

OUR HOUSE (EDMONTON) LTD.

FINANCIAL STATEMENTS

MARCH 31, 2021



CONTENTS

Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11





ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS

Daniel J. St. Arnaud, CPA, CA**
John H.C. Pinsent, FCPA, FCA, ICD.D**
Bernardus C. Steman, CPA, CA, CFA**

INDEPENDENT AUDITOR'S REPORT

To the Members of Our House (Edmonton) Ltd.

Qualified Opinion

We have audited the accompanying financial statements of Our House (Edmonton) Ltd. (the "Charity") which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Our House (Edmonton) Ltd. at March 31, 2021, and its financial performance 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 Charity derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity and we were not able to determine whether any adjustments might be necessary to donations, receipts, deferred contributions, excess of revenue over expenditures, current assets or net assets related to these revenues.

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 Charity 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity'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 Charity'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 Charity 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.

John H.C. Pinsent Professional Corporation

September 29, 2021
Edmonton, Alberta

John H. C. Pinsent Professional Corp.
Chartered Professional Accountant



OUR HOUSE (EDMONTON) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 456,810	\$ 65,649
Accounts receivable	149,160	10,775
Goods and services taxes receivable	<u>9,513</u>	<u>10,723</u>
	615,483	87,147
LONG TERM INVESTMENTS	223,264	215,848
PROPERTY AND EQUIPMENT (note 3)	<u>3,133,222</u>	<u>3,203,463</u>
TOTAL ASSETS	<u>3,971,969</u>	<u>3,506,458</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	96,562	68,969
Line of credit (note 7)	101,245	94,383
Payroll liabilities	59,206	45,558
Current portion of obligation under capital lease (note 9)	1,812	1,665
Current portion of long term debt (note 8)	<u>17,023</u>	<u>16,171</u>
	275,848	226,746
LONG TERM DEBT (note 8)	484,147	501,171
OBLIGATION UNDER CAPITAL LEASE (note 9)	6,160	7,972
CANADA EMERGENCY BUSINESS ACCOUNT (note 10)	30,000	-
DEFERRED REVENUE AND UNAMORTIZED CONTRIBUTIONS (note 4)	<u>1,390,170</u>	<u>1,027,929</u>
TOTAL LIABILITIES	2,186,325	1,763,818
COMMITMENTS (note 6)		
<u>NET ASSETS</u>		
Invested in capital assets (note 11)	2,173,577	2,195,823
Net deficit (note 11)	<u>(387,933)</u>	<u>(453,183)</u>
	<u>1,785,644</u>	<u>1,742,640</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,971,969</u>	<u>3,506,458</u>

On behalf of the board

Director

Date

The accompanying notes form part of these financial statements.



OUR HOUSE (EDMONTON) LTD.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

	2021		2020	
	Unrestricted	Capital Assets	Total	Total
Balance - beginning of year	\$ 522,744	\$ 1,219,896	\$ 1,742,640	\$ 1,755,927
Excess (deficiency) of revenues over expenses	43,004	-	43,004	(13,287)
Prior year adjustment (note 11)	(975,927)	975,927	-	-
Purchase of capital assets	(20,189)	20,189	-	-
Amortization	90,429	(90,429)	-	-
Recognition of deferred capital allocations	<u>(47,994)</u>	<u>47,994</u>	<u>-</u>	<u>-</u>
Balance - ending of year	<u>(387,933)</u>	<u>2,173,577</u>	<u>1,785,644</u>	<u>1,742,640</u>

The accompanying notes form part of these financial statements.



