

FORWARD HOUSE OF LONDON

Financial Statements

March 31, 2025

FORWARD HOUSE OF LONDON
Financial Statements
For The Year Ended March 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of **Forward House of London**:

Opinion

We have audited the financial statements of **Forward House of London**, which comprise the statement of financial position as at March 31, 2025, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2025, 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 Auditors' 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 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 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 where 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.

St. Thomas, Ontario

June 17, 2025

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

FORWARD HOUSE OF LONDON

Statement of Financial Position As at March 31, 2025

	2025	2024
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 5)	310,142	1,088,629
Accounts receivable	41,955	112,704
Government remittances recoverable	106,968	115,586
Prepaid expenses	<u>21,487</u>	<u>22,490</u>
	480,552	1,339,409
TANGIBLE CAPITAL ASSETS (NOTE 2)	<u>2,384,200</u>	<u>2,089,360</u>
TOTAL ASSETS	<u>2,864,752</u>	<u>3,428,769</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	816,443	916,722
Repayable to Ministry (Note 8)	129,349	470,319
Current portion of long-term debt (Note 6)	<u>116,802</u>	<u>366,270</u>
	1,062,594	1,753,311
DEFERRED CAPITAL CONTRIBUTIONS (NOTE 3)	91,856	114,563
LONG-TERM DEBT (NOTE 6)	<u>28,729</u>	<u>29,614</u>
TOTAL LIABILITIES	1,183,179	1,897,488
COMMITMENTS (NOTE 4)		
NET ASSETS	<u>1,681,573</u>	<u>1,531,281</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,864,752</u>	<u>3,428,769</u>

On behalf of the Board of Directors

 Graham Briscoe

Director



Director

See accompanying notes to the financial statements.

FORWARD HOUSE OF LONDON

**Statement of Changes in Net Assets
For The Year Ended March 31, 2025**

	2025	2024
	<u>\$</u>	<u>\$</u>
BALANCE, BEGINNING OF YEAR	1,531,281	1,215,033
Capital contributions related to building additions (Note 3)	-	75,200
Excess of revenues over expenditures for the year	<u>150,292</u>	<u>241,048</u>
BALANCE, END OF YEAR	<u>1,681,573</u>	<u>1,531,281</u>

See accompanying notes to the financial statements.

FORWARD HOUSE OF LONDON

Statement of Operations For The Year Ended March 31, 2025

	2025	2024
	<u>\$</u>	<u>\$</u>
REVENUES		
Ministry funding	10,937,863	10,568,600
Other funding	487,541	430,910
Rent	86,400	92,400
Amortization of deferred capital contributions	22,707	22,730
Donations	12,270	6,955
Miscellaneous	-	2,842
	<u>11,546,781</u>	<u>11,124,437</u>
EXPENDITURES		
Salaries and benefits	9,872,244	9,198,438
Purchased client services	575,885	641,827
Rent	167,882	188,673
Professional fees	162,842	175,429
Staff training	136,345	81,675
Amortization	111,769	31,983
Insurance	91,357	97,702
Repairs and maintenance	77,171	142,995
IT supplies and equipment	74,736	83,741
Utilities	35,354	40,203
Vehicle	23,521	37,971
Office supplies	18,568	36,901
Interest on long-term debt	12,279	55,555
Subscriptions, licenses and permits	11,458	41,822
Supplies	8,780	14,617
Advertising and promotion	7,731	568
Staff travel	4,790	10,728
Bank charges	4,325	2,561
Other services	2,774	-
	<u>11,399,811</u>	<u>10,883,389</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR BEFORE OTHER ITEMS	146,970	241,048
GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	<u>3,322</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u><u>150,292</u></u>	<u><u>241,048</u></u>

See accompanying notes to the financial statements.

FORWARD HOUSE OF LONDON

Statement of Cash Flows For The Year Ended March 31, 2025

	2025	2024
	<u>\$</u>	<u>\$</u>
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	150,292	241,048
Adjustments for:		
Amortization of tangible capital assets	111,769	31,983
Amortization of deferred contributions	(22,707)	(22,730)
Gain on disposal of tangible capital assets	<u>(3,322)</u>	<u>-</u>
	<u>236,032</u>	<u>250,301</u>
Changes in non-cash working capital		
Accounts receivable	70,749	1,690
Government remittances recoverable	8,618	(40,018)
Prepaid expenses	1,003	(5,087)
Accounts payable and accrued liabilities	(100,279)	366,056
Repayable to Ministry	<u>(340,970)</u>	<u>-</u>
	<u>(360,879)</u>	<u>322,641</u>
Cash flows (used in) from operating activities	<u>(124,847)</u>	<u>572,942</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to tangible capital assets	(414,787)	(266,201)
Proceeds on disposal of tangible capital assets	<u>11,500</u>	<u>-</u>
Cash flows used in investing activities	<u>(403,287)</u>	<u>(266,201)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayments of long-term debt	<u>(250,353)</u>	<u>(325,188)</u>
Cash flows used in financing activities	<u>(250,353)</u>	<u>(325,188)</u>
NET CHANGE IN CASH	(778,487)	(18,447)
CASH, BEGINNING OF YEAR	<u>1,088,629</u>	<u>1,107,076</u>
CASH, END OF YEAR	<u>310,142</u>	<u>1,088,629</u>

See accompanying notes to the financial statements.

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

NATURE OF THE ORGANIZATION

Forward House of London ("the organization") is a social services agency with a primary objective of individual client development and support which focuses on optimizing daily living and vocational skills for individuals with developmental and/or physical challenges. This primary objective is generally achieved through the performance of activities such as self maintenance, social and recreational activities, community living skills and work-related training, through the development of each supported individual's sensory, motor, cognitive and interpersonal skills. The organization was incorporated under the laws of the Province of Ontario on July 5, 1984 without share capital and is a registered charity. The organization is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenues over expenditures.

In particular, the organization uses estimates when accounting for certain items, including:

Useful lives of tangible capital assets

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost. Contributed capital assets are recorded at the fair market value on the date of contribution. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts, and any gain or loss is recognized in excess of revenues over expenditures. Amortization is calculated using the following annual rates:

Furniture and equipment	Declining balance - 10%
Computer equipment	Declining balance - 30%
Vehicles	Straight-line over 6 years
Leasehold improvements	Straight-line over the remaining lease term

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets and Amortization (Continued)

Land and buildings are not amortized as the organization has determined that the residual value of these assets exceed their net book value. Should the residual value of these assets fall below the net book value, the organization will commence amortization of these assets.

Donations In-Kind

Because of the difficulty in determining their fair value, donations in-kind are not recognized in the financial statements.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for tangible capital assets are deferred and recognized as revenue on the same basis as amortization is recorded. Where funding is received for capital assets not amortized, revenue is recognized as a direct increase to net assets.

Specifically, the organization recognizes:

Ministry funding relating to operations and other funding in the period for which the funding relates to.

Rent revenues on the first of the month as it is earned.

Unrestricted donations and miscellaneous revenues when received.

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. Financial assets and liabilities originated or exchanged in a related party transaction, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If repayment terms are present, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Subsequent measurement of financial instruments

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash, which is measured at fair value.

Financial assets measured at amortized cost include accounts receivable. Financial assets measured at fair value include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, repayable to Ministry and current and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenditures. 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 excess of revenues over expenditures.

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2025	2024
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land and buildings	1,625,089	-	1,625,089	1,625,089
Leasehold improvements	398,974	41,388	357,586	159,689
Furniture and equipment	217,210	94,155	123,055	56,239
Vehicles	383,624	139,464	244,160	219,441
Computer equipment	<u>135,232</u>	<u>100,922</u>	<u>34,310</u>	<u>28,902</u>
	<u>2,760,129</u>	<u>375,929</u>	<u>2,384,200</u>	<u>2,089,360</u>

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

3. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received from the Ministry of Children, Community and Social Services used to purchase certain tangible capital assets. These contributions are being amortized into excess of revenues over expenditures on the same basis as the related tangible capital asset. The changes in the deferred contributions balance for the year are as follows:

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	114,563	212,493
Less: Contributions recorded as direct increase to net assets	-	(75,200)
Less: Amortized contributions during the year	<u>(22,707)</u>	<u>(22,730)</u>
Balance, end of year	<u>91,856</u>	<u>114,563</u>

4. COMMITMENTS

The organization leases certain buildings and vehicles used in operations. The minimum future lease payments required in the next five years are as follows:

	<u>\$</u>
2026	214,321
2027	193,185
2028	184,356
2029	173,442
2030	88,835

Subsequent to year end, the organization entered into a new building lease, of which the minimum future payments are included above.

5. CREDIT FACILITY

The organization has an available \$100,000 credit facility with the Bank of Montreal at an annual interest rate of prime plus 1.75%, secured by a general security agreement over the organization's assets and assignment of fire insurance. As at March 31, 2025, \$Nil (2024 - \$Nil) had been drawn on this credit facility.

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

6. LONG-TERM DEBT	2025	2024
	<u>\$</u>	<u>\$</u>
Demand loan payable at prime plus 1.20%, repayable in blended monthly instalments of \$2,925, secured by a building located at 193 Burlington Street with a net book value of \$929,237	80,365	207,871
Demand loan payable at prime plus 1.20%, repayable in blended monthly instalments of \$788, secured by a building located at 39 Rogers Avenue with a net book value of \$325,971	20,193	127,413
Loan payable, 3.49%, repayable in blended monthly instalments of \$420, secured by a vehicle with a net book value of \$8,532, due November 2026	8,011	12,676
Loan payable, 3.49%, repayable in blended monthly instalments of \$419, secured by a vehicle with a net book value of \$8,532, due November 2026	8,069	12,721
Mortgage payable, 5.44%, repayable in blended monthly instalments of \$1,993, secured by a building located at 268 Vancouver Street with a net book value of \$200,921, due March 2029	<u>28,893</u>	<u>35,203</u>
	145,531	395,884
Less: Current portion	<u>(116,802)</u>	<u>(366,270)</u>
	<u>28,729</u>	<u>29,614</u>

The aggregate amount of principal payments required in each of the next four years to meet retirement provisions are as follows:

	<u>\$</u>
2026	116,802
2027	13,400
2028	7,355
2029	7,974

The bank prime rate in effect as at March 31, 2025 is 4.95% (2024 - 7.20%)

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

7. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, repayable to Ministry and current and long-term debt.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

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 fixed and variable rate financial instruments. Fixed-rate instruments subject the organization to a fair value risk and variable rate instruments subject the organization to a cash flow risk.

It is management's opinion that the organization is not subject to significant credit, currency, or other price risk.

No financial liabilities of the organization were in default during the year.

The organization was not subject to any covenants during the year.

There were no changes to the organization's risks from the prior year.

FORWARD HOUSE OF LONDON

Notes to the Financial Statements For The Year Ended March 31, 2025

8. REPAYABLE TO MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES

The organization is required to repay any unspent Ministry funding it receives to the Ministry of Children, Community and Social Services ("MCCSS"). The unspent surpluses repayable to the MCCSS are as follows:

	2025	2024
	<u>\$</u>	<u>\$</u>
2014-2015 surplus repayable to the MCCSS	1,402	1,402
2017-2018 surplus repayable to the MCCSS	-	23,831
2018-2019 surplus repayable to the MCCSS	-	20,317
2019-2020 surplus repayable to the MCCSS	-	16,017
2020-2021 surplus repayable to the MCCSS	-	209,346
2021-2022 surplus repayable to the MCCSS	-	71,459
2022-2023 surplus repayable to the MCCSS	<u>127,947</u>	<u>127,947</u>
	<u>129,349</u>	<u>470,319</u>

The surpluses repayable to the MCCSS are repaid once the Ministry has completed their review of the organization's annual funding reconciliation submission.