

THE GOOD SHEPHERD CENTRE (HAMILTON)
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Good Shepherd Centre (Hamilton)

Qualified Opinion

We have audited the financial statements of The Good Shepherd Centre (Hamilton) (the organization), which comprise the balance sheet as at March 31, 2024, and the statements of revenue and expenditures, 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 possible 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 March 31, 2024, and its results of 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 The Good Shepherd Centre (Hamilton) derives revenue from donations 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 Good Shepherd Centre (Hamilton). Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess revenue over expenditures, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 Auditors' 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 audit 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 Good Shepherd Centre (Hamilton)'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 Good Shepherd Centre (Hamilton)'s financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

HAMILTON, ONTARIO
June 24, 2024

HGK Partners LLP
HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

THE GOOD SHEPHERD CENTRE (HAMILTON)**Balance Sheet****As at March 31, 2024**

	2024	2023
ASSETS		
Current		
Cash	\$ 178,067	\$ 3,720,226
Accounts receivable (Notes 2 & 3)	3,772,701	1,651,094
Investment (Note 4)	299,190	309,180
Prepaid expenditures	<u>353,782</u>	<u>158,537</u>
	<u>4,603,740</u>	<u>5,839,037</u>
Intangible asset (Note 5)	7,490	7,490
Capital assets - housing projects (Note 6)	40,540,287	37,582,626
Other capital assets (Note 7)	1,973,688	1,289,224
Investment and cash held in trust (Note 4)	224,000	232,325
Funds held in trust (Note 8)	615,450	548,793
Advances to related parties (Note 3)	<u>1,858,021</u>	<u>1,858,021</u>
	<u>45,218,936</u>	<u>41,518,479</u>
	<u>\$ 49,822,676</u>	<u>\$ 47,357,516</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 3 & 10)	\$ 3,439,283	\$ 3,133,995
Government remittances payable	141,526	168,218
Deferred contributions (Note 11)	2,300,744	2,196,616
Current portion of long term debt (Note 12)	<u>131,004</u>	<u>119,412</u>
	<u>6,012,557</u>	<u>5,618,241</u>
Trust funds payable (Note 8)	615,450	548,793
Investment held in trust (Note 4)	224,000	232,325
Deferred contributions related to capital assets (Notes 3 & 11)	34,400,530	32,313,607
Long term debt (Note 12)	<u>1,108,824</u>	<u>1,246,317</u>
	<u>36,348,804</u>	<u>34,341,042</u>
	<u>42,361,361</u>	<u>39,959,283</u>
NET ASSETS		
Internally restricted net assets (Note 13)	418,703	418,703
Unrestricted net assets (page 6)	<u>7,042,612</u>	<u>6,979,530</u>
	<u>7,461,315</u>	<u>7,398,233</u>
	<u>\$ 49,822,676</u>	<u>\$ 47,357,516</u>
Commitments (Note 14)		

On behalf of the Board:

Director



Director

(See Accompanying Notes)

THE GOOD SHEPHERD CENTRE (HAMILTON)
Statement of Revenue and Expenditures
Year Ended March 31, 2024

	2024	2023
Revenue		
Grants		
Ontario Ministry of Health	\$ 9,699,977	\$ 6,539,235
Ministry of Children, Community and Social Services	2,439,222	2,307,764
City of Hamilton	14,315,249	12,039,935
Ontario Ministry of the Attorney General	80,000	80,000
Federal government	-	43,077
Other - non-government	1,366,206	1,148,937
Fees for services	193,058	153,222
Donations	4,463,482	4,436,181
Food donations	7,453,392	6,773,385
Rental revenue (Note 3)	273,309	196,299
Other revenue (Note 3)	734,423	490,135
Interest income	93,024	73,255
	<u>41,111,342</u>	<u>34,281,425</u>
Expenditures		
Salaries and benefits (Page 22)	19,460,333	17,061,473
Program (Page 22)	4,953,781	3,889,951
Food (Page 22)	8,794,643	7,831,721
Building occupancy (Page 22)	3,810,406	2,537,353
Promotion and publicity (Page 22)	972,418	813,410
Program administration (Page 23)	1,740,218	977,810
One time expenditures	966,342	494,557
Financing costs (Page 23)	142,390	145,622
	<u>40,840,531</u>	<u>33,751,897</u>
Excess revenue over expenditures before amortization of deferred contributions, amortization - housing projects, other capital assets	<u>270,811</u>	<u>529,528</u>
Amortization of deferred contributions (Note 11)	1,981,041	1,066,062
Amortization - housing projects and other capital assets (Note 6)	(2,178,782)	(1,300,157)
Loss on investment	(9,988)	(23,303)
	<u>(207,729)</u>	<u>(257,398)</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 63,082</u>	<u>\$ 272,130</u>

