

CHARITY HOUSE (WINDSOR)
(Operating as Brentwood Recovery Home)

FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

***To the Board of Directors of Charity House (Windsor)
(Operating as Brentwood Recovery Home):***

Qualified Opinion

We have audited the financial statements of **CHARITY HOUSE (WINDSOR) (OPERATING AS BRENTWOOD RECOVERY HOME)** ("the Entity"), which comprise the statement of financial position as at March 31, 2021 and the statements of operating fund activities and fund balance, development fund activities and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 Qualified Opinion

In common with many not-for profit organizations, the Entity derives revenue from donations, raffle proceeds and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to this revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, assets as at March 31, 2021 and 2020, and fund balances as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity 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 qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Those charged with governance are responsible for overseeing the Entity'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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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.

Roth Mosey & Partners LLP

**ROTH MOSEY & PARTNERS LLP
LICENSED PUBLIC ACCOUNTANTS**

**Windsor, Ontario
July 13, 2021**

An Independent Member of the
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ALLIANCE**

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF FINANCIAL POSITION

March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
<i>Current assets</i>		
Cash	\$ 1,568,833	\$ 835,018
Guaranteed investment certificates (Notes 3, 7)	1,189,769	406,973
Investments	101,579	63,059
Accounts and other receivables (Notes 13, 14)	386,589	772,928
Government remittances receivable	127,714	83,160
Prepaid expenses and deposits	59,280	65,934
	3,433,764	2,227,072
<i>Guaranteed investment certificates</i> (Notes 3, 7)	-	758,997
<i>Property and equipment</i> (Note 4)	3,009,592	2,920,850
<i>Cash surrender value of life insurance</i>	23,902	23,902
	\$ 6,467,258	\$ 5,930,821
LIABILITIES AND FUND BALANCES		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 221,196	\$ 271,657
Due to Brentwood Fund for the Rehabilitation of Alcoholics (Note 5)	1,397,403	1,383,581
Current portion of deferred contributions (Note 6)	66,520	65,514
	1,685,119	1,720,752
<i>Deferred contributions, net of current portion</i> (Note 6)	625,692	636,048
	2,310,811	2,356,800
<i>Fund balances</i>		
Operating fund	2,745,171	2,267,993
Development fund - restricted	1,411,276	1,306,028
	4,156,447	3,574,021
	\$ 6,467,258	\$ 5,930,821
_____ Director		
_____ Director		
<i>See accompanying notes</i>		

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF OPERATING FUND ACTIVITIES AND FUND BALANCE

For The Year Ended March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Ontario Health (West) (Note 10)	\$ 1,992,151	\$ 1,739,142
Fee for service	134,250	248,145
Net raffle income (Schedule 1)	843,019	728,765
Net fundraising income	39,203	-
Donations	124,358	463,033
Interest	33,825	39,153
Counselling services	-	3,200
Other income	19,696	21,814
Rental income	19,680	21,900
Insurance proceeds (Note 13)	83,763	-
Amortization of deferred contributions (Note 6)	66,812	65,574
Unrealized gain (loss) on investments	38,520	(20,966)
Increase in cash surrender value of life insurance	-	254
Government assistance (Note 14)	690,661	53,777
	4,085,938	3,363,791
Operating expenses		
Ontario Health (West) reimbursable program expenses (Schedule 2)	2,776,225	2,691,208
Non-reimbursable program expenses (Schedule 3)	467,165	581,081
Other operating expenses (Schedule 4)	261,358	64,055
	3,504,748	3,336,344
Excess of revenue over expenses	581,190	27,447
Fund balance, beginning of year	2,267,993	2,397,576
Interfund transfers to the Development Fund (Note 9)	(104,012)	(157,030)
Fund balance, end of year	\$ 2,745,171	2,267,993

