez Toit** derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our 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 the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 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.

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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.

Clarkson Rouble LLP

Mississauga, Ontario
December 10, 2020

Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants

Raising the Roof/Chez Toit

Statement of Financial Position
As at June 30

	2020	2019
Assets		
Current		
Cash	$ 698,584	$ 557,475
Accounts receivable	59,808	28,318
Sales taxes receivable	29,521	32,484
Inventory (Note 2)	46,320	54,406
Prepaid expenses	5,858	4,718
	840,091	677,401
Capital Assets		
RESIDE Program building (Note 3)	901,369	817,666
RESIDE leasehold improvements (Note 4)	563,061	304,129
Computer and office equipment	24,015	24,015
	1,488,445	1,145,810
Less: accumulated depreciation	86,338	20,245
	1,402,107	1,125,565
	$ 2,242,198	**$ 1,802,966**
Liabilities		
Current		
Accounts payable and accrued charges	$ 58,401	$ 155,987
Security deposit	2,686	-
Deferred revenue (Note 5)	447,912	149,184
	508,999	305,171
Deferred capital contributions (Note 6)	1,525,880	1,347,065
	2,034,879	1,652,236
Net Assets		
Unrestricted net assets	107,319	50,730
Continuation Fund (Note 7)	100,000	100,000
	207,319	150,730
	$ 2,242,198	**$ 1,802,966**

See accompanying notes to the financial statements

On behalf of the Board:

_______________________ **Director** _______________________ **Director**

Raising the Roof/Chez Toit

Statement of Changes in Net Assets
Year Ended June 30

	Unrestricted	Continuation Fund	2020 Total	2019 Total
Balance, beginning of year	$ 50,730	$ 100,000	$ 150,730	$ 311,469
Excess (deficiency) of revenue over expenses	56,589	-	56,589	(160,739)
Balance, end of year	**$ 107,319**	**$ 100,000**	**$ 207,319**	**$ 150,730**

See accompanying notes to the financial statements

Raising the Roof/Chez Toit

Statement of Operations
Year Ended June 30

	2020	2019
Revenues		
Donations from foundations, corporations and individuals	$ 250,891	$ 345,743
Donations from toque campaign	99,405	204,287
Grants	63,500	-
Partner agency funding (Note 10)	105,272	-
Special events	13,661	128,799
Government funding	28,055	106,017
RESIDE program funding	108,952	130,404
RESIDE amortization of deferred capital contributions	51,335	-
RESIDE rental income	5,372	-
Other and interest	9,376	36,312
	735,819	951,562
National Program and Development expenses		
Grants to community groups	36,520	62,340
The Upstream project	11,105	87,197
RESIDE program	108,952	130,404
Wrap Around Support program	126,370	-
Trades Training program	35,000	-
Altitude program	-	110,892
Host Homes programs	15,000	105,978
Hire Up program	18,016	110,544
Public education	12,180	106,658
Toque purchases	19,467	32,398
Marketing, venues, food and events	7,461	13,631
Door to door program	-	82,920
Purchased services	-	5,617
Salaries and benefits (Note 8)	51,430	90,240
Amortization RESIDE	64,207	-
	505,708	938,819
Administrative expenses (Schedule A)	173,522	173,482
Total expenses	679,230	1,112,301
Excess (deficiency) of revenue over expenses for the year	**$ 56,589**	**$ (160,739)**

See accompanying notes to the financial statements

Raising the Roof/Chez Toit

Statement of Cash Flows
Year Ended June 30

	2020	2019
Operating activities		
Excess (deficiency) of revenue over expenses for the year	$ 56,589	$ (160,739)
Items not requiring an outlay of cash		
Amortization	66,092	1,885
Amortization of deferred capital contribution	(51,335)	-
	71,346	(158,854)
Cash generated from (used for)		
Operating working capital		
Accounts receivable	(31,490)	16,232
Sales tax receivable	2,963	(10,790)
Inventory	8,086	16,809
Prepaid expenses	(1,140)	(1,500)
Accounts payable	(97,586)	36,125
Security deposits	2,686	-
Deferred revenue	298,728	(130,933)
Increase (decrease) from operating activities	253,593	(232,911)
Investing activity		
Additions to capital assets	(342,634)	(1,121,796)
Decrease from investing activity	(342,634)	(1,121,796)
Financing activity		
Increase in deferred capital contributions	230,150	1,347,065
Increase from financing activity	230,150	1,347,065
Increase (decrease) in cash	**141,109**	**(7,642)**
Cash, beginning of year	557,475	565,117
Cash, end of year	**$ 698,584**	**$ 557,475**

