

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

FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operating Fund Activities and Fund Balance	5
Statement of Development Fund Activities and Fund Balance	6
Statement of Cash Flows	7
Notes to Financial Statements	8-12
Schedule of Net Raffle Income (Schedule 1)	13
Schedule of Ontario Health (West)	
Reimbursable Program Expenses (Schedule 2)	14
Schedule of Non-Reimbursable Program Expenses (Schedule 3)	15
Schedule of Other Operating Expenses (Schedule 4)	16



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, 2023 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, 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 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 (deficiency) of revenue over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, assets as at March 31, 2023 and 2022, and fund balances as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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.

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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
June 13, 2023**

An Independent Member of the

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ALLIANCE**

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF FINANCIAL POSITION

March 31, 2023 (with comparative figures for 2022)

ASSETS	<u>2023</u>	<u>2022</u>
<i>Current assets</i>		
Cash	\$ 1,585,657	\$ 1,788,262
Guaranteed investment certificates (Notes 3, 7)	1,551,944	1,225,790
Investments	93,198	100,188
Accounts receivable	182,147	98,465
Government remittances receivable	85,356	89,412
Prepaid expenses and deposits	30,743	604,185
Lottery home held for resale	577,710	-
	<u>4,106,755</u>	<u>3,906,302</u>
<i>Property and equipment (Note 4)</i>	3,096,479	2,940,379
<i>Cash surrender value of life insurance</i>	24,194	23,902
	<u>\$ 7,227,428</u>	<u>\$ 6,870,583</u>
LIABILITIES AND FUND BALANCES		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 309,774	\$ 299,579
Unearned revenue	109,200	-
Due to Brentwood Fund for the Rehabilitation of Alcoholics (Note 5)	1,397,403	1,397,403
Current portion of deferred contributions (Note 6)	398,346	66,821
	<u>2,214,723</u>	<u>1,763,803</u>
<i>Deferred contributions, net of current portion (Note 6)</i>	824,301	589,118
	<u>3,039,024</u>	<u>2,352,921</u>
<i>Fund balances</i>		
Operating fund	2,524,945	2,279,887
Development fund - restricted	1,663,459	2,237,775
	<u>4,188,404</u>	<u>4,517,662</u>
	<u>\$ 7,227,428</u>	<u>\$ 6,870,583</u>

 Director

 Director

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF OPERATING FUND ACTIVITIES AND FUND BALANCE

For The Year Ended March 31, 2023 (with comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Revenue		
Ontario Health (West) (Note 10)	\$ 2,120,126	\$ 1,778,058
Fee for service	324,205	178,425
Grant income	37,974	-
Net raffle income (Schedule 1)	556,612	687,038
Net fundraising income	75,603	99,406
Donations	147,562	816,160
Interest	77,072	31,487
Other income	28,984	9,737
Rental income	59,115	17,575
Amortization of deferred contributions (Note 6)	90,623	67,651
Unrealized loss on investments	(6,990)	(1,391)
Increase in cash surrender value of life insurance	292	-
Government assistance (Note 13)	-	287,488
	<u>3,511,178</u>	<u>3,971,634</u>
Operating expenses		
Ontario Health (West) reimbursable program expenses (Schedule 2)	2,998,414	2,855,311
Non-reimbursable program expenses (Schedule 3)	575,041	521,911
Other operating expenses (Schedule 4)	295,121	275,799
	<u>3,868,576</u>	<u>3,653,021</u>
Excess (deficiency) of revenue over expenses	(357,398)	318,613
Fund balance, beginning of year	2,279,887	2,745,171
Interfund transfers from (to) the Development Fund (Note 9)	602,456	(783,897)
	<u>602,456</u>	<u>(783,897)</u>
Fund balance, end of year	\$ 2,524,945	\$ 2,279,887

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, 2023 (with comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
<i>Fundraising and special events revenue</i>	\$ 67,718	\$ 61,131
<i>Fundraising and special events expenses</i>	<u>39,578</u>	<u>18,529</u>
<i>Excess of revenue over expenses</i>	28,140	42,602
Fund balance, beginning of year	2,237,775	1,411,276
Interfund transfers from (to) the Operating Fund (Note 9)	<u>(602,456)</u>	<u>783,897</u>
<i>Fund balance, end of year</i>	<u>\$ 1,663,459</u>	<u>\$ 2,237,775</u>

