



# FINANCIAL REPORT

A cutting-edge residential experience, that tackles the current housing crises, and creates a warm, inclusive home for adults with developmental disabilities



## 2023

[dani-toronto.com/residential](https://dani-toronto.com/residential)

# DANI'S PLACE RESIDENTIAL SUPPORT

December 31, 2023

---

## Table of contents

INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Operations.....	4
Statement of Changes in Net Assets.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-13





SRCO Professional Corporation  
Chartered Professional Accountants  
Licensed Public Accountants  
Park Place Corporate Centre  
15 Wertheim Court, Suite 409  
Richmond Hill, ON L4B 3H7  
Tel: 905 882 9500 & 416 671 7292  
Fax: 905 882 9580  
Email: info@srco.ca  
www.srco.ca

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of DANI'S PLACE RESIDENTIAL SUPPORT

### *Opinion*

We have audited the statement of financial position of DANI'S PLACE RESIDENTIAL SUPPORT (the "Organization") as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of DANI'S PLACE RESIDENTIAL SUPPORT as at December 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 the Company 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

(continues)



Independent Auditor's Report to the Board of Directors of DANI'S PLACE RESIDENTIAL SUPPORT  
(continued)

***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 Company'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 Company'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 Company 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.

*SRCO Professional Corporation*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

Richmond Hill, Ontario  
June 25, 2024

# DANI'S PLACE RESIDENTIAL SUPPORT

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	175,409	458,402
Prepaid insurance and other deposits	26,062	—
Security deposit	10,000	10,000
Sales tax recoverable	53,301	65,182
	264,772	533,584
<b>CAPITAL ASSETS [note 3]</b>	<b>5,692,919</b>	<b>4,010,099</b>
	<b>5,957,691</b>	<b>4,543,683</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	849,378	433,647
Loan from a director [note 5]	606,172	—
Government remittances payable	2,478	—
Due to DANI Developing and Nurturing Independence [note 6]	30,000	—
	1,488,028	433,647
<b>LONG-TERM LOAN [note 4]</b>	<b>1,580,000</b>	<b>1,080,000</b>
	<b>3,068,028</b>	<b>1,513,647</b>
<b>NET ASSETS</b>		
Unrestricted - invested in capital assets	2,889,663	3,030,036
	<b>5,957,691</b>	<b>4,543,683</b>

Capital commitments [note 9]

Subsequent events [note 10]

See accompanying notes

On behalf of the Board:

  
\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# DANI'S PLACE RESIDENTIAL SUPPORT

## STATEMENT OF OPERATIONS

Year ended December 31, 2023

	2023	2022
	\$	\$
<b>REVENUE</b>	<b>186,862</b>	1,169,773
	<b>186,862</b>	1,169,773
<b>EXPENDITURES</b>		
Professional fees	147,465	90,921
Salaries and wages	103,235	—
Subcontractor costs	40,683	94,118
Property tax	9,414	9,618
Utilities	9,160	3,600
Office and general	6,304	1,914
Interest on loan	6,197	—
Licenses and permits	1,988	799
Insurance	1,524	1,738
Bank charges and credit card processing fees	1,265	15,457
	<b>327,235</b>	218,165
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>(140,373)</b>	951,608

*See accompanying notes*

## DANI'S PLACE RESIDENTIAL SUPPORT

### STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2023

	[Unrestricted]	
	2023	2022
	\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>3,030,036</b>	2,078,428
(Deficiency) excess of revenue over expenditures for the year	<b>(140,373)</b>	951,608
Forgiveness of loan for the purchase of Property <i>[Note 4]</i>	—	—
<b>BALANCE, END OF YEAR</b>	<b>2,889,663</b>	3,030,036

*See accompanying notes*

# DANI'S PLACE RESIDENTIAL SUPPORT

## STATEMENT OF CASH FLOWS

Year ended December 31, 2023

	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenditures for the year	(140,373)	951,608
Change in non-cash working capital balances:		
Sales tax recoverable	11,881	(1,356)
Accounts payable and accrued liabilities	415,731	101,172
Prepaid insurance	(26,062)	—
Government remittances payable	2,478	—
<b>Cash (used in) provided by operating activities</b>	<b>263,655</b>	<b>1,051,424</b>
<b>INVESTING ACTIVITIES</b>		
Construction work-in-progress	(1,682,820)	(1,347,071)
<b>Cash used in investing activities</b>	<b>(1,682,820)</b>	<b>(1,347,071)</b>
<b>FINANCING ACTIVITIES</b>		
Due to DANI Developing and Nurturing Independence	30,000	—
Loan from a director	606,172	—
Long-term loan	500,000	—
<b>Cash provided by financing activities</b>	<b>1,136,172</b>	<b>—</b>
<b>CHANGE IN CASH</b>	<b>(282,993)</b>	<b>(295,647)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>458,402</b>	<b>754,049</b>
<b>CASH - END OF YEAR</b>	<b>175,409</b>	<b>458,402</b>

*See accompanying notes*



# **DANI'S PLACE RESIDENTIAL SUPPORT**

## **NOTES TO FINANCIAL STATEMENTS**

Year ended December 31, 2023

---

### **1. PURPOSE OF THE ORGANIZATION**

DANI'S PLACE RESIDENTIAL SUPPORT (the "Organization") is incorporated under the laws of Ontario. The Organization's mission is to provide a home for young adults living with cognitive disabilities. The Organization is a registered Canadian charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

The Organization was incorporated on December 8, 2016, but did not have any activities, assets, liabilities or net assets until January 1, 2019.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as contained in Part III of the Chartered Professional Accountant Canada ("CPAC") Handbook. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization; it will use accounting standards for private enterprises contained in Part II of the CPAC Handbook.

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions that include donations and contributions for various activities and programs. 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. Unrestricted donations are recognized as revenue when received since pledges are not legally enforceable claims. Debt financing may be incurred to fund the purchase of capital assets that will not be amortized, such as land. Any forgiveness of loan for purchase of land is recognized as direct increases in net assets. Externally restricted contributions are recognized as revenue in the period that the related expenses are incurred.

# DANI'S PLACE RESIDENTIAL SUPPORT

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at cost or amortized cost includes cash.

Financial liabilities measured at cost or amortized cost includes accounts payable and accrued liabilities, loan from a director, due to DANI Developing and Nurturing Independence and long-term loan.

#### **Foreign currency translation**

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Gains or losses resulting from currency transactions are included in the statement of operations.

#### **Capital assets**

Capital assets are recorded at cost less accumulated amortization. Capital assets, except for land, are amortized over their estimated useful lives using the declining balance method once purchased or put in use. The cost of land and construction work-in-progress is not amortized.

# DANI'S PLACE RESIDENTIAL SUPPORT

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Contributed materials and services**

Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. Because of the difficulty in determining fair value, contributed materials and services are not recognized in the financial statements.

#### **Measurement uncertainty**

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 the reported amounts of revenue and expenditures during the reporting period. Management reviews these estimates periodically and include accruals. As adjustments become necessary, they are reported in the period that they become known. Actual results may vary from the current estimates.

#### **Impairment of financial instruments**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. 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 the statement of operations.

#### **Impairment of long-lived assets**

The Organization reviews long-lived assets such as capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value of the assets exist and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below the carrying value.

**DANI'S PLACE RESIDENTIAL SUPPORT**  
**NOTES TO FINANCIAL STATEMENTS**

Year ended December 31, 2023

**3. CAPITAL ASSETS**

Capital assets consist of the following:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Land	1,582,746	—	1,582,746	1,582,746
Construction work-in-progress	4,110,173	—	4,110,173	2,427,353
	5,692,919	—	5,692,919	4,010,099

During the year ended 2019, the Organization purchased a property with the intention to rebuild and construct a residential space for young adults with cognitive disabilities. As the current structure is very old and has no value, the entire cost of purchase was allocated to land.

**4. LONG-TERM LOAN**

During the fiscal year 2019, the Organization entered into a loan agreement (“Agreement”) with a third party (“Lender”) for a financing facility in the aggregate amount of \$2,600,000 for the purchase and re-construction of the property at 174 Crestwood Road, Thornhill, Ontario (“Property”) (Note 9).

The loan will be advanced in tranches:

1. First Tranche – principal amount of \$1,650,000 was advanced in 2019 to be used to complete the purchase of the Property;
2. Second Tranche of \$150,000 was advanced in 2020; and
3. Third Tranche of \$500,000 was advanced in 2023;
4. The remaining principal amount of \$300,000 shall be advanced in stages as required to fund expenses to be incurred by the Organization and approved by the Lender. After completion of the redevelopment of the Property and payment of expenses, the balance, if any, will be advanced to the Organization for the purpose of establishing a General Housing Reserve Fund to be used by the Organization to cover any shortfall in the operational account, including property taxes, utilities, maintenance and repairs, staff salaries, and food and supplies.

The loan of \$2,600,000 is interest free, is secured by a first collateral charge on the Property in the amount of \$2,600,000, having a carrying value of \$2,490,028 and is due for repayment on July 31, 2034.



# DANI'S PLACE RESIDENTIAL SUPPORT

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

---

### 4. LONG-TERM LOAN (continued)

On December 27, 2019, the Lender made a donation to the Organization through forgiveness of loan in the amount of \$640,000 for purchase of the Property. Accordingly, as at December 31, 2019, the loan principal balance outstanding was reduced from \$1,650,000 to \$1,010,000.

In the year 2020 \$150,000 loan was received, the loan principal balance outstanding as at December 31, 2021 was \$1,160,000.

On December 30, 2021, the Lender made a donation to the Organization through forgiveness of loan in the amount of \$80,000 for purchase of the Property. Accordingly, as at December 31, 2021, the loan principal balance outstanding was reduced from \$1,160,000 to \$1,080,000.

During 2023, the Lender advanced additional funds of \$500,000, accordingly increasing the loan principal balance outstanding from \$1,080,000 to \$1,580,000.

For the year ended December 31, 2023 and 2022, no donations through forgiveness of loan were made.

### 5. LOAN FROM A DIRECTOR

Loan from a director is unsecured, bears interest at 7.2% per annum and is due on demand. Subsequent to the year end, the Organization received an additional \$150,000 and thereafter settled the full amount of loan together with the accrued interest.

### 6. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions between the Organization and the board members are considered to be related party transactions. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Other than the transactions or balances disclosed elsewhere, the only other related party balance was the amount due to DANI Developing and Nurturing Independence, an entity related by virtue of common management and directorship, is unsecured, non-interest bearing and due on demand.

# DANI'S PLACE RESIDENTIAL SUPPORT

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

---

### 7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, December 31, 2023:

#### **Credit Risk**

Credit risk is the risk of a loss if counterparty to a financial instrument fails to meet its contractual obligations. The Organization is exposed to credit risk primarily from its cash balances. The Organization manages its risk from cash balances by maintaining its accounts with credit worthy financial institutions.

#### **Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with the settlement of its financial liabilities. The Organization is exposed to this risk mainly in respect of its long-term loan and accounts payable and accrued liabilities. The Organization manages its risk by regularly monitoring its cash flow requirements and maintaining sufficient cash on hand to settle obligations as they arise.

#### **Interest Rate Risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is not exposed to interest rate risk as it does not have any significant interest-bearing financial instruments.

#### **Currency Risk**

Currency risk is the risk to the Organization's earnings that arise from fluctuations of the exchange rates and the degree of volatility of these rates. The Organization is exposed to the currency exchange risk on its cash balance. As at December 31, 2023, the Organization had cash of \$2,874 (2022 – \$509) in U.S. dollars. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

# **DANI'S PLACE RESIDENTIAL SUPPORT**

## **NOTES TO FINANCIAL STATEMENTS**

Year ended December 31, 2023

---

### **8. CAPITAL MANAGEMENT**

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2023, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

### **9. CAPITAL COMMITMENTS**

As at December 31, 2023, the Organization had remaining commitments for capital expenditures of approximately \$400,000 under a contract for construction of the building at 174 Crestwood Road. The construction began in September 2021 and is expected to be completed in August 2024.

### **10. SUBSEQUENT EVENTS**

- a) During the year ended December 31, 2023, the Organization entered into a dispute with the building contractor in connection with claims and additional charges arising principally from cost overruns in the construction process. In June 2023, the Organization received a notice of default from the legal counsel of the building contractor with respect to invoice payments that the Organization has withheld. The building contractor also put various construction liens on the property. Subsequent to the year end, the claims were settled for \$485,000 and the liens were discharged. The amount settled was recorded as construction work-in-progress in the financial statements as at December 31, 2023.
- b) Subsequent to the year end, Oval Services, a not-for-profit entity, with common directors, was established for the purpose of managing the property upon completion of the construction and occupancy. On June 25, 2024, the Board has resolved to dissolve this entity.
- c) Subsequent to the year end, the Organization entered into a co-ownership agreement with an unrelated third-party organization. The Organization sold 35% ownership of the property for gross proceeds \$1,925,000, which is expected to be fully received by the end of June 2024.

### **11. COMPARATIVE FIGURES**

Certain figures for 2022 have been reclassified to conform to the presentation adopted in 2023.