(See Accompanying Notes and Schedules)

THE GOOD SHEPHERD CENTRE (HAMILTON)
Statement of Changes in Net Assets
Year Ended March 31, 2024

	Internally Restricted Net Assets	Unrestricted Net Assets	Total
		<u>2024</u>	
Balance, beginning of year	\$ 418,703	\$ 6,979,530	\$ 7,398,233
Excess revenue over expenditures	<u>-</u>	<u>63,082</u>	<u>63,082</u>
Balance, end of year	<u>\$ 418,703</u>	<u>\$ 7,042,612</u>	<u>\$ 7,461,315</u>
		<u>2023</u>	
Balance, beginning of year	\$ 418,703	\$ 6,707,400	\$ 7,126,103
Excess revenue over expenditures	<u>-</u>	<u>272,130</u>	<u>272,130</u>
Balance, end of year	<u>\$ 418,703</u>	<u>\$ 6,979,530</u>	<u>\$ 7,398,233</u>

(See Accompanying Notes)

THE GOOD SHEPHERD CENTRE (HAMILTON)
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess revenue over expenditures	63,082	\$ 272,130
Items not involving a current cash flow:		
Amortization of deferred contributions	(1,981,041)	(1,066,062)
Amortization - housing projects and other capital assets	2,178,782	1,300,157
Loss (gain) on sale of investment	9,988	23,303
Donation - investment	-	(332,479)
	<u>270,811</u>	<u>197,049</u>
(Increase) decrease in accounts receivable	(2,121,606)	771,348
(Increase) decrease in prepaid expenditures	(195,243)	(32,443)
Increase (decrease) in accounts payable and accrued liabilities	305,285	238,176
Increase (decrease) in government remittances payable	(26,692)	(13,399)
Increase (decrease) in deferred contributions	<u>104,128</u>	<u>(855,782)</u>
	<u>(1,934,128)</u>	<u>107,900</u>
Net cash provided by (used for) operating activities	<u>(1,663,317)</u>	<u>304,949</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(5,820,907)	(7,640,686)
(Increase) decrease in advances to related parties	-	300,000
Net cash provided by (used for) investing activities	<u>(5,820,907)</u>	<u>(7,340,686)</u>
FINANCING ACTIVITIES		
Repayment of long term debt	(125,899)	(521,424)
Increase in deferred contributions related to capital assets	<u>4,067,964</u>	<u>6,699,777</u>
Net cash provided by (used for) financing activities	<u>3,942,065</u>	<u>6,178,353</u>
Increase (decrease) in cash	(3,542,159)	(857,384)
Cash, beginning of year	<u>3,720,226</u>	<u>4,577,610</u>
Cash, end of year	<u><u>\$ 178,067</u></u>	<u><u>\$ 3,720,226</u></u>

(See Accompanying Notes)

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

DESCRIPTION OF ORGANIZATION

The Good Shepherd Centre (Hamilton) is a non-share capital corporation, with letters patent, issued under the Corporations Act of the Province of Ontario in 1971. Its primary purpose is to feed, clothe and shelter the poor. As a result of its status as a registered charity, it is exempt from the payment of income taxes under Section 149(1) of the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) Cash

