

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**

Financial Statements

March 31, 2021

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**

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Year Ended March 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Making the Shift Inc. / Changer De Direction Inc.

Opinion

We have audited the financial statements of Making the Shift Inc. / Changer De Direction Inc. ("MtS"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of MtS as at March 31, 2021, 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 Opinion

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 MtS 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 ability of MtS to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate MtS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of MtS.

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.

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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 entity'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 entity'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 entity 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
July 6, 2021

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**

Statement of Financial Position

As at March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Funds available for use (Note 2)	\$ 10,335,375	\$ 8,154,410
Accounts receivable (Note 3)	534	14,187
Funding advanced (Note 4)	<u>1,183,415</u>	<u>670,263</u>
	\$ 11,519,324	\$ 8,838,860
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 3 and 6)	\$ 322,967	\$ 61,883
Deferred revenues (Note 5)	<u>11,196,357</u>	<u>8,776,977</u>
	11,519,324	8,838,860
NET ASSETS		
UNRESTRICTED	<u>-</u>	<u>-</u>
	\$ 11,519,324	\$ 8,838,860

APPROVED ON BEHALF OF THE BOARD



Director



Director

See the accompanying notes to these financial statements

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2021

	2021	2020 <i>(Note 1)</i>
REVENUES <i>(Note 6)</i>	\$ 1,393,229	\$ 819,822
EXPENSES		
Research <i>(Notes 3 and 7)</i>	680,779	67,942
General and administrative <i>(Note 3)</i>	502,945	596,911
Knowledge mobilization and communication <i>(Note 3)</i>	185,421	142,164
Training <i>(Note 3)</i>	24,084	12,805
	1,393,229	819,822
EXCESS OF REVENUES OVER EXPENSES	-	-
NET ASSETS - BEGINNING OF PERIOD	-	-
NET ASSETS - END OF PERIOD	\$ -	\$ -

See the accompanying notes to these financial statements

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**

**Statement of Cash Flows
Year Ended March 31, 2021**

	2021	2020 <i>(Note 1)</i>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ -	\$ -
Changes in non-cash working capital:		
Accounts receivable	13,653	(14,187)
Funding advanced	(513,152)	(670,263)
Accounts payable and accrued liabilities	261,084	61,883
Deferred revenues	2,419,380	8,776,977
INCREASE IN FUNDS AVAILABLE FOR USE	2,180,965	8,154,410
FUNDS AVAILABLE FOR USE - BEGINNING OF PERIOD	8,154,410	-
FUNDS AVAILABLE FOR USE - END OF PERIOD	\$ 10,335,375	\$ 8,154,410

See the accompanying notes to these financial statements

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**

**Notes to Financial Statements
Year Ended March 31, 2021**

1. NATURE AND PURPOSE OF THE ORGANIZATION

Nature of the Organization

Making the Shift Inc. / Changer De Direction Inc. ("MtS") is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act on February 27, 2019. MtS is exempt from the payment of income taxes under Section 149(1) of the Income Tax Act.

The comparative figures in the statements of operations, changes in net assets, and cash flows are for the 14-month period from February 1, 2019 to March 31, 2020.

Purpose of the Organization

MtS is a Youth Homelessness Social Innovation Lab with a mandate to contribute to the transformation of how we respond to youth homelessness through research and knowledge mobilization specific to youth homelessness prevention and housing stabilization. MtS is co-led by the Canadian Observatory on Homelessness ("COH"), an institution hosted at York University, and A Way Home Canada ("AWHC"), an independent not-for-profit organization. MtS is funded by the Government of Canada's Networks of Centres of Excellence (the "NCE") and York University under five-year agreements, ending March 31, 2024, which were extended until March 31, 2025.

Economic Dependence

The operations of MtS are dependent on York University, who hosts MtS under a Host Agreement, and who is the direct recipient of the funding from the NCE. In addition to the funding that York University receives from the NCE for MtS to address the issues relating to youth homelessness, York University has also contributed funding for core facilities and salaries out of two of its departments to further support the research of MtS.

All revenues of MtS were received through, or from, York University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook.

Revenue recognition

MtS follows the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenues in the period in which the expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated services and materials

Donated services and materials are recognized at fair value when received, when they would be used in the normal course of operations, and would have otherwise been purchased.

Recognition of funding awards

Funding awarded under project grant agreements are recognized as incurred expenses in the fiscal period when funds are advanced and MtS is notified by the recipient that the project costs have been spent during the fiscal period ended March 31.

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**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds available for use

Funds available for use consist of cash held in York University's bank account, available for use by MtS.

Financial instruments

The financial instruments of MtS consist of funds available for use, accounts receivable, and accounts payable. MtS initially measures its financial instruments at fair value, and subsequently at amortized cost.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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 fiscal period. Such estimates are reviewed periodically, and adjustments are made in the period they become known. Actual results could differ from these estimates.

3. RELATED PARTY TRANSACTIONS

MtS is co-led by the Canadian Observatory on Homelessness ("COH"), an institution hosted at York University, and A Way Home Canada ("AWHC"), an independent not-for-profit organization.

The President & CEO of COH is the Scientific Director and a Board Director of MtS. The President & CEO of AWHC is the Partnership & Implementation Director and a Board Director of MtS.