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF DEVELOPMENT FUND ACTIVITIES AND FUND BALANCE

For The Year Ended March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
<i>Fundraising and special events revenue</i>	\$ 10,435	\$ 132,111
<i>Fundraising and special events expenses</i>	<u>9,199</u>	<u>77,353</u>
<i>Excess of revenue over expenses</i>	1,236	54,758
Fund balance, beginning of year	1,306,028	1,094,240
Interfund transfers to the Operating Fund (<i>Note 9</i>)	104,012	157,030
<i>Fund balance, end of year</i>	<u>\$ 1,411,276</u>	<u>\$ 1,306,028</u>

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2021 (with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
<i>Operating activities</i>		
Excess of revenue over expenses - operating fund	\$ 581,190	\$ 27,447
Excess of revenue over expenses - development fund	1,236	54,758
Adjustments to reconcile excess of revenue over expenses to cash flow from operations		
Amortization of property and equipment	234,813	231,087
Amortization of deferred contributions	(66,812)	(65,574)
Unrealized (gain) loss on investments	(38,520)	20,966
Gain on disposal of property and equipment	-	(193,761)
Increase in cash surrender value of life insurance	-	(255)
<i>Cash flow from operations</i>	711,907	74,668
Change in:		
Accounts and other receivables	386,339	(415,402)
Government remittances receivable	(44,554)	56,092
Prepaid expenses and deposits	6,654	(6,633)
Accounts payable and accrued liabilities	(50,461)	(63,616)
<i>Cash provided by (used in) operating activities</i>	1,009,885	(354,891)
<i>Financing activities</i>		
Advances from Brentwood Fund for the Rehabilitation of Alcoholics	13,822	15,797
Net deferred contributions received	57,462	189,906
<i>Cash provided by financing activities</i>	71,284	205,703
<i>Investing activities</i>		
Net redemption (acquisition) of guaranteed investment certificates	(23,799)	394,806
Proceeds from sale of investments	-	27,645
Proceeds from disposal of property and equipment	-	222,634
Purchase of property and equipment	(323,555)	(286,452)
<i>Cash provided by (used in) investing activities</i>	(347,354)	358,633
<i>Net increase in cash for the year</i>	733,815	209,445
Cash, beginning of year	835,018	625,573
<i>Cash, end of year</i>	\$ 1,568,833	\$ 835,018
<i>See accompanying notes</i>		

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

1 NATURE OF ORGANIZATION

Charity House (Windsor) (Operating as Brentwood Recovery Home) (the "Entity") is a registered charity incorporated under the laws of Ontario without share capital. The primary purpose of the Corporation is to provide abstinence based treatment in a residential setting for persons whose primary problem is alcohol or drug abuse while providing non-residential support for their families. The Corporation is not a taxable entity.

Charity House (Windsor) is the principal beneficiary of donations from Brentwood Fund for the Rehabilitation of Alcoholics (the "Fund"), and in conjunction thereto, provides part of its facilities to the Fund for fundraising events.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Fund Accounting

The operating fund accounts for the Entity's program delivery and administrative activities. This fund reports unrestricted resources, restricted operating funds and property and equipment.

The development fund accounts for certain of the Entity's fundraising activities. This fund reports resources restricted for future development activities.

Revenue Recognition

The Entity follows the restricted fund 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 received.

Contributions received related to specific depreciable property and equipment are deferred and amortized on a basis consistent with the depreciation policy for the particular property and equipment.

The Entity recognizes fee for service revenue when evidence of an arrangement exists, service has been performed, the cost of the service is fixed or determinable and collection is reasonably assured.

The Entity defers the recognition of net raffle income to the date during which the raffle draw occurs.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

2 | SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Guaranteed Investment Certificates

Guaranteed investment certificates are recorded at fair value.

Investments

Investments consist of publicly traded securities and are recorded at fair value.

Property and Equipment

Property and equipment are recorded at cost. Amortization is recorded on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	20 to 40 years
Paving	8 years
Equipment	15 years
Automotive equipment	5 years
Furniture and fixtures	5 years

Donated Services

The Entity receives services from volunteers. Since those services are not normally purchased by the Entity and due to the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the determination of the useful life of property and equipment and amortization recorded into income from deferred contributions. Accordingly, actual amounts could differ from those estimates.

