

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

FINANCIAL STATEMENTS

For The Year Ended March 31, 2024

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

FINANCIAL STATEMENTS

For The Year Ended March 31, 2024

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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, 2024 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, 2024, 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, deficiency of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, assets as at March 31, 2024 and 2023, and fund balances as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 18, 2024**

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF FINANCIAL POSITION

March 31, 2024 (with comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
<i>Current assets</i>		
Cash	\$ 1,811,758	\$ 1,585,657
Guaranteed investment certificates (Notes 3, 7)	1,396,674	1,551,944
Investments	127,133	93,198
Accounts receivable	165,928	182,147
Government remittances receivable	89,757	85,356
Prepaid expenses and deposits	29,262	30,743
Lottery home held for resale	731,717	577,710
	4,352,229	4,106,755
<i>Property and equipment (Note 4)</i>	2,823,289	3,096,479
<i>Cash surrender value of life insurance</i>	22,136	24,194
	\$ 7,197,654	\$ 7,227,428
LIABILITIES AND FUND BALANCES		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities (Note 6)	\$ 628,365	\$ 309,774
Unearned revenue	80,885	109,200
Due to Brentwood Fund for the Rehabilitation of Alcoholics (Note 5)	1,427,798	1,397,403
Current portion of deferred contributions (Note 6)	112,596	398,346
	2,249,644	2,214,723
<i>Deferred contributions, net of current portion (Note 6)</i>	818,680	824,301
	3,068,324	3,039,024
<i>Fund balances</i>		
Operating fund	2,621,573	2,524,945
Development fund - restricted	1,507,757	1,663,459
	4,129,330	4,188,404
	\$ 7,197,654	\$ 7,227,428
_____ 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, 2024 (with comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
Revenue		
Ontario Health (West) (Note 11)	\$ 2,413,924	\$ 2,120,126
Fee for service	434,000	324,205
Grant income	-	37,974
Net raffle income (Schedule 1)	463,225	556,612
Net fundraising income	196,590	75,603
Donations	155,432	147,562
Interest	124,145	77,072
Other income	5,567	28,984
Rental income	104,463	59,115
Amortization of deferred contributions (Note 6)	161,392	90,623
Unrealized gain (loss) on investments	33,935	(6,990)
Increase (decrease) in cash surrender value of life insurance	(2,058)	292
	4,090,615	3,511,178
Operating expenses		
Ontario Health (West) reimbursable program expenses (Schedule 2)	3,244,352	2,998,414
Non-reimbursable program expenses (Schedule 3)	659,202	581,849
Amortization of property and equipment	278,895	288,313
	4,182,449	3,868,576
	(91,834)	(357,398)
Deficiency of revenue over expenses		
Fund balance, beginning of year	2,524,945	2,279,887
Interfund transfers from the Development Fund (Note 10)	188,462	602,456
	\$ 2,621,573	\$ 2,524,945
Fund balance, end of year		

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, 2024 (with comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
<i>Fundraising and special events revenue</i>	\$ 94,352	\$ 67,718
<i>Fundraising and special events expenses</i>	61,592	39,578
<i>Excess of revenue over expenses</i>	32,760	28,140
Fund balance, beginning of year	1,663,459	2,237,775
Interfund transfers to the Operating Fund (Note 10)	(188,462)	(602,456)
<i>Fund balance, end of year</i>	\$ 1,507,757	\$ 1,663,459

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2024 (with comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
<i>Operating activities</i>		
Deficiency of revenue over expenses - operating fund	\$ (91,834)	\$ (357,398)
Excess of revenue over expenses - development fund	32,760	28,140
Adjustments to reconcile excess (deficiency) of revenue over expenses to cash flow from operations		
Amortization of property and equipment	278,895	288,313
Amortization of deferred contributions	(161,392)	(90,623)
Unrealized (gain) loss on investments	(33,935)	6,990
Increase (decrease) in cash surrender value of life insurance	2,058	(292)
<i>Cash flow from (used in) operations</i>	26,552	(124,870)
Change in:		
Accounts receivable	16,219	(83,682)
Government remittances receivable	(4,401)	4,056
Lottery home held for resale	(154,007)	(19,348)
Prepaid expenses and deposits	1,481	15,080
Accounts payable and accrued liabilities	318,591	10,195
Unearned revenue	(28,315)	109,200
<i>Cash provided by (used in) operating activities</i>	176,120	(89,369)
<i>Financing activities</i>		
Advances from Brentwood Fund for the Rehabilitation of Alcoholics	30,395	-
Net deferred contributions received (returned)	(129,979)	657,331
<i>Cash provided by (used in) financing activities</i>	(99,584)	657,331
<i>Investing activities</i>		
Net redemption (acquisition) of guaranteed investment certificates	155,270	(326,154)
Purchase of property and equipment	(5,705)	(444,413)
<i>Cash provided by (used in) investing activities</i>	149,565	(770,567)
<i>Net increase (decrease) in cash for the year</i>	226,101	(202,605)
Cash, beginning of year	1,585,657	1,788,262
<i>Cash, end of year</i>	\$ 1,811,758	\$ 1,585,657

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2024

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, 2024

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.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2024

3 GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates have maturity dates varying from December 2024 to March 2025 with interest rates varying from 5.4% to 5.9%.

