

New Path Foundation O/A The Common Roof
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of New Path Foundation O/A The Common Roof

Qualified Opinion

We have audited the accompanying financial statements of New Path Foundation O/A The Common Roof (the "organization"), 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 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 the results of its 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 organization derives revenue from donations and fundraising activities 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, 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 *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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
September 26, 2024

New Path Foundation O/A The Common Roof Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash and short-term investments (note 2)	\$ 165,851	\$ 135,432
Accounts receivable	201,753	130,375
Prepaid expenses	14,041	14,540
Current portion of long-term receivable (note 3)	24,514	23,623
	406,159	303,970
Long-Term Receivable (note 3)	154,866	179,379
Capital Assets, at cost less accumulated amortization (note 4)	8,410,904	8,627,655
Trust Assets - Simcoe County Coalition Fund (note 5)	160,852	167,911
	\$ 9,132,781	\$ 9,278,915
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 124,336	\$ 141,022
Government remittances payable	41,764	26,078
Deferred contributions	127,295	189,648
Current portion of long-term debt (note 6)	4,135,559	220,187
Current portion of amounts due to Simcoe Muskoka District Health Unit (note 8)	26,790	-
	4,455,744	576,935
Deferred Contributions Related to Capital Assets (note 7)	1,130,619	1,149,258
Long-Term Debt (note 6)	-	4,117,237
Trust Liability - Simcoe County Coalition Fund (note 5)	160,852	167,911
Due to Simcoe Muskoka District Health Unit (note 8)	48,210	-
Commitments (note 9)		
Net Assets		
Internally restricted reserve funds		
Richmond fund (note 10)	371,607	371,607
Thompson fund (note 10)	193,676	193,676
Unrestricted	2,772,073	2,702,291
	3,337,356	3,267,574
	\$ 9,132,781	\$ 9,278,915

On behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

New Path Foundation O/A The Common Roof Statement of Changes in Net Assets

For the year ended March 31				2024	2023
	Richmond Fund	Thompson Fund	Unrestricted	Total	Total
	(note 10)	(note 10)			
Balance, beginning of the year	\$ 371,607	\$ 193,676	\$ 2,702,291	\$ 3,267,574	\$ 3,161,665
Excess of revenues over expenses for the year	-	-	69,782	69,782	105,909
Balance, end of the year	\$ 371,607	\$ 193,676	\$ 2,772,073	\$ 3,337,356	\$ 3,267,574

The accompanying notes are an integral part of these financial statements.

New Path Foundation O/A The Common Roof Statement of Operations

For the year ended March 31	2024	2023
Revenues		
Rental income and cost recoveries	\$ 1,890,634	\$ 1,736,010
Donations and fundraising	5,063	6,054
Amortization of deferred contributions related to capital assets (note 7)	93,002	90,427
Interest income	12,095	10,007
	2,000,794	1,842,498
Expenses		
Advertising and promotion	12,410	2,141
Amortization of capital assets	276,026	276,139
Grants (note 9)	5,000	9,000
Insurance	27,676	29,209
Interest on long-term debt	223,939	190,522
Office expenses	104,687	79,397
Professional fees	34,051	85,767
Property taxes	210,894	196,313
Repairs and maintenance	289,855	246,391
Salaries and benefits	477,094	468,455
Sub-contracts	52,520	12,274
Travel expenses	8,869	6,354
Utilities	132,991	134,627
	1,856,012	1,736,589
Excess of revenues over expenses before other items	144,782	105,909
Partnership fee refund to Simcoe Muskoka District Health Unit (note 8)	(75,000)	-
	\$ 69,782	\$ 105,909
Excess of revenues over expenses for the year	\$ 69,782	\$ 105,909

The accompanying notes are an integral part of these financial statements.

New Path Foundation O/A The Common Roof Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 69,782	\$ 105,909
Adjustment for items not involving cash		
Amortization of capital assets	276,026	276,139
Amortization of deferred contributions related to capital assets	(93,002)	(90,427)
Net change in non-cash working capital balances related to operations	252,806	291,621
Accounts receivable	(71,378)	53,310
Prepaid expenses	499	4,471
Accounts payable and accrued liabilities	(16,686)	(5,788)
Government remittances payable	15,686	(12,605)
Deferred contributions	(62,353)	20,208
	<u>118,574</u>	<u>351,217</u>
Cash flows from investing activities		
Acquisition of capital assets	(59,275)	(68,707)
Repayment of long-term receivable	23,622	22,765
	<u>(35,653)</u>	<u>(45,942)</u>
Cash flows from financing activities		
Repayment of long-term debt	(201,865)	(225,705)
Increase in deferred contributions related to capital assets	74,363	61,815
Increase in amounts due to Simcoe Muskoka District Health Unit	75,000	-
	<u>(52,502)</u>	<u>(163,890)</u>
Net increase in cash and short-term investments during the year	30,419	141,385
Cash and short-term investments (bank indebtedness), beginning of the year	135,432	(5,953)
Cash and short-term investments, end of the year	\$ 165,851	\$ 135,432

The accompanying notes are an integral part of these financial statements.