Cash includes cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

(b) Financial Instruments

(i) Measurement of Financial Instruments

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially measured at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of revenues and expenditures in the year in which they are incurred.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with The Good Shepherd Centre (Hamilton) is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Good Shepherd Centre (Hamilton) subsequently measures all its financial assets and liabilities at cost or amortized cost less impairment except for investments. Investments are subsequently measured at fair value with changes in fair value recognized in excess revenue over expenditures. Financial assets measured at amortized cost include cash, accounts receivable and funds held in trust. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt. Advances to related parties are measured at cost.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in excess revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess revenue over expenditures.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Prepaid Expenditures

Prepaid expenditures consist primarily of prepaid services and insurance.

(d) Investment and Investment Revenue

Investments are initially and subsequently measured at fair value, determined using quoted market prices. Investment purchases and sales transactions are accounted for on the settlement date. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in excess revenue over expenditures. Investment revenue is recognized when earned. Investment revenue related to operations is accounted for under other revenue on the statement of revenue and expenditures and investment revenue earned on externally restricted funds is credited directly to the funds held on the balance sheet.

(e) Intangible Asset

The contributed intangible asset is a resort vacation time share and is recognized at the fair value at the date of contribution. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution, are recognized at nominal value. The excess of the net carrying amount over any residual value is recognized as an expenditure when the intangible asset no longer has any long term service potential to the organization.

(f) Capital Assets

Housing projects (land and buildings) are recorded at cost, except for real property acquired prior to April 1, 1994, which is recorded at its appraised value as of January and February, 1994. Contributed capital assets are recorded at fair value at the date of contribution.

Buildings are amortized on a diminishing balance basis over their estimated useful lives at a rate of 5% per annum, with the exception of the 143 Wentworth Street South, Good Shepherd Square, Youth Home and Women's Centre buildings, which are amortized on a straight line basis over twenty-five years. The cost of renovations to the buildings which significantly increase their useful lives and capacity are capitalized as part of the cost of the related capital assets or capitalized as a building improvement and amortized on a straight line basis over the estimated useful life. Renovation costs to adapt the buildings to changed operating conditions or to maintain efficiency are expensed as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Capital Assets (Continued)

Other capital assets are recorded at cost with amortization calculated using the straight line method based on the estimated useful life of the asset. Vehicles are amortized over five years. Furniture and equipment are amortized over five to ten years. Leasehold improvements are amortized using the straight line method based on the remaining term of the lease.

A capital 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 on the statement of revenue and expenditures 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 capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(g) Unrestricted Net Assets

Unrestricted net assets represents the accumulated surplus or deficit. Annual individual program surpluses, if any, may be subject to recovery by the various government funders. Any such recovery is shown as an adjustment to unrestricted net assets on the statement of changes in net assets. Prior year revenue figures are not restated to reflect this recovery.

(h) Allocation of Expenditures

The organization records its expenditures by program.

Warehouse costs are allocated on a client use prorated basis for each program. Volunteer support costs are allocated based on an hours worked prorated basis for each program. Administration costs are allocated based on a ratio of 9 - 10% of total gross revenue by program, excluding donation, promotion and fundraising revenue, not to exceed the administration charge permitted by programs funded by the Ontario Ministry of Children, Community and Social Services (MCCSS) and the Ontario Ministry of Health (MOH).

The excess of donation, promotion and fundraising revenue over expenditures is allocated to each program on the basis of offsetting any deficit in MCCSS and MOH funded programs with the balance allocated pro rata to the deficit within all other programs, after one time funding for programs.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue Recognition

The Good Shepherd Centre (Hamilton) follows the deferral method of accounting for donations and government grants.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Contributions externally restricted for capital assets are deferred and amortized on the same basis as the related capital asset. Forgivable loans are included in deferred contributions related to capital assets and are recognized as revenue in accordance with the same basis as amortization for the related capital asset.

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.

The amount of a grant approximating the land cost of property is treated as a direct contribution to net assets. The building cost portion of a grant is treated as deferred revenue and is recognized as revenue on the same basis as the building to which it relates is amortized.

