

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

Financial Statements

March 31, 2023

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

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Year Ended March 31, 2023**

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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, 2023, 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, 2023, 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 these 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 MtS' 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 MtS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing MtS' 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.

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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 MtS' 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 MtS' 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 MtS 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.

Toronto, Ontario
August 21, 2023

Hogg, Shain & Scheck PC

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, 2023

	2023	2022
ASSETS		
CURRENT		
Funds available for use <i>(Note 2)</i>	\$ 9,885,398	\$ 10,960,063
Accounts receivable <i>(Notes 3 and 4)</i>	23,040	20,640
Funding advanced <i>(Note 6)</i>	1,269,191	1,487,166
	\$ 11,177,629	\$ 12,467,869
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 229,251	\$ 175,351
Deferred revenues <i>(Note 5)</i>	10,948,378	12,292,518
	11,177,629	12,467,869
NET ASSETS		
UNRESTRICTED	-	-
	\$ 11,177,629	\$ 12,467,869

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, 2023

	2023	2022
REVENUES <i>(Note 7)</i>	\$ 4,321,965	\$ 2,565,121
EXPENSES		
Research <i>(Notes 4 and 8)</i>	2,864,064	1,252,190
General and administrative <i>(Note 4)</i>	605,863	634,948
Knowledge mobilization and communication <i>(Note 4)</i>	463,557	229,959
Training <i>(Note 4)</i>	388,481	448,024
	4,321,965	2,565,121
EXCESS OF REVENUES OVER EXPENSES	-	-
NET ASSETS - BEGINNING OF YEAR	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -

See the accompanying notes to these financial statements

**MAKING THE SHIFT INC.
CHANGER DE DIRECTION INC.**
Statement of Cash Flows
For the Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ -	\$ -
Changes in non-cash working capital:		
Accounts receivable	(2,400)	(20,106)
Funding advanced	217,975	(303,751)
Accounts payable and accrued liabilities	(53,900)	(147,616)
Deferred revenues	(1,344,140)	1,096,161
INCREASE (DECREASE) IN FUNDS AVAILABLE FOR USE	(1,074,665)	624,688
FUNDS AVAILABLE FOR USE - BEGINNING OF YEAR	10,960,063	10,335,375
FUNDS AVAILABLE FOR USE - END OF YEAR	\$ 9,885,398	\$ 10,960,063

See the accompanying notes to these financial statements

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

**Notes to Financial Statements
Year Ended March 31, 2023**

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 subsection 149(1) of the Income Tax Act (Canada).

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. They 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 from 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

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook, and include the following significant accounting policies.

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.

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.

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

**Notes to Financial Statements
Year Ended March 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial instruments

Financial assets, measured at cost or amortized cost, are tested for impairment if there are indications of possible impairment. The impairment loss is equal to the difference between carrying value and the expected recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either 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 loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Funds available for use

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

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.

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.

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, at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are reviewed periodically, and adjustments are made in the year they become known. Such estimates include the collectability of accounts receivable and year-end accrued liabilities. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

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

Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

4. 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.

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**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2023

4. RELATED PARTY TRANSACTIONS (continued)

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

	2023	2022
<i>A Way Home Canada</i>		
Expenses		
Knowledge mobilization and communications	\$ 201,938	\$ 213,691
Research	106,933	70,644
Training	48,000	-
General and administrative	46,798	55,070
<i>Canadian Observatory on Homelessness</i>		
Expenses		
Knowledge mobilization and communications	\$ 57,813	\$ 21,003

Accounts receivable includes \$17,928 (2022 - \$nil) owing from AWHC.

Accounts payable and accrued liabilities includes \$79,089 (2022 - \$106,897) owing to AWHC and \$37,203 (2022 - \$8,983) owing to COH.

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

5. DEFERRED REVENUES

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

	2023	2022
Networks of Centres of Excellence	\$ 10,308,894	\$ 11,808,552
York University - Division of the Vice-President of Research and Innovation	613,911	452,768
KPMG	25,573	31,198
	\$ 10,948,378	\$ 12,292,518

The continuity of deferred revenues is as follows:

	2023	2022
Balance, beginning of year	\$ 12,292,518	\$ 11,196,357
Add: amounts received during the fiscal year	2,977,825	3,661,282
Less: amounts recognized as revenues in the fiscal year	(4,321,965)	(2,565,121)
	\$ 10,948,378	\$ 12,292,518

**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2023

6. FUNDING ADVANCED

In fiscal 2023, the Board of Directors approved 9 proposals for a total budget of \$1,381,303 (2022 - 2 proposals for a total budget of \$588,914).

The continuity of funding advanced is as follows:

	2023	2022
Balance, beginning of year	\$ 1,487,166	\$ 1,183,415
Add: amounts disbursed during the year	1,474,353	1,230,814
Less: amounts spent in the year	<u>(1,692,328)</u>	<u>(927,063)</u>
Balance, end of year	<u>\$ 1,269,191</u>	<u>\$ 1,487,166</u>

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

	2023	2022
Carleton University	\$ 52,488	\$ 93,287
Centre for Addiction and Mental Health	7,687	12,711
Dalhousie University	31,872	132,601
École nationale d'administration	-	45,099
Laurentian University	96,641	55,844
Lawson Health Research Institute	-	22,649
MacEwan University	104,151	50,616
McGill University	109,635	-
Ontario Tech University	69,014	147,595
Queen's University	763	11,815
Trent University	22,691	48,728
University of British Columbia	67,543	33,917
University of Calgary	45,530	342,275
University of Lethbridge	145,706	39,844
University of New Brunswick	5,139	29,070
University of Saskatchewan	77,694	46,484
University of Toronto	167,752	107,556
University of Winnipeg	-	54,771
Université de Montreal	45,209	14,081
Western University	6,634	48,444
Wilfrid Laurier University	<u>213,042</u>	<u>149,779</u>
	<u>\$ 1,269,191</u>	<u>\$ 1,487,166</u>

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.

**MAKING THE SHIFT INC.
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Notes to Financial Statements

Year Ended March 31, 2023

7. REVENUES

Revenues for the year ended March 31 are comprised of funding from:

	<u>2023</u>	<u>2022</u>
Networks of Centres of Excellence	\$ 3,959,658	\$ 2,272,066
In-kind contributions (a)	148,302	152,479
York University - Division of the Vice-President of Research and Innovation	131,660	102,774
York University - Faculty of Education	52,721	21,000
KPMG	29,624	16,802
	<u>\$ 4,321,965</u>	<u>\$ 2,565,121</u>

(a) In in-kind contributions include \$134,601 (2022 - \$111,376) in facilities and administrative support from York University, and \$8,701 (2022 - \$24,414) in legal services from a law firm.

8. RESEARCH EXPENSES

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

	<u>2023</u>	<u>2022</u>
Network project expenses	\$ 1,673,851	\$ 939,269
Research support	1,185,213	296,232
In-kind contributions	5,000	16,689
	<u>\$ 2,864,064</u>	<u>\$ 1,252,190</u>