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization	New Path Foundation O/A The Common Roof (the "organization") is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The organization develops and manages philanthropic investment and mobilizes community support to meet the mental health needs of children, youth and families in Simcoe County, Ontario.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.</p> <p>Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital asset.</p> <p>Rental income and cost recoveries are recorded in the period earned.</p>
Use of Estimates	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The principal estimates used in the preparation of these financial statements includes the estimated useful life of capital assets and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Contributed Materials and Services	<p>Contributions of materials and assets are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the assets are used in the normal course of the organization's operations and would otherwise have been purchased.</p> <p>The organization is dependent on the voluntary services of many individuals. Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing time of volunteers.</p>
Income Taxes	<p>The organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealised gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.</p>
Impairment of Long Lived Assets	<p>In the event that facts and circumstances indicate that the organization's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. The organization considers that no circumstances exist that would require such an evaluation.</p>

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal value.

Construction in progress is not amortized until the capital asset is substantially complete and ready for use.

Amortization is provided on capital assets based on estimated useful life of the assets as follows:

Buildings	- 2.5% straight line basis
Building improvements	- 2.5% to 5% straight line basis
Computer equipment	- 25% straight line basis
Furniture and fixtures	- 10% straight line basis
Vehicle	- 20% straight line basis

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

2. Cash and Short-Term Investments

The organization's bank account is held at a chartered bank. The chartered bank account earns interest at a variable rate dependent on the monthly minimum balance.

Included in cash and short-term investments at March 31, 2024 is a Guaranteed Investment Certificate with a face value of \$80,000 (2023 - \$80,000), interest at 4.25% (2023 - 4.00%) and a maturity date of May 1, 2024 (2023 - April 30, 2023).

The organization has an operating line of credit facility available with the Royal Bank of Canada with an authorization limit of \$100,000 and interest at the bank's prime rate plus 1.25%. The balance outstanding on this credit facility as at March 31, 2024 was \$NIL (2023 - \$NIL). See note 6 for security on all of the Royal Bank of Canada credit facilities.

3. Long-Term Receivable

	2024	2023
Community Connection, interest at 3.77%, repayable in monthly payments of principal and interest of \$2,562, maturity date of October 1, 2030	\$ 179,380	\$ 203,002
Less current portion due within one year	(24,514)	(23,623)
	\$ 154,866	\$ 179,379

Scheduled principal payments for the next five fiscal years and thereafter are as follows:

2025	\$ 24,514
2026	25,438
2027	26,397
2028	27,392
2029	28,425
Thereafter	47,214
	\$ 179,380

This long-term receivable relates to Community Connection's proportionate share of leasehold expenses at the Collingwood Common Roof which were paid by the organization. The agreement with Community Connection commenced September 24, 2020 when all of the leasehold expenses had been incurred.

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Barrie Common Roof				
Land	\$ 750,000	\$ -	\$ 750,000	\$ -
Building	1,325,009	596,254	1,325,009	563,129
Building improvements	1,196,347	872,731	1,171,234	812,914
	3,271,356	1,468,985	3,246,243	1,376,043
Orillia Common Roof				
Land	878,220	-	878,220	-
Building	4,420,728	1,436,737	4,420,728	1,326,218
Building improvements	791,009	188,634	791,009	168,859
	6,089,957	1,625,371	6,089,957	1,495,077
Collingwood Common Roof				
Land	1,275,000	-	1,275,000	-
Building	295,971	36,966	295,971	29,567
Building improvements	749,750	173,078	715,588	137,273
	2,320,721	210,044	2,286,559	166,840
Computer equipment	10,555	10,555	10,555	10,053
Furniture and fixtures	90,837	57,567	90,837	48,483
	101,392	68,122	101,392	58,536
	\$ 11,783,426	\$ 3,372,522	\$ 11,724,151	\$ 3,096,496
Net book value		\$ 8,410,904		\$ 8,627,655

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

5. Simcoe County Coalition Fund

Pursuant to the terms of an agreement between the organization and the Simcoe County Youth and Family Services Coalition, the organization has taken on the role of financial trustee of the Coalition and holds funds in a trust bank account for the Coalition.