The following is a summary of the related party transactions of MtS:

	<u>2021</u>	<u>2020</u> <i>(Note 1)</i>
<i>A Way Home Canada</i>		
Expenses		
Knowledge mobilization and communications	\$ 133,452	\$ 73,679
General and administrative	44,109	45,776
Training	-	8,272
<i>Canadian Observatory on Homelessness</i>		
Expenses		
Knowledge mobilization and communications	\$ 46,805	\$ 17,636

Included in accounts receivable is \$Nil (2020 - \$385) owing from AWHC, and included in accounts payable and accrued liabilities is \$62,502 (2020 - \$46,307) owing to AWHC and \$10,493 (2020 - \$3,851) owing to COH.

Related party transactions are recorded at their exchange amount, which is the amount agreed to by the related parties.

**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2021

4. FUNDING ADVANCED

In fiscal 2021, the Board of Directors approved 12 proposals for a total budget of \$1,243,321 (2020 - 8 proposals for a total budget of \$2,994,516).

The continuity of funding advanced is as follows:

	2021	2020 <i>(Note 1)</i>
Balance, beginning of period	\$ 670,263	\$ -
Add: Amounts disbursed during the period	922,365	670,263
Less: Amounts spent in the period	(409,213)	-
Balance, end of period	\$ 1,183,415	\$ 670,263

The cumulative balances of funding advanced as at March 31 is as follows:

	2021	2020
Centre for Addiction and Mental Health	\$ 121,331	\$ 77,650
Dalhousie University	211,683	230,420
Laurentian University	79,696	93,963
Lawson Health Research Institute	73,476	-
MacEwan University	140,162	-
Queen's University	33,424	42,715
University of British Columbia	37,738	-
University of Calgary	93,740	-
University of Lethbridge	35,457	38,830
University of Saskatchewan	121,554	111,740
University of Toronto	87,451	-
Université de Montreal	24,946	-
Western University	74,444	-
Wilfrid Laurier University	48,313	74,945
	\$ 1,183,415	\$ 670,263

The terms of the approved projects range from one year to three years. MtS is committed to fund the approved projects, conditional upon MtS continuing to receive its anticipated funding from the NCE and conditional upon receiving satisfactory interim reports from the institutions.

5. DEFERRED REVENUES

Deferred revenues as at March 31 are comprised of the funds received for future fiscal periods from the following:

	2021	2020
Networks of Centres of Excellence	\$ 10,932,836	\$ 8,667,496
York University - Division of the Vice-President of Research and Innovation	263,521	109,481
	\$ 11,196,357	\$ 8,776,977

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**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2021

5. DEFERRED REVENUES (continued)

The continuity of deferred revenues is as follows:

	2021	2020 <i>(Note 1)</i>
Balance, beginning of period	\$ 8,776,977	\$ -
Add: Amounts received during the period	3,812,609	9,596,799
Less: Amounts recognized as revenues in the period	(1,393,229)	(819,822)
Balance, end of period	\$ 11,196,357	\$ 8,776,977

6. REVENUES

Revenues for the period ended March 31 are comprised of funding from the following sources:

	2021	2020 <i>(Note 1)</i>
Networks of Centres of Excellence	\$ 810,139	\$ 553,008
Natural Sciences and Engineering Research Council of Canada		
(a)	385,619	-
In-kind contributions (b)	114,187	62,873
York University - Division of the Vice-President of Research and Innovation	62,284	108,153
York University - Faculty of Education	21,000	95,788
	\$ 1,393,229	\$ 819,822

- (a) In fiscal 2021, MtS received \$572,843 in supplemental funding from the Natural Sciences and Engineering Research Council of Canada ("NSERC") to support trainees and research personnel paid through grants to address income challenges related to delays in research created by the COVID-19 pandemic.

The eligibility period was from April 1, 2020 to March 31, 2021. With the approval by the Board of Directors, MtS spent \$385,619 of this supplemental funding to support income of the eligible Network personnel whose work had been impacted by COVID-19. Out of that amount spent, \$195,992 was distributed to cover eligible costs incurred by the Network projects, and other expenses incurred were strictly in line with the expense eligibility guideline, covering only the cost of salaries.

The unused \$187,224 will be returned to NSERC, and is recorded in accounts payable and accrued liabilities as at March 31, 2021.

- (b) Included in in-kind contributions is \$63,008 (2020 - \$32,831) in facilities and administrative support from York University, and \$8,980 (2020 - \$22,592) in legal services from a law firm.

**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2021

7. RESEARCH EXPENSES

Research expenses during the year were incurred for the following activities:

	2021	2020 <i>(Note 1)</i>
Network project expenses	\$ 409,213	\$ -
Research support	229,366	63,492
In-kind contributions	42,200	4,450
	\$ 680,779	\$ 67,942

8. FINANCIAL RISKS

It is management's opinion that MtS is not exposed to significant credit, liquidity, or market risks arising from its financial instruments.

9. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus. As a result, the agreements with the NCE and York University were extended by one year to March 31, 2025.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of MtS in future periods. MtS continues to closely monitor and assess the impact on operations, and make adjustments accordingly; however, management expects any disruptions to operations to be minimal. It is the opinion of management that MtS will have sufficient resources to mitigate any potential impact that may occur in fiscal 2022 as a result of COVID-19.