Fees for services, rental and other revenue are recognized when services are provided and collection is reasonably assured. Pledges are recorded as revenue when the funds are received.

(j) Contributed Materials and Services

The organization recognizes the contribution of materials and services at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would otherwise have been purchased. Contributed investments are recorded in the financial statements at the fair value on the date of the donation. Volunteers assist the organization in carrying out certain activities. Due to the difficulty of determining the fair value to the organization, contributed services are not recognized in the financial statements and related financial statement notes.

(k) Food Donations

Provision has been made in these financial statements for the estimated fair value of donated food utilized during the year. This is treated as both food donation revenue and matching food expenditure.

(l) Related Party Transactions

Monetary or non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of operations. Transactions not in the normal course of operations, are measured at the exchange amount when there is a substantive change in the ownership of the item transferred or the benefit of the service provided is substantive and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures during the period reported. The significant estimates used in the preparation of the financial statements are the estimated useful lives of the buildings, vehicles, and furniture and equipment. The measurement of wage subsidies is also subject to estimate as the legislation required interpretations by management and the claims are subject to review and possible adjustment by the relevant authorities. These estimates are reviewed periodically and, as adjustments become necessary, are reported in the period in which they become known.

2. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Regional services	\$ 2,464,999	\$ 1,354,777
Ontario Ministry of Health	687,521	-
Donations	28,248	94
Other services - non-government agencies and other	174,992	-
Related parties (<i>Note 3</i>)	265,969	48,144
Harmonized sales tax rebates	150,972	248,079
	<u>\$ 3,772,701</u>	<u>\$ 1,651,094</u>

3. ADVANCES TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND BALANCES

The Good Shepherd Centre (Hamilton) is related to Good Shepherd Non-Profit Homes Inc. (Homes), Good Shepherd Refuge Social Ministries Inc. and Good Shepherd (Hamilton) Trust Foundation. These organizations were established by the members of the religious order of Hospitaller Order of St. John of God Province of The Good Shepherd In North America (HOSJG) (previously known as The Little Brothers of the Good Shepherd (LBGS)) and are related by the virtue of having elements of common management. These financial statements do not include the assets, liabilities or activities of these organizations.

The Good Shepherd Centre (Hamilton) pays regular operating expenditures on behalf of related parties or has its regular operating expenditures paid by the related parties. This has produced net amounts receivable (payable) from (to) related parties in the amount of \$(226,539) (2023 - \$17,401).

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

3. ADVANCES TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The balances included in accounts receivable and accounts payable on the balance sheet are as follows:

	2024			2023
	Accounts Receivable	Accounts Payable	Net Receivable (Payable)	Net Receivable (Payable)
Good Shepherd Non-Profit Homes Inc.	\$ 254,388	\$ 489,575	\$ (235,187)	\$ 37,187
HOSJG	11,581	-	11,581	(16,785)
Good Shepherd (Hamilton) Trust Foundation	-	2,933	(2,933)	(3,001)
	<u>\$ 265,969</u>	<u>\$ 492,508</u>	<u>\$ (226,539)</u>	<u>\$ 17,401</u>

During the 2024 fiscal year, The Good Shepherd Centre (Hamilton) leased property to Good Shepherd Non-Profit Homes Inc. in the amount of \$91,620 (2023 - \$91,620), leased property from Good Shepherd Non-Profit Homes Inc. in the amount of \$177,901 (2023 - \$177,901) and was reimbursed \$73,200 (2023 - \$73,200) for food and clothing warehouse costs and interest expense in the amount of \$Nil (2023 - \$7,950) related to a loan for which the proceeds were advanced to Good Shepherd Non-Profit Homes Inc. in a prior year for the Good Shepherd Square project. This loan was paid and fully discharged as at March 31, 2023. These balances are reported under other revenue on the statement of revenue and expenditures.

The Good Shepherd Centre (Hamilton) gifted \$320,000 (2023 - \$190,500) to Good Shepherd Non-Profit Homes Inc. and is reported under other one time expenditures on the statement of revenue and expenditures.