OUR HOUSE (EDMONTON) LTD.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Donations	\$ 46,881	\$ 138,817
Gaming revenue (note 5)	30,808	76,740
Grants	295,839	209,639
Recognition of deferred capital allocations	47,994	47,994
Room and board fees	858,157	860,294
Other	<u>365</u>	<u>1,705</u>
	<u>1,280,044</u>	<u>1,335,189</u>
 EXPENSES		
Amortization	90,429	95,390
Advertising	286	885
Automotive	15,952	17,284
Bank charges and interest	34,759	38,648
Equipment rental	71	131
Insurance	30,532	22,019
Office	13,517	22,392
Professional fees	27,279	25,910
Programs and workshops	181,408	192,975
Repairs and maintenance	78,348	50,609
Salaries and benefits	714,935	674,249
Telephone and utilities	214,403	210,639
Travel	<u>453</u>	<u>1,087</u>
	<u>1,402,372</u>	<u>1,352,218</u>
 DEFICIENCY OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	 (122,328)	 (17,029)
 OTHER ITEMS		
Canada Emergency Business Account income (note 10)	10,000	-
Canada Emergency Wage Subsidy (note 10)	147,131	-
Dividend income	5,124	4,857
Interest	784	-
Unrealized gain (loss) on investments	<u>2,293</u>	<u>(1,115)</u>
	<u>165,332</u>	<u>3,742</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	 <u>43,004</u>	 <u>(13,287)</u>

The accompanying notes form part of these financial statements.



OUR HOUSE (EDMONTON) LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 43,004	\$ (13,287)
Non-cash items		
Amortization	90,429	95,390
Unrealized (gain) loss on long term investments	<u>(2,293)</u>	<u>1,115</u>
	131,140	83,218
Changes in non-cash working capital		
Accounts receivable	(137,175)	69,564
Accounts payable	27,593	(69,961)
Payroll liabilities	13,648	264
Line of credit	6,862	561
Deferred contributions	<u>362,241</u>	<u>(27,704)</u>
	404,309	55,942
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investment in mutual funds	(5,123)	(4,857)
Purchase of capital assets	<u>(20,189)</u>	<u>(12,146)</u>
	(25,312)	(17,003)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Advancement of long term debt	-	10,059
Canada Emergency Business Account	30,000	-
Repayment of long term debt	<u>(17,836)</u>	<u>(13,081)</u>
	12,164	(3,022)
INCREASE IN CASH	391,161	35,917
CASH - beginning of year	<u>65,649</u>	<u>29,732</u>
CASH - end of year	<u><u>456,810</u></u>	<u><u>65,649</u></u>

The accompanying notes form part of these financial statements.



OUR HOUSE (EDMONTON) LTD.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

1. NATURE OF THE ORGANIZATION

Our House (Edmonton) Ltd. (the "Charity") operates an addiction recovery centre to provide an environment where individuals with addictions can embark on a recovery process directed towards a meaningful, productive lifestyle. The Charity is incorporated as a not-for-profit society in Alberta and is a registered charity.

2. ACCOUNTING POLICIES

Accounting Estimates

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations that have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

Interest, Currency and Credit Risks Arising From Financial Instruments

The Charity's financial instruments consist of cash, accounts receivables and accounts payable. It is management's opinion that the Charity is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate carrying values due to the short maturity or capacity for prompt liquidation.

Revenue Recognition

The Charity follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. In the case of designated contributions intended for the purchase of capital assets, the contributions are recognized as revenue in a manner consistent with the amortization of the related capital asset. Unrestricted contributions and unrestricted investment income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year received.

Property and equipment

Property and equipment are recorded at cost. Amortization has been provided annually on a diminishing balance basis at the following rates:

Automotive equipment		20%
Building	5%	
Computer hardware		20%
Computer software		10%
Equipment		15%
Fence		10%
Leasehold improvements		5%
Sewer		20 year straight line



OUR HOUSE (EDMONTON) LTD.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

2. ACCOUNTING POLICIES (CONTINUED)

Contributed Services

Volunteers contribute an indeterminable number of hours to assist the Charity in carrying out its activities. In addition, in-kind contributions of materials, supplies, and use of equipment are received from cooperative institutions, external contributors and other sources. Neither the value of the contributions nor the cost of these goods and services is recognized in these financial statements.