See accompanying notes to the financial statements

Raising the Roof/Chez Toit's mission is to provide national leadership on long-term solutions to homelessness through partnership and collaboration with diverse stakeholders, investment in local communities, and public education. The organization provides opportunities for corporations, organizations, governments and individuals to invest in local solutions for men, women and children who are homeless or at risk of being homeless. The organization achieves this goal by providing financial support to community based charities, by educating the general public about the issues of homelessness and the solutions, and by building partnerships so Canadians can work together on long-term solutions to homelessness.

Raising the Roof/Chez Toit is a non-profit organization federally incorporated without share capital and a registered Canadian charitable organization which is exempt from income taxes under Section 149 of the Income Tax Act.

1. Significant accounting policies

These financial statements have been prepared in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with financial institutions and redeemable fixed income investments with maturities of less than 90 days.

b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Investment income is recognized on an accrual basis.

Special events revenue is recognized on completion of the event.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined by reference to selling price (suggested donation) less costs to sell.

1. Summary of significant accounting policies (continued)

d) Capital Assets and amortization

Capital assets are recorded at cost. Amortization of computer equipment is provided for on the straight line basis over its useful life estimated to be five years. See Notes 3 and 4 for amortization policy for the building and leaseholds improvements.

e) Donated services

The organization derives a significant benefit from volunteer services from its members. Since these services are not normally purchased by the organization and because it is not possible to determine their precise fair market value, the value of these services is not recognized in these financial statements. The organization also receives substantial in-kind donations from their media, web development, printing and creative development partners. The value of these donations is also not reflected in the financial statements.

f) Financial instruments

Financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization does not have any financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

1. Significant accounting policies (continued)

g) Impairment of long-lived assets

A long lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

h) Allocation of expenses

Raising the Roof/Chez Toit engages in various programs such as The Upstream Project, Child & Family Initiative / Host Homes and Public Education. The costs for these programs include the costs of personnel and other expenses that are directly related to providing the program. Raising the Roof/Chez Toit also incurs payroll expenses that are common to the administration of the organization and each of its programs. The organization allocates certain of its payroll expenses on the basis of estimated time spent on each function. This basis is applied consistently each year.

i) Measurement uncertainty

The preparation of Raising the Roof/Chez Toit's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the financial statements relate to certain accrued liabilities and the estimated useful lives of capital assets. Actual results could differ from those estimates.

2. Inventory

Inventory consists of:

	2020	2019
Toques, caps, socks and other items for the campaign	$ 46,320	$ 54,406

3. RESIDE Program building

RESIDE Program building includes the market value of the donated building and renovation costs incurred on a property located at 212 Epsom Down Drive, Toronto, Ontario. These additions are being amortized on a straight line basis over 25 years. Funding received to date for this project has been deferred and is being amortized into revenue at the same rate as the amortization of the capital assets (Note 6).

The house was donated to be used to operate as longer-term and transitional housing with ongoing case management for youth in difficulty and at imminent risk of becoming homeless. If the property ceases to be used as described, the organization must repay the market value of the property deemed to be $625,000 to the donor, a federal government agency.

4. RESIDE leasehold improvements

RESIDE leasehold improvements includes purchases and renovation costs related to a leased property at 1 Cedar Mains Drive, Caledon, Ontario, which is a part of the RESIDE Program. These additions are being amortized on a straight line basis over 20 years. Funding received to date for this project has been deferred and is being amortized into revenue at the same rate as the amortization of the capital assets (Note 6).

The organization has entered a long-term lease for the property at 1 Cedar Mains Drive, Caledon. The lease was signed on October 16, 2018 and expires within 10 years on October 15, 2028. The organization has the option to extend the lease for 2 successive 5 year periods. The basic annual rent is $12 plus operating costs. The landlord has the option to terminate the lease with a 90 days' prior written notice. There are financial penalties to the landlord for the early termination.