4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2024	Net Book Value 2023
Land	\$ 539,688	\$ -	\$ 539,688	\$ 539,688
Buildings	4,472,641	2,714,588	1,758,053	1,894,440
Buildings - Kay Ryan Residence	1,053,869	656,640	397,229	423,577
Paving	471,686	462,893	8,793	67,760
Equipment	32,756	15,288	17,468	19,652
Automotive equipment	174,228	174,010	218	1,671
Furniture and fixtures	1,051,945	1,008,755	43,190	71,491
Furniture and fixtures - Kay Ryan Residence	46,281	46,281	-	-
Computer equipment	97,750	39,100	58,650	78,200
	\$ 7,940,844	\$ 5,117,555	\$ 2,823,289	\$ 3,096,479

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 fiscal 2023, the board accepted a motion to repay the balance due to the Brentwood Fund for the Rehabilitation of Alcoholics, which management anticipates occurring in the March 31, 2025 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, 2024. 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 upon obtaining charitable status with Canada Revenue Agency.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2024

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>2024</u>	<u>2023</u>
Beginning balance	\$ 1,222,647	\$ 655,939
Deferred contributions received during the year	156,134	657,331
Less amount recognized as revenue in the year	(161,392)	(90,623)
Less returned contributions	(286,113)	-
	<u>931,276</u>	<u>1,222,647</u>
Less current portion to be recognized within one year	<u>112,596</u>	<u>398,346</u>
Long-term portion	<u>\$ 818,680</u>	<u>\$ 824,301</u>

The deferred contributions received were from Ontario Health (West) in the amount of \$96,050 (2023 - \$595,824), the Ontario Trillium Foundation in the amount of \$4,400 (2023 - \$44,443) and various other contributors totaling \$55,684 (2023 - \$17,064).

Included in the prior year was deferred contributions received from Ontario Health (West) of \$261,705 for use of one-time Addictions Recovery Fund Bed-Based Investments, of which \$222,602 was unspent in the required period ending March 31, 2024 and is included in accounts payable and accrued liabilities at year end.

In addition, included in the prior year was deferred contributions received from Ontario Health (West) of \$63,511 for Community Infrastructure Renewal funding, which was later denied in the current year and is included in accounts payable and accrued liabilities at 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 CONTINGENCY

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, 2024

9 | *LEGAL SETTLEMENT*

During the year the Entity paid a settlement of \$67,649 (2023 - \$NIL) to a former employee for damages, wages, and legal fees.

10 | *INTERFUND TRANSFERS*

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

11 | *ECONOMIC DEPENDENCE*

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

12 | *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 \$51,047 (2023 - \$55,894) were made by the Entity.

13 | *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.

14 | *PROPERTY TAXES*

During the year the organization received exemption of property taxes for the calendar year 2023 and onwards. As a result, the organization received a credit of \$14,775 for property taxes paid for the 2023 year. The organization is exempt from paying property taxes going forward.

15 | *COMPARATIVE FIGURES*

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF NET RAFFLE INCOME

For The Year Ended March 31, 2024 (with comparative figures for 2023)

Schedule 1

	<u>2024</u>	<u>2023</u>
Revenue		
Lottery sales	\$ 1,571,550	\$ 1,837,500
50/50 sales	286,200	278,715
	1,857,750	2,116,215
Expenses		
Advertising and promotion	119,378	124,381
Credit card merchant fees and bank charges	63,822	67,163
External fundraising fees	96,550	105,811
Licence fees	12,431	14,598
Office and postage	1,443	707
Prizeboard	1,077,249	1,239,085
Professional fees	19,063	4,000
Sales location charge	4,589	3,655
Security	-	203
	1,394,525	1,559,603
	\$ 463,225	\$ 556,612

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, 2024 (with comparative figures for 2023)

Schedule 2

	<u>2024</u>	<u>2023</u>
<i>Expenses</i>		
Bank charges	\$ 5,351	\$ 4,951
Computer maintenance and supplies	24,037	5,448
Consulting fees	78,128	52,821
Food and kitchen supplies	214,917	203,588
General maintenance	55,455	50,237
Housekeeping	31,314	35,072
Insurance	86,392	69,720
Medical supplies	19,725	4,543
Postage, stationary and office supplies	24,885	27,139
Professional fees	23,696	23,954
Property taxes (recovery) (<i>Note 14</i>)	(18,629)	21,272
Salaries and benefits (<i>Note 12</i>)	2,499,444	2,321,727
Staff education	14,611	14,008
Telephone	9,401	7,054
Travel	10,943	5,695
Utilities	129,199	118,479
	3,208,869	2,965,708
<i>Other</i>		
Prescription and dental claims	24,704	12,561
Personal needs allowance	10,779	20,145
	35,483	32,706
	\$ 3,244,352	\$ 2,998,414

See accompanying notes

CHARITY HOUSE (WINDSOR)

(Operating as Brentwood Recovery Home)

SCHEDULE OF NON-REIMBURSABLE PROGRAM EXPENSES

For The Year Ended March 31, 2024 (with comparative figures for 2023)

Schedule 3

	<u>2024</u>		<u>2023</u>
Advertising and promotion	\$ 2,563	\$	2,799
Alumni and client financial assistance	9,681		21,250
Bad debts	-		3,499
Bank charges	3,890		3,542
Client recreation	10,260		2,606
Computer maintenance and supplies	9,317		2,475
Consulting fees	19,573		8,776
Equipment rental	2,800		3,544
Food and kitchen supplies	122,120		114,518
General maintenance	7,388		16,746
Housekeeping	18,203		10,451
Insurance	470		23,240
Legal settlement (Note 9)	67,649		-
Memberships and permits	3,392		5,410
Postage, stationary and office supplies	49,314		44,249
Professional fees	19,186		26,073
Property taxes (Note 14)	-		7,091
Retiree	-		6,808
Salaries and benefits (Note 12)	235,253		199,711
Telephone	-		7,054
Travel	3,027		3,124
Utilities	75,116		68,883
	\$ 659,202	\$	581,849

See accompanying notes