

**Dixon Hall
(o/a Dixon Hall
Neighbourhood Services)
Financial Statements
For the year ended March 31, 2022**

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Independent Auditor's Report

To the Board of Directors of Dixon Hall

Opinion

We have audited the financial statements of Dixon Hall (the "Agency"), which comprise the statement of financial position as at March 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2022, 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 the Agency 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.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 21, 2021.

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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 Agency'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 Agency'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 Agency 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
Oakville, Ontario
June 21, 2022

**Dixon Hall
Statement of Financial Position**

March 31 **2022** 2021

Assets

Current

Cash	\$ 1,756,682	\$ 2,133,336
Investments (Note 2)	10,248,701	7,734,108
Accounts receivable	3,294,031	1,589,789
Prepaid expenses	285,694	186,049
	15,585,108	11,643,282

Capital assets (Note 3)

7,755,104 7,389,883

\$ 23,340,212 \$ 19,033,165

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	2,580,145	2,517,907
Deferred contributions (Note 4)	12,802,740	8,614,493
Current portion of loans payable (Note 5)	146,858	44,308
	15,529,743	11,176,708

Loans payable (Note 5)

561,951 710,041

Deferred capital contributions (Note 6)

5,130,282 5,438,592

21,221,976 17,325,341

Commitments (Note 8)

Contingencies (Note 9)

Net assets

Unrestricted	2,064,728	1,654,316
Endowments (Note 7)	53,508	53,508
	2,118,236	1,707,824

2,118,236 1,707,824

\$ 23,340,212 \$ 19,033,165

On behalf of the Board:



Director



Director

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

Dixon Hall Statement of Operations

For the year ended March 31	2022	2021
Revenue		
City of Toronto	\$ 18,203,823	\$ 16,837,221
Province of Ontario	3,165,905	3,060,694
Government of Canada	278,760	233,861
Fundraising	1,361,533	1,341,247
United Way of Greater Toronto	785,593	839,016
User fees	868,975	553,998
Interest	39,239	1,466
Amortization of deferred capital contributions	402,199	318,899
	25,106,027	23,186,402
Expenses (Note 12)		
Housing and homelessness programs	17,972,425	16,374,343
Seniors programs	3,278,956	3,317,721
Neighbourhood programs	1,764,728	1,595,132
Employment programs	1,090,681	1,011,785
Infrastructure and support services	335,652	217,080
Community development programs	253,173	254,920
	24,695,615	22,770,981
Excess of revenue over expenses	\$ 410,412	\$ 415,421

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

Dixon Hall
Statement of Changes in Net Assets

For the year ended March 31

	Endowments Unrestricted		2022 Total	2021 Total
Net assets , beginning of year	\$ 53,508	\$ 1,654,316	\$ 1,707,824	\$ 1,292,403
Excess of revenue over expenses for the year	-	410,412	410,412	415,421
Net assets , end of year	\$ 53,508	\$ 2,064,728	\$ 2,118,236	\$ 1,707,824

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

Dixon Hall Statement of Cash Flows

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 410,412	\$ 415,421
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	567,236	538,220
Amortization of deferred capital contributions	(402,199)	(318,899)
Changes in non-cash working capital balances		
Accounts receivable	(1,704,242)	(323,137)
Prepaid expenses	(99,645)	110,710
Accounts payable and accrued liabilities	62,238	207,044
Deferred contributions	4,188,247	3,787,640
	3,022,047	4,416,999
Investing activities		
Purchase of capital assets	(932,457)	(969,861)
Purchase of investments, net	(2,514,593)	(7,501,466)
Deferred capital contributions received	93,889	1,960,051
	(3,353,161)	(6,511,276)
Financing activity		
Repayment of loans payable	(45,540)	(742,375)
Decrease in cash during the year	(376,654)	(2,836,652)
Cash, beginning of year	2,133,336	4,969,988
Cash, end of year	\$ 1,756,682	\$ 2,133,336

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

Dixon Hall

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Purpose of the Agency

Dixon Hall (operating as Dixon Hall Neighbourhood Services) (the "Agency") was founded in 1929. The Agency's mission is to create lasting solutions to end poverty, social injustices and isolation in Toronto. The Agency operates over 50 plus programs and services designed to support this mission. The Agency works in partnership with other agencies, institutions, donors, corporate and government partners, and volunteers to provide a range of programs and services.