Government Assistance

The company records government assistance from the Canada Emergency Wage Subsidy and the Temporary Wage Subsidy programs based on wages incurred during the year in which the subsidy applies.

3 | GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates have maturity dates varying from May 2021 to March 2022 with interest rates varying from 1.1% to 2.7%.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2021	Net Book Value 2020
Land	\$ 539,688	\$ -	\$ 539,688	\$ 539,688
Buildings	4,036,235	2,323,061	1,713,174	1,545,151
Buildings - Kay Ryan Residence	1,053,869	577,599	476,270	502,617
Paving	471,686	286,004	185,682	227,044
Equipment	32,757	8,736	24,021	26,205
Automotive equipment	174,228	169,184	5,044	6,962
Furniture and fixtures	957,925	892,212	65,713	73,183
Furniture and fixtures - Kay Ryan Residence	46,281	46,281	-	-
	\$ 7,312,669	\$ 4,303,077	\$ 3,009,592	\$ 2,920,850

5 RELATED PARTY TRANSACTIONS

The amount due to Brentwood Fund for the Rehabilitation of Alcoholics is unsecured, non-interest bearing and has no specific terms of repayment.

The Entity receives reimbursements from and makes reimbursements to Brentwood Fund for the Rehabilitation of Alcoholics for expenditures common to the two entities. All of these transactions are recorded at the exchange amount and are in the normal course of operations.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

6 DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding which was received to assist in the acquisition of property and equipment.

The activity for the year in this balance reported in the Operating Fund is as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 701,562	\$ 577,230
Deferred contributions received during the year	59,336	189,906
Less amount recognized as revenue in the year	(66,812)	(65,574)
Less returned contributions	(1,874)	-
	<hr/> 692,212	<hr/> 701,562
Less current portion to be recognized within one year	<hr/> 66,520	<hr/> 65,514
Long-term portion	<hr/> \$ 625,692	<hr/> \$ 636,048

The deferred contributions received were from Ontario Health (West) in the amount of \$59,336 (2020 - \$189,906).

7 LINE OF CREDIT

The Entity has available authorized lines of credit with WFCU Credit Union ("WFCU") in the total amount of \$120,000 bearing interest at WFCU's prime rate plus 0.5% and are secured by certain guaranteed investment certificates.

8 COMMITMENTS AND CONTINGENCY

Under the terms of a retirement agreement, the Entity paid a retired employee \$26,545 (2020 - \$26,729). The Entity has committed to annual retirement payments totalling approximately \$27,000 during the lifetime of the retired employee.

From time to time, the Entity provides letters of credit to the Alcohol and Gaming Commission of Ontario as part of its lottery activities.

Subsequent to year-end, the Entity committed to the purchase of \$565,000 (2020 - \$398,000) in prize board expenses related to future lotteries.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

9 INTERFUND TRANSFERS

Interfund transfers are made to fund program delivery and activities of the organization in relation to its purpose.

10 ECONOMIC DEPENDENCE

The Entity is economically dependent on Ontario Health (West) for the funding of its rehabilitative programs.

11 PENSION PLAN

The Entity sponsors a defined contribution pension plan for its employees. Under the terms of the plan, the Entity matches any employees' contributions up to 4%. Contributions of \$45,800 (2020 - \$51,492) were made by the Entity.

12 FINANCIAL INSTRUMENTS

Financial instruments consist of cash, guaranteed investment certificates, investments, accounts and other receivables, accounts payables and accrued liabilities and due to Brentwood Fund for the Rehabilitation of Alcoholics. It is management's opinion that the Entity is not exposed to significant risks arising from its financial instruments.