These transactions are in the normal course of operations and are measured at the exchange amount, the amount of consideration established and agreed to by the related parties.

There is a balance receivable in the amount of \$1,858,021 (2023 - \$1,318,896) related to advances provided by The Good Shepherd Centre (Hamilton) for the Good Shepherd Square project as at March 31, 2024 to Good Shepherd Non-Profit Homes Inc., which is unsecured and has no set repayment terms. Interest is charged on the outstanding advance as agreed to by both parties on an annual basis. The Good Shepherd Centre (Hamilton) will not demand payment in the next fiscal year. Included in deferred revenue related to capital assets is \$1,278,929 (2023 - \$1,318,896) for the Good Shepherd Square land lease, prepaid by The Good Shepherd Centre (Hamilton).

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

4. INVESTMENT AND INVESTMENT AND CASH HELD IN TRUST

	<u>2024</u>	<u>2023</u>
Canadian equity	\$ 299,190	\$ 309,180
Canadian equity - held in trust	224,000	227,000
Cash in broker account - held in trust	-	5,325
	<u>\$ 523,190</u>	<u>\$ 541,505</u>

The investment and cash are held in trust in a broker account on behalf of Good Shepherd Non-Profit Homes Inc.

5. INTANGIBLE ASSET

	<u>2024</u>	<u>2023</u>
Timeshare in vacation resort property	\$ 7,490	\$ 7,490

The Good Shepherd Centre (Hamilton) holds an investment in a time share resort vacation property which was recorded at its fair value of \$7,490 when it was donated to the organization during the 2013 fiscal year end. It is intended to be used as a prize each year in the organization's fundraising activities.

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

6. CAPITAL ASSETS - HOUSING PROJECTS

	2024			
	Land Cost or Appraised Value (Note 1(f))	Building and Building Improvements Cost or Appraised Value (Note 1(f))	Building Accumulated Amortization	Net
Notre Dame House				
14 Cannon Street West	\$ 39,400	\$ 1,441,408	\$ 970,346	\$ 510,462
Good Shepherd Square				
Women's Centre	553,749	12,764,636	6,626,780	6,691,605
30 Pearl Street North	1,798,500	-	-	1,798,500
Family Shelter				
143 Wentworth Street				
South	458,955	5,142,553	3,261,803	2,339,705
10 Delaware	34,545	334,761	242,438	126,868
Men's Centre				
121 Mary Street	175,500	14,500	8,668	181,332
135 Mary Street	215,100	2,299,956	1,570,632	944,424
Venture Centre (Warehouse)				
155 Cannon Street East	574,450	2,498,285	843,631	2,229,104
Emmanuel House Extension				
82 Stinson Avenue	-	400,002	-	400,002
Barrett Centre				
126 - 128 Emerald Street				
South	42,775	910,413	518,788	434,400
Dorothy Day Place				
35 Arkledun Avenue	-	25,927,276	1,043,391	24,883,885
	<u>\$ 3,892,974</u>	<u>\$ 51,733,790</u>	<u>\$ 15,086,477</u>	<u>\$ 40,540,287</u>

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

6. CAPITAL ASSETS - HOUSING PROJECTS (Continued)

	2023			
	Land Cost or Appraised Value (Note 1(f))	Building and Building Improvements Cost or Appraised Value (Note 1(f))	Building Accumulated Amortization	Net
Notre Dame House				
14 Cannon Street West	\$ 39,400	\$ 1,441,408	\$ 945,554	\$ 535,254
Good Shepherd Square				
Women's Centre	553,749	12,764,636	6,116,195	7,202,190
30 Pearl Street North	1,798,500	-	-	1,798,500
Family Shelter				
143 Wentworth Street				
South	458,955	4,957,346	3,063,510	2,352,791
10 Delaware	34,545	334,761	229,047	140,259
Men's Centre				
121 Mary Street	175,500	14,500	8,361	181,639
135 Mary Street	215,100	2,298,085	1,532,344	980,841
Venture Centre (Warehouse)				
155 Cannon Street East	574,450	2,475,313	744,158	2,305,605
Emmanuel House				
82 Stinson Avenue	-	2	-	2
Barrett Centre				
126 - 128 Emerald				
Street South	42,775	910,413	498,176	455,012
Property under development				
35 Arkledun Avenue	-	21,630,533	-	21,630,533
	<u>\$ 3,892,974</u>	<u>\$ 46,826,997</u>	<u>\$ 13,137,345</u>	<u>\$ 37,582,626</u>