5. Deferred revenue

Deferred revenue represents funds received in respect of future periods. This is primarily composed of funding collected in advance but designated and intended for specific program expenses.

	2020	2019
Deferred RESIDE Program funding	$ 123,412	$ 149,184
Deferred Wrap Around Support funding	59,500	-
Deferred Trades Training funding	50,000	-
Deferred program funding	215,000	-
	$ 447,912	**$ 149,184**

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of funding received from various sources for the RESIDE program projects (Notes 3 & 4) as well as future RESIDE projects. The amortization of deferred capital contributions is recorded as capital contributions in the statement of operations.

During the year the organization received an additional $129,650 for Cedar Mains, $5,000 for Epsom Downs and $95,500 for future projects.

Amortization commenced in the current year for Cedar Mains $20,332 and Epsom Downs $31,003.

	2020	2019
Balance, beginning of year	$ 1,347,065	$ -
Add contributions used for capital purposes	230,150	1,347,065
Less amortization of deferred capital contributions	(51,335)	-
Balance, end of year	**$ 1,525,880**	**$ 1,347,065**

7. Continuation fund

The organization has designated an internally restricted fund, which represents reserve funds set aside by the board of directors for use at its discretion to ensure that it could operate in case of unforeseen financial difficulties, emergencies or temporary cash flow needs. The funds can also be utilized for special projects or grants to community groups.

8. Salaries and benefits

The organization has paid salaries and benefits which are recorded in the programs on the statement of operations. These are the salaries and benefits portion of the program costs.

	2020	2019
The Upstream Project	$ 10,816	$ 75,210
RESIDE Program	67,846	104,702
Host Homes programs	-	75,585
Public Education	2,679	89,690
National Program	51,430	90,240
Altitude Program	-	97,264
Hire Up Program	15,000	96,270
Administrative	45,127	54,204
	$ 192,898	**$ 683,165**

9. Related party transactions

The President of Raising the Roof is also the Executive Director and Founder of not-for-profit organization Building Up. Transactions with Building Up during the year amounted to $284,614 in construction costs related to the RESIDE program building (Note 3) and RESIDE Leasehold improvements (Note 4). Program expenses during the year amounted to $102,614 which includes partner expenses (Note 10).

10. Partner funding and expenses

The organization has entered into flow through transactions during the year. The organization is acting as an intermediate with partner agency Building Up. As per funding agreements, the grants are received from funder and directed to the partner agency Building Up. The services provided by Building Up are consistent with the organizations mandate.

11. Financial instruments risk exposure

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

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. The organization's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The organization has not had issues with these collections over the past several years. The allowance for doubtful accounts is $Nil (2019 - $Nil).

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to risk mainly in respect of its accounts payable. The organization expects to meet these obligations as they come due through sufficient cash flow from operations. The organization has not had issues with meeting obligations in the past several years.

12. Government assistance related to Covid-19

The organization has applied for and received Government assistance related to the Covid-19 pandemic. The Canada Emergency Wage Subsidy (CEWS) program provides a subsidy of 75% of wages for up to 24 weeks retroactive from March 15 to August 29, 2020. For the fiscal year ended June 30, 2020, the organization received $7,104 in subsidies from the CEWS program, which is recognized in the statement of operations and included with other income.

13. Comparative amounts

Certain of the prior year comparative amounts have been re-classified to conform to the current year's financial statement presentation

Raising the Roof/Chez Toit

Schedule of Administrative Expenses
Year Ended June 30 — Schedule A

	2020	2019
Rent	13,581	37,869
Office and general	37,959	38,171
Postage and courier	5,988	9,479
Insurance	4,158	4,170
Bank charges	9,231	10,843
Telephone	1,759	5,550
Printing	780	3,372
Board teleconferencing and meeting	-	1,391
Audit and bookkeeping	9,048	6,548
Salaries and benefits (Note 8)	45,127	54,204
Termination benefit	44,006	-
Amortization	1,885	1,885
	173,522	173,482