6. Long-Term Debt

	<u>2024</u>	<u>2023</u>
Royal Bank of Canada term loan, interest at 6.33%, repayable in monthly payments of principal and interest of \$22,358, maturity date of December 15, 2024	\$ 2,439,448	\$ 2,540,757
Royal Bank of Canada term loan, interest at 3.77%, repayable in monthly principal payments of \$9,167 plus interest, maturity date of July 31, 2024	<u>1,696,111</u>	<u>1,796,667</u>
	4,135,559	4,337,424
Less current portion due within one year	<u>(4,135,559)</u>	<u>(220,187)</u>
	<u>\$ -</u>	<u>\$ 4,117,237</u>

Subsequent to year end, the term loan above expiring July 31, 2024 was renewed with interest at prime plus 1.5%, repayable in monthly payments of \$9,167 plus interest and a maturity date of July 31, 2025.

The mortgages are secured by a general security agreement covering all assets of the organization, a collateral mortgage in the amount of \$2,292,500 on the Orillia property, a collateral mortgage in the amount of \$2,200,000 on the Barrie property, a collateral mortgage in the amount of \$1,610,000 on the Collingwood property, assignment of rents at the Collingwood property and certificate of insurance evidencing fire and other perils coverage on the Collingwood property showing the Bank as the first mortgagee.

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

7. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized portion of restricted contributions used in the purchase of certain capital assets. The amortization of these contributions is recorded as revenue in the statement of operations.

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 1,149,258	\$ 1,177,870
Contributions received	74,363	61,815
Amounts amortized to revenue	<u>(93,002)</u>	<u>(90,427)</u>
Balance, end of the year	<u>\$ 1,130,619</u>	<u>\$ 1,149,258</u>

8. Due to Simcoe Muskoka District Health Unit

Simcoe Muskoka District Health Unit (the "Health Unit") was previously a partner tenant at the Orillia location. However, when the USG grant payments were renegotiated in the current year (see note 9), the Health Unit requested a full partnership fee refund of \$75,000 as they no longer wanted to continue as a partner. The organization agreed to this request and they will repay the Health Unit \$2,679 per month in the form of rent reductions starting June 1, 2024 until the original \$75,000 has been repaid by September 30, 2026.

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

9. Commitments

Tenants at the Barrie, Orillia and Collingwood buildings who are considered partner organizations are entitled under their lease agreement to receive an unrestricted sustainability grant (USG). This grant was originally set up to be calculated based on 60% of the rent paid by each tenant on dedicated space to be directed back to the tenant beginning in the 11th year of the agreement or when the mortgage is paid, whichever comes first. The first payments of the USG became payable in fiscal 2019 for tenants of the Barrie Common Roof, in 2022 for tenants of the Orillia Common Roof and 2031 for tenants of the Collingwood Common Roof. No payments were made to the tenants in 2023 and 2024 under the terms of these agreements.

In 2024, the organization renegotiated the partnership agreements with the partner tenants. As a result, the new USG payments are calculated yearly as 5% of the original partnership contribution, which was \$100,000 for each of the Barrie partners, and \$75,000 for each for the Orillia and Collingwood partners. USG payments totaling \$37,500 will begin in 2025 on a yearly basis. The USG commitment is contingent on the current lease agreements with the partner organizations.

10. Internally Restricted Reserve Funds

Richmond Fund

The Richmond Fund was established upon the amalgamation of the Robert Thompson Youth and Family Centre and the Richmond Youth and Family Centre (Orillia) in 2000. Upon amalgamation, property at 41 Frederick Street, Orillia, Ontario, investments and a Nevada Lottery Ticket License was transferred to the New Path Foundation. These funds are to be used at the discretion of the Board of Directors.

Thompson Fund

Thompson Fund was designed by the Board of Directors at the time when the organization changed its name from the Thompson Centre Community Foundation to New Path Foundation, following the merger of The Robert Thompson Youth and Family Centre and Richmond Youth and Family Centre. The net assets of the Thompson Centre Community Foundation were designated as the Thompson Fund of the New Path Foundation. These funds are to be used at the discretion of the Board of Directors.

New Path Foundation O/A The Common Roof Notes to Financial Statements

March 31, 2024

11. Financial Instruments

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 is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization is exposed to credit risk arising from its accounts receivable and its long-term receivable.

There has been no changes to the organization's credit risk exposure from the prior year.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, government remittances payable, long-term debt and amounts due to Simcoe Muskoka District Health Unit.

There has been no changes to the organization's liquidity risk exposure from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its floating interest rate on the line of credit.

There has been no changes to the organization's interest rate risk exposure from the prior year.

12. Comparative Figures

Certain figures presented for the prior year have been restated to conform with the financial statement presentation of the current year.