Current year amortization in the amount of \$2,178,782 (2023 - \$1,300,157) is included on the statement of revenue and expenditures. The Emmanuel House property was under renovation as at March 31, 2024.

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

7. OTHER CAPITAL ASSETS

	2024			2023
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements - (Good Shepherd Square - Offices)	\$ 90,653	\$ 90,653	\$ -	\$ -
Leasehold improvements - (378 Main Street)	1,090,092	1,030,989	59,103	63,635
Vehicles	313,566	285,821	27,745	71,081
Furniture and equipment	<u>2,460,123</u>	<u>573,283</u>	<u>1,886,840</u>	<u>1,154,508</u>
	<u>\$ 3,954,434</u>	<u>\$ 1,980,746</u>	<u>\$ 1,973,688</u>	<u>\$ 1,289,224</u>

8. FUNDS HELD IN TRUST/TRUST FUNDS PAYABLE

A number of individuals use The Good Shepherd Centre (Hamilton) as their home address in order to receive various government assistance payments. These trust funds are held and managed by The Good Shepherd Centre (Hamilton) on behalf of these individuals.

9. BANK INDEBTEDNESS

The organization has a revolving demand credit line with a \$1,750,000 (2023 - \$1,500,000) limit of which \$1,750,000 (2023 - \$1,500,000) was unused at year end. Interest is calculated at bank prime rate plus .5% per annum and is payable monthly. The security for this operating line includes a general security agreement on all present and future acquired personal property of The Good Shepherd Centre (Hamilton) and a \$1,500,000 fixed collateral mortgage on the 135 Mary Street property plus an assignment of fire and other perils insurance, with loss payable to the bank as first mortgagee.

Effective June 9, 2023 the credit line was increased to \$1,750,000, with the same terms and security along with a debt service ratio coverage of 1 to 1.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade payables and accruals	\$ 2,918,709	\$ 3,090,603
Government subsidies repayable	28,066	12,649
Related parties (Note 3)	<u>492,508</u>	<u>30,743</u>
	<u>\$ 3,439,283</u>	<u>\$ 3,133,995</u>

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

11. DEFERRED CONTRIBUTIONS AND DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions represents the unexpended portion of designated grants received that are related to expenditures of subsequent periods.

Deferred contributions related to capital assets represents restricted contributions received for the acquisition of capital assets which will be recognized as revenue in accordance with *Note 1(i)*.

	<u>2024</u>	<u>2023</u>
Deferred Contributions		
Balance, beginning of year	\$ 2,196,616	\$ 3,052,398
Net (decrease) increase	<u>104,128</u>	<u>(855,782)</u>
Balance, end of year	<u>\$ 2,300,744</u>	<u>\$ 2,196,616</u>
Deferred Contributions Related to Capital Assets		
Balance, beginning of year	\$ 32,313,607	\$ 26,679,892
Restricted funding received for capital assets	4,067,964	6,699,777
Less amortized to current revenue	<u>(1,981,041)</u>	<u>(1,066,062)</u>
Balance, end of year	<u>\$ 34,400,530</u>	<u>\$ 32,313,607</u>

Deferred contributions related to capital assets includes funds received during the fiscal year in the amount of \$Nil (2023 - \$Nil) from the City of Hamilton for leasehold improvements towards 378 Main Street and \$3,764,594 (2023 - \$4,706,220) for the 35 Arkledun Avenue purchase and upgrades.