Income Taxes

Our House (Edmonton) Ltd. is a charitable organization as defined in paragraph 149(1)(f) and as such is exempt from income taxes.

Long-term Investments

Long term investments consist of TD mutual funds which are recorded at their fair value. Fair value is determined based on reported market values. Unrealized gains and losses are reported in the statement of operations annually and realized when positions are sold.

3. PROPERTY AND EQUIPMENT

		<u>2021</u>		<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Automotive equipment	\$ 62,199	\$ 62,199	\$ -	\$ -
Building	2,465,332	946,788	1,518,544	1,598,467
Computer software	14,846	10,131	4,715	5,239
Computer hardware	6,587	6,587	-	-
Equipment	256,536	229,030	27,506	33,307
Fence	25,623	20,109	5,514	6,127
Land	1,488,970	-	1,488,970	1,488,970
Leasehold improvements	135,678	67,893	67,785	71,353
Sewer	20,188	-	20,188	-
	<u>4,475,959</u>	<u>1,342,737</u>	<u>3,133,222</u>	<u>3,203,463</u>

Amortization of equipment under capital lease for the year was \$2,012 (2020 - \$2,012).



OUR HOUSE (EDMONTON) LTD.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

4. DEFERRED REVENUE AND UNAMORTIZED CONTRIBUTIONS

Deferred contributions represent funds internally and externally restricted for specific programs received in the current period that are related to expenses and/or events of subsequent periods.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 20,290	\$ -
Received during this year	200,000	76,821
Recognized as revenue during the year	<u>(20,290)</u>	<u>(56,531)</u>
Balance, end of year	<u>200,000</u>	<u>20,290</u>

Unamortized contributions represent funds contributed for the purchase of capital assets. This fund related to building that the Charity operates out of is amortized on a straight line basis at 3% per year. The fund related to the sewer project is amortized as the funds are spent.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,007,639	\$ 1,055,633
Received during this year	230,525	-
Recognized as revenue during the year	<u>(47,994)</u>	<u>(47,994)</u>
Balance, end of year	<u>1,190,170</u>	<u>1,007,639</u>

5. GAMING REVENUE

Gaming revenue is controlled by Alberta Gaming, Liquor and Cannabis (the "AGLC") and includes bingo and casino events. Each bingo and casino is required to maintain its own bank account from which spending can take place specifically for expenses set out by the AGLC. Once all expenses are paid, the profits are transferred to a consolidated gaming account from which expenditures can be expanded to general operations, as approved by the AGLC.

Gaming funds are treated as restricted contributions, therefore are deferred until matching expenses are incurred.

6. COMMITMENTS

The Charity has entered into an agreement to lease a photocopier until April 2023 with minimum lease payments to be made in the next two fiscal years as follows:

2022	\$ 2,808
2023	<u>2,808</u>
	<u>5,616</u>



OUR HOUSE (EDMONTON) LTD.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

7. LINE OF CREDIT

The Charity has an authorized line of credit of \$100,000, bearing interest at prime plus 1% per annum and secured by the long term investments held by the same financial institution. As at March 31, 2021, the prime rate is 2.45% per annum (2020 - 2.95%).

8. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
Alberta Social Enterprise Venture Fund Inc. loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$3,681, maturing on January 9, 2024. The financing is secured by the land and building owned by the Charity. The loan is up for renewal in 2024.	\$ 501,170	\$ 517,342
Less: current portion of long term debt	<u>17,023</u>	<u>16,171</u>
	<u>484,147</u>	<u>501,171</u>

Lease payments excluding interest due for future years are as follows:

2022	\$ 17,023
2023	17,984
2024	<u>466,163</u>
	<u>501,170</u>

9. OBLIGATION UNDER CAPITAL LEASE

	<u>2021</u>	<u>2020</u>
Obligation under capital lease bearing an estimated interest rate at 8.50% per annum, repayable in monthly payments of \$212 for 60 months. At the end of the lease, the equipment can