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2023 (with comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Operating activities		
Excess (deficiency) of revenue over expenses - operating fund	\$ (357,398)	\$ 318,613
Excess of revenue over expenses - development fund	28,140	42,602
Adjustments to reconcile excess (deficiency) of revenue over expenses to cash flow from operations		
Amortization of property and equipment	288,313	247,271
Amortization of deferred contributions	(90,623)	(67,651)
Unrealized loss on investments	6,990	1,391
Increase in cash surrender value of life insurance	(292)	-
Cash flow from (used in) operations	(124,870)	542,226
Change in:		
Accounts receivable	(83,682)	288,124
Government remittances receivable	4,056	38,302
Lottery home held for resale	(19,348)	-
Prepaid expenses and deposits	15,080	(544,905)
Accounts payable and accrued liabilities	10,195	78,383
Unearned revenue	109,200	-
Cash provided by (used in) operating activities	(89,369)	402,130
Financing activities		
Net deferred contributions received	657,331	31,378
Cash provided by financing activities	657,331	31,378
Investing activities		
Net acquisition of guaranteed investment certificates	(326,154)	(36,021)
Purchase of property and equipment	(444,413)	(178,058)
Cash used in investing activities	(770,567)	(214,079)
Net increase (decrease) in cash for the year	(202,605)	219,429
Cash, beginning of year	1,788,262	1,568,833
Cash, end of year	\$ 1,585,657	\$ 1,788,262

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

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 Entity 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 Entity 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, 2023

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
Computer equipment	5 years

Lottery home held for resale

Lottery home held for resale is valued at the lower of cost and net realizable value.

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 program based on wages incurred during the year in which the subsidy applies.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

3 GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates have maturity dates varying from May 2023 to March 2024 with interest rates varying from 2.15% to 4.95%.

4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
Land	\$ 539,688	\$ -	\$ 539,688	\$ 539,688
Buildings	4,472,641	2,578,201	1,894,440	1,705,667
Buildings - Kay Ryan Residence	1,053,869	630,292	423,577	449,923
Paving	471,686	403,926	67,760	126,721
Equipment	32,756	13,104	19,652	21,837
Automotive equipment	174,228	172,557	1,671	3,126
Furniture and fixtures	1,046,240	974,749	71,491	93,417
Furniture and fixtures - Kay Ryan Residence	46,281	46,281	-	-
Computer equipment	97,750	19,550	78,200	-
	\$ 7,935,139	\$ 4,838,660	\$ 3,096,479	\$ 2,940,379

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.

During the year, the board accepted a motion to repay the balance due to the Brentwood Fund for the Rehabilitation of Alcoholics, which is expected to occur in the March 31, 2024 year-end.

The Brentwood Recovery Home Foundation was incorporated November 7, 2021. No activity has occurred in the Brentwood Recovery Home Foundation as of March 31, 2023. Charity House (Windsor) has an economic interest in the Brentwood Recovery Home Foundation which will administer donations and fundraising efforts on behalf of Charity House (Windsor), which is expected to occur in the March 31, 2024 year-end.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

6 DEFERRED CONTRIBUTIONS

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

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

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 655,939	\$ 692,212
Deferred contributions received during the year	657,331	31,378
Less amount recognized as revenue in the year	(90,623)	(67,651)
Less returned contributions	-	-
	<u>1,222,647</u>	<u>655,939</u>
Less current portion to be recognized within one year	<u>398,346</u>	<u>66,821</u>
Long-term portion	<u>\$ 824,301</u>	<u>\$ 589,118</u>

The deferred contributions received were from Ontario Health (West) in the amount of \$595,824 (2022 - \$31,378), the Ontario Trillium Foundation in the amount of \$44,443 (2022 - \$NIL) and various other contributors totaling \$17,064 (2022 - \$NIL).

Included in deferred contributions received from Ontario Health (West) is \$261,705 (2022 - \$NIL) of unspent one-time Addictions Recovery Fund Bed-Based Investments, expected to be spent in the March 31, 2024 year-end.

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 \$6,808 (2022 - \$28,528). During the year the agreement ended.