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

12. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
<u>155 Cannon Street, Hamilton (Good Shepherd Venture Centre)</u>		
4.500% first mortgage payable, repayable in blended monthly instalments of \$8,965, maturing April 16, 2028	\$ 400,646	\$ 488,239
 <u>143 Wentworth Street South (Family Shelter)</u>		
5.666% non-revolving committed instalment loan, repayable in blended monthly instalments of \$7,163, renewing on a rolling 13 month commitment date of June 9, 2025, 60 month term amortized over 180 months to June 7, 2028	<u>839,182</u>	<u>877,490</u>
	<u>1,239,828</u>	<u>1,365,729</u>
 Principal payments due within the next year	 <u>131,004</u>	 <u>119,412</u>
	<u>\$ 1,108,824</u>	<u>\$ 1,246,317</u>

Principal payments scheduled within the next four years are as follows:

2025	-	\$ 131,004
2026	-	\$ 895,503
2027	-	\$ 100,102
2028	-	\$ 113,219

All mortgages are secured by a first mortgage charge on the indicated specific properties.

The committed instalment loan has the following additional terms:

- (i) present and future collateral first charge mortgage for \$1,200,000 on 143 Wentworth Street South
- (ii) an assignment of fire and other perils insurance with the lender as first loss payee
- (iii) a debt service of 1 to 1 or more monitored on an annual basis

13. INTERNALLY RESTRICTED NET ASSETS

As at March 31, 2023 the Board of Directors has internally restricted \$418,703 (2023 - \$418,703) of unrestricted net assets to be held for potential unfunded expenditures.

THE GOOD SHEPHERD CENTRE (HAMILTON)
Notes to Financial Statements
Year Ended March 31, 2024

14. COMMITMENTS

During the March 31, 2024 fiscal year the organization received a \$3,100,000 forgivable loan for capital costs related to the Dorothy Day Place property which is forgivable at the end of 40 years.

Future minimum lease payments (including HST) under vehicle and building leases are as follows:

2025	\$	122,377
2026	\$	120,353
2027	\$	104,759
2028	\$	96,121
2029	\$	96,121

Effective February 1, 2017 The Good Shepherd Centre (Hamilton) entered a twenty year building lease with Good Shepherd Non-Profit Homes Inc. whereby minimum rent is adjusted annually on April 1 of each year commencing with April 1, 2018, in accordance with the Consumer Price Index for Canada as at the end of the preceding December.

15. FINANCIAL INSTRUMENTS

The Good Shepherd Centre (Hamilton) is exposed to various risks through its financial instruments. The following analysis provides a measure of The Good Shepherd Centre (Hamilton)'s risk exposure and concentrations at March 31, 2024:

(a) Credit Risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed to interest rate and other price risk.

(c) Interest Rate Risk

The organization is exposed to interest rate risk on its fixed interest rate financial instruments. At March 31, 2024 the organization had fixed interest rate mortgages as described in *Note 12*. Fixed rate instruments subject the organization to a fair value risk while the floating interest rate instrument subjects it to a cash flow risk. Fluctuations in interest rates will impact the cost of financing incurred currently and in the future.

15. FINANCIAL INSTRUMENTS

(d) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization was exposed to other price risk during the fiscal year through its investment in publicly traded securities as described in *Note 4*.

(e) 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 this risk mainly in respect to its accounts payable and accrued liabilities, government remittances payable and long term debt.

The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities. The organization has a short term bank facility of up to \$1,750,000 (2023 - \$1,500,000) in place as described in *Note 9*, should it be required to meet temporary fluctuations in cash requirements.

Unless otherwise noted there have been no significant changes to the risk exposures noted above from the prior year.