The Agency is incorporated under the Corporations Act (Ontario). As a registered charitable organization, the Agency is exempt from income taxes.

Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue Recognition

The Agency follows the deferral method of accounting for contributions, which includes grants and donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts. User fees are recognized when the services have been provided.

Capital assets

Capital assets is recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. The Agency provides for amortization using the straight-line basis over the assets' estimated useful lives as follows:

Buildings and improvements	20 years
Equipment	5 years
Leasehold improvements	term of the lease
Automotive	5 years

No amortization is taken on construction in process assets as these items are not complete and are not in use.

Dixon Hall

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Impairment of Long-lived Assets

The Agency tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Deferred Capital Contributions

Deferred capital contributions related to Capital assets represent the unamortized portion of designated grants and donations for capital purchases.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all 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 charged to the financial instrument for those measured at amortized cost.

Contributed Materials and Services

Volunteers contribute numerous hours to the Agency in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, they are not reflected in the financial statements.

Other contributed services and materials are also not recognized in the financial statements.

Allocation of Expenses

The Agency allocates salaries and benefits, premises, finance support services and amortization of Capital assets to its charitable purposes. Allocation of salaries and benefits are based on the time spent by the employees on each function. Allocations of premises, support services and amortization are based on the number of staff, time spent, program requirements and office space utilization.

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 amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods and rates and useful life of Capital assets are reviewed annually.

Dixon Hall Notes to Financial Statements

March 31, 2022

2. Investments

Investments consist of Guaranteed Investment Certificates which have maturities ranging between September 2022 and March 2023 (2021 - October 2021 and March 2022) and interest rates of 0.40% to 0.70% (2021 - 0.20% to 0.45%).

3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 500,000	\$ -	\$ 500,000	\$ -
Buildings and improvements				
Heyworth House Shelter	1,544,624	1,496,034	1,544,624	1,414,866
Sumach and other locations	2,484,636	2,070,648	2,484,636	2,028,685
Children and Youth Centre	5,248,743	640,225	5,174,488	378,221
Equipment	1,741,338	1,466,423	1,630,910	1,385,773
Leasehold improvements	917,376	238,832	917,376	167,866
Automotive	271,776	200,338	271,776	169,853
Construction in process	1,159,111	-	411,337	-
	\$ 13,867,604	\$ 6,112,500	\$ 12,935,147	\$ 5,545,264
Net book value		\$ 7,755,104		\$ 7,389,883

4. Deferred Contributions

	2022	2021
Balance beginning of year	\$ 8,614,493	\$ 4,826,853
Add: Funds received or receivable during the year	28,852,837	26,653,677
Less: Revenue recognized during the year	(24,664,590)	(22,866,037)
Balance end of year	\$ 12,802,740	\$ 8,614,493

Dixon Hall Notes to Financial Statements

March 31, 2022

5. Loans Payable

	2022	2021
Term loan, \$5,170 monthly principal and interest, interest rate of 3.98%, secured by land and building at 192 Carlton Street, Toronto, Ontario due June 2024	\$ 600,797	\$ 640,324
Term loan, \$908 monthly principal and interest, interest rate of 3.01% secured by land and buildings at 2714 Danforth Avenue, Toronto, Ontario and 58 Sumach Street, Toronto, Ontario with a first charge general security agreement, due October 2022	108,012	114,025
	708,809	754,349
Less: current portion	146,858	44,308
	\$ 561,951	\$ 710,041

Principal repayments are as follows:

2023		\$ 146,858
2024		40,419
2025		521,532
		\$ 708,809

Interest paid on the loans during the year totaled \$29,453 (2021 - \$29,014).

The Agency has the following credit facilities available:

a) The Agency has a revolving demand facility with the bank in the amount of \$2,500,000 bearing an interest rate of prime plus 0.75%, secured by 58 Sumach Street and 2714 Danforth Avenue, Toronto, Ontario. As at March 31, 2022, the Agency has an outstanding balance of \$Nil (2021 - \$Nil).

b) The Agency also has a revolving demand facility of \$500,000 bearing an interest rate of prime plus 0.50%, secured by 58 Sumach Street and 2714 Danforth Avenue, Toronto, Ontario. As at March 31, 2022, the Agency has an outstanding balance of \$Nil (2021 - \$Nil).

As security the Agency has provided a general security agreement providing a first ranking security interest in all personal property of the Agency, a \$1,750,000 first fixed charge on the lands and improvements located at 2714 Danforth Avenue, Toronto, Ontario and a \$2,625,000 first fixed charge on the lands and improvements located at 58 Sumach Street, Toronto, Ontario.

The Agency's financing facility includes a requirement to maintain a debt service coverage ratio not less than 1.1:1 at any time, that is to be assessed annually. The Agency is in compliance with this covenant as at March 31, 2022.

**Dixon Hall
Notes to Financial Statements**

March 31, 2022

6. Deferred Capital Contributions

	Capital assets	Children and Youth Centre fundraising	2022	2021
Balance beginning of year	\$ 722,728	\$ 4,715,864	\$ 5,438,592	\$ 3,797,440
Capital contributions received	20,516	73,373	93,889	1,960,051
Amounts recognized as revenue	(140,145)	(262,054)	(402,199)	(318,899)
Balance end of year	\$ 603,099	\$ 4,527,183	\$ 5,130,282	\$ 5,438,592

7. Endowment Net Assets

Endowment net assets consist of amounts that have been gifted to the Agency that must be held in perpetuity with the income used to provide support for the instruction of music to neighbourhood children.

8. Commitments

The Agency leases certain premises and office equipment. The minimum payments over the next five years are as follows:

2023	\$	122,841
2024		110,873
2025		86,958
2026		77,587
2027		60,794

9. Contingencies

From time to time, the Agency is named as a defendant in legal actions. Although the amount of any liability that could arise with respect to current pending actions cannot be estimated, it is the opinion of management that final determination of these proceedings would not materially affect the financial position on the results of the Agency.

Dixon Hall Notes to Financial Statements

March 31, 2022

10. Financial Instrument Risks

The Agency has the following risks associated with its 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 Agency is exposed to credit risk primarily with respect to its accounts receivable. The Agency manages this risk through regular monitoring of balances and continuous communication with debtors.

Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting the obligations associated with its financial liabilities. The Agency is exposed to this risk through its accounts payable and accrued liabilities and loans payable. The Agency manages this risk through regular monitoring of cash flows generated from operations to meet its obligations.

11. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.

**Dixon Hall
Notes to Financial Statements**

March 31, 2022

12. Allocation of Expenses

	Neighbourhood programs	Housing and homelessness programs	Seniors programs	Employment programs	Community development programs	Infrastructure and support services	2022 Total	2021 Total
Salaries and benefits	\$ 990,946	\$10,481,842	\$ 2,384,974	\$ 777,652	\$ 212,363	\$ 208,996	\$ 15,056,773	\$14,672,147
Social, educational and food	235,629	2,007,341	461,962	142,159	7,425	576	2,855,092	2,989,119
Premises	51,769	3,064,954	91,059	309	2,617	13,162	3,223,870	1,842,941
Support services	219,654	2,249,819	265,658	163,914	30,768	62,831	2,992,644	2,728,554
Amortization of capital assets	266,730	168,469	75,303	6,647	-	50,087	567,236	538,220
	\$ 1,764,728	\$17,972,425	\$ 3,278,956	\$ 1,090,681	\$ 253,173	\$ 335,652	\$ 24,695,615	\$ 22,770,981