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

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2023

8 ***COMMITMENTS AND CONTINGENCY (CONTINUED)***

The Entity is a defendant in a lawsuit relating to a claimed wrongful dismissal of an employee. The outcome of this matter is not presently determinable and amounts, if any, will be recognized when the matter is resolved.

9 ***INTERFUND TRANSFERS***

Interfund transfers are made to fund program delivery and activities of the organization in relation to it's 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%. During the year, contributions of \$55,894 (2022 - \$53,844) were made by the Entity.

12 ***FINANCIAL INSTRUMENTS***

Financial instruments consist of cash, guaranteed investment certificates, investments, accounts receivable, 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 ***GOVERNMENT ASSISTANCE***

During the year, the Entity recorded government assistance income of \$NIL (2022 - \$287,488) related to the Canada Emergency Wage Subsidy. This assistance amount is provided in relation to wages incurred up to the year-end date.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF NET RAFFLE INCOME

For The Year Ended March 31, 2023 (with comparative figures for 2022)

Schedule 1

	<u>2023</u>	<u>2022</u>
Revenue		
Lottery sales	\$ 1,837,500	\$ 1,702,949
50/50 sales	278,715	-
	<u>2,116,215</u>	<u>1,702,949</u>
Expenses		
Advertising and promotion	124,381	103,285
Credit card merchant fees and bank charges	67,163	28,568
External fundraising fees	105,811	-
Licence fees	14,598	10,260
Office and postage	707	28,404
Prizeboard	1,239,085	843,009
Professional fees	4,000	1,556
Sales location charge	3,655	-
Security	203	829
	<u>1,559,603</u>	<u>1,015,911</u>
	<u>\$ 556,612</u>	<u>\$ 687,038</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, 2023 (with comparative figures for 2022)

Schedule 2

	<u>2023</u>	<u>2022</u>
Expenses		
Bank charges	\$ 4,951	\$ 5,301
Computer maintenance and supplies	5,448	35,696
Consulting fees	52,821	14,203
Food and kitchen supplies	203,588	118,210
General maintenance	50,237	54,300
Housekeeping	35,072	24,381
Insurance	69,720	54,836
Medical supplies	4,543	15,843
Postage, stationary and office supplies	27,139	36,009
Professional fees	23,954	30,901
Property taxes	21,272	19,954
Salaries and benefits (Note 11)	2,321,727	2,248,818
Staff education	14,008	38,980
Telephone	7,054	12,057
Travel	5,695	4,084
Utilities	118,479	129,240
	<u>2,965,708</u>	<u>2,842,813</u>
Other		
Prescription and dental claims	12,561	7,599
Personal needs allowance	20,145	4,899
	<u>32,706</u>	<u>12,498</u>
	<u>\$ 2,998,414</u>	<u>\$ 2,855,311</u>

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF NON-REIMBURSABLE PROGRAM EXPENSES

For The Year Ended March 31, 2023 (with comparative figures for 2022)

Schedule 3

	<u>2023</u>	<u>2022</u>
Advertising and promotion	\$ 2,799	\$ 2,812
Alumni and client financial assistance	21,250	17,431
Bad debts	3,499	-
Bank charges	3,542	6,669
Client recreation	2,606	13,939
Computer maintenance and supplies	2,475	2,040
Consulting fees	8,776	20,180
Equipment rental	3,544	4,137
Food and kitchen supplies	114,518	119,724
General maintenance	16,746	15,124
Housekeeping	10,451	8,101
Insurance	23,240	18,752
Memberships and permits	5,410	7,579
Postage, stationary and office supplies	44,249	34,421
Professional fees	26,073	19,044
Property taxes	7,091	6,651
Salaries and benefits <i>(Note 11)</i>	199,711	167,364
Telephone	7,054	11,315
Travel	3,124	3,908
Utilities	68,883	42,720
	<u>\$ 575,041</u>	<u>\$ 521,911</u>

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF OTHER OPERATING EXPENSES

For The Year Ended March 31, 2023 (with comparative figures for 2022)

Schedule 4

	<u>2023</u>		<u>2022</u>
Amortization of property and equipment	\$ 288,313	\$	247,271
Retiree (Note 8)	6,808		28,528
	<u>\$ 295,121</u>	\$	<u>275,799</u>

See accompanying notes