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

THE GOOD SHEPHERD CENTRE (HAMILTON)
Schedule of Expenditures
Year Ended March 31, 2024

	2024	2023
Salaries and Benefits		
Salaries	\$ 16,704,695	\$ 14,822,697
Stipends	8,394	-
Employee benefits	<u>2,747,244</u>	<u>2,238,776</u>
	<u>\$ 19,460,333</u>	<u>\$ 17,061,473</u>
Program		
General program expenditures	\$ 3,165,665	\$ 2,433,150
Transportation	423,993	339,035
Purchase of services	1,238,268	1,013,941
Program insurance	<u>125,855</u>	<u>103,825</u>
	<u>\$ 4,953,781</u>	<u>\$ 3,889,951</u>
Food		
Food purchases	\$ 1,341,251	\$ 1,058,336
Food donations	<u>7,453,392</u>	<u>6,773,385</u>
	<u>\$ 8,794,643</u>	<u>\$ 7,831,721</u>
Building Occupancy		
Rent <i>(Note 3)</i>	\$ 867,342	\$ 715,426
Apartment rentals	516,795	476,895
Utilities	777,607	560,335
Repairs and maintenance	1,464,651	703,957
Property insurance	105,507	80,740
Property taxes	<u>78,504</u>	<u>-</u>
	<u>\$ 3,810,406</u>	<u>\$ 2,537,353</u>
Promotion and Publicity		
Newsletters	\$ 43,356	\$ 19,976
Special events	483,887	257,970
Direct appeals	96,644	333,619
Donors	<u>348,531</u>	<u>201,845</u>
	<u>\$ 972,418</u>	<u>\$ 813,410</u>

(See Accompanying Notes)

THE GOOD SHEPHERD CENTRE (HAMILTON)
Schedule of Expenditures (Continued)
Year Ended March 31, 2024

	2024	2023
Program Administration		
Recruitment and education	\$ 221,337	\$ 95,009
Postage and courier	84,770	70,051
Stationery and supplies	606,076	339,206
Office equipment	18,883	40,532
Computer	612,247	292,754
Communications	150,412	99,685
Professional fees	32,538	31,992
Meeting expenditures	13,955	8,581
	<u>\$ 1,740,218</u>	<u>\$ 977,810</u>
Financing Costs		
Mortgage interest	\$ 61,422	\$ 81,375
Bank and interest charges	80,968	64,247
	<u>\$ 142,390</u>	<u>\$ 145,622</u>

(See Accompanying Notes)

THE GOOD SHEPHERD CENTRE (HAMILTON)
Schedule of Allocation of Expenditures to Programs
Year Ended March 31, 2024

	2024	2023
Venture Centre Warehouse Allocation to Programs		
Family Services	\$ 79,000	\$ 56,059
Men's Centre	143,000	398,805
Palliative Care/Community Support Services	15,000	12,419
Reaching Home	33,846	39,641
Women's Centre	210,000	625,834
Youth Services	43,000	117,811
Fundraising	-	232,791
	<u>\$ 523,846</u>	<u>\$ 1,483,360</u>
Volunteer Support Allocation to Programs		
Family Services	\$ 3,000	\$ 3,000
Fundraising	7,000	-
Men's Centre	145,407	151,007
Palliative Care/Community Support Services/Seniors	46,866	8,866
Women's Centre	14,000	18,000
Youth Services	1,000	4,000
	<u>\$ 217,273</u>	<u>\$ 184,873</u>
Administrative Office Allocation to Programs		
Family Services	\$ 204,860	\$ 135,000
Men's Centre	434,332	360,520
Palliative Care/Community Support Services/Seniors	772,722	500,924
Reaching Home	277,840	110,240
Women's Centre	788,318	938,359
Youth Services	373,102	299,431
Fundraising	197,175	124,718
	<u>\$ 3,048,349</u>	<u>\$ 2,469,192</u>

THE GOOD SHEPHERD CENTRE (HAMILTON)**Schedule of Allocation of Unrestricted Donation and Fundraising Surplus to Programs
Year Ended March 31, 2024**

	2024	2023
Family Services	\$ -	\$ (56,901)
Men's Centre	(424,887)	(520,715)
Palliative Care/Community Support Services	-	(150,213)
Reaching Home	-	(877)
Women's Centre	-	(171,536)
Youth Services	-	(702,376)
Public Education and Program Development	-	(542,391)
	<u>\$ (424,887)</u>	<u>\$ (2,145,009)</u>