13 INSURANCE CLAIM

During fiscal 2018, the Entity experienced a flood resulting in approximately \$1,538,000 of total damages and additional costs incurred. Included in accounts and other receivables is insurance proceeds receivable of \$347,557 (2020 - \$362,200). Included in revenue is insurance proceeds related to general damages of \$83,763 (2020 - \$NIL).

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2021

14 GOVERNMENT ASSISTANCE

During the year, the Entity recorded government assistance income of \$690,661 (2020 - \$53,777) related to the Canada Emergency Wage Subsidy and Temporary Wage Subsidy programs. Of this amount, \$39,032 (2020 - \$53,777) is included in accounts and other receivables at year-end. This assistance amount is provided in relation to wages incurred up to March 31, 2021.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF NET RAFFLE INCOME

For The Year Ended March 31, 2021 (with comparative figures for 2020)

Schedule 1

	<u>2021</u>	<u>2020</u>
<i>Lottery sales</i>	\$ 1,556,451	\$ 1,439,060
<i>Expenses</i>		
Advertising and promotion	89,059	68,747
Credit card merchant fees and bank charges	26,608	19,303
Licence fees	7,120	7,194
Office and postage	12,805	10,669
Prizeboard	573,054	578,800
Professional fees	4,000	4,000
Sales location charge	-	15,118
Security	786	6,464
	<u>713,432</u>	<u>710,295</u>
	<u>\$ 843,019</u>	<u>\$ 728,765</u>

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF ONTARIO HEALTH (WEST) REIMBURSABLE PROGRAM EXPENSES

For The Year Ended March 31, 2021 (with comparative figures for 2020)

Schedule 2

	<u>2021</u>	<u>2020</u>
Expenses		
Bank charges	\$ 5,402	\$ 5,068
Computer maintenance and supplies	16,861	5,715
Consulting fees	9,503	18,138
Food and kitchen supplies	104,976	154,987
General maintenance	62,989	48,711
Housekeeping	24,790	38,594
Insurance	43,082	38,286
Medical supplies	13,062	4,716
Postage, stationary and office supplies	23,877	21,112
Professional fees	66,323	22,493
Property taxes	23,721	24,131
Salaries and benefits (Note 11)	2,222,569	2,099,618
Staff education	10,315	8,677
Telephone	10,903	9,271
Travel	2,691	8,689
Utilities	128,619	143,422
	2,769,683	2,651,628
Other		
Prescription and dental claims	3,609	17,775
Personal needs allowance	2,933	21,805
	6,542	39,580
	\$ 2,776,225	\$ 2,691,208

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF NON-REIMBURSABLE PROGRAM EXPENSES

For The Year Ended March 31, 2021 (with comparative figures for 2020)

Schedule 3

	<u>2021</u>	<u>2020</u>
Advertising and promotion	\$ 7,439	\$ 4,149
Alumni and client financial assistance	17,190	37,175
Bank charges	2,149	4,744
Client recreation	11,219	33,195
Computer maintenance	-	3,472
Consulting fees	37,040	36,400
Equipment rental	4,208	4,629
Food and kitchen supplies	107,797	155,291
General maintenance	12,071	16,237
Housekeeping	6,629	12,865
Insurance	14,831	13,228
Memberships and permits	3,325	4,544
Postage, stationary and office supplies	27,752	23,311
Professional fees	20,248	22,493
Property taxes	7,906	8,041
Salaries and benefits (Note 11)	127,768	139,426
Telephone	10,903	9,271
Travel	5,817	4,803
Utilities	42,873	47,807
	\$ 467,165	\$ 581,081

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF OTHER OPERATING EXPENSES

For The Year Ended March 31, 2021 (with comparative figures for 2020)

Schedule 4

	<u>2021</u>		<u>2020</u>
Amortization of property and equipment	\$ 234,813	\$	231,087
Gain on disposal of property and equipment	-		(193,761)
Retiree (Note 8)	26,545		26,729
	<hr/>		<hr/>
	\$ 261,358	\$	64,055

See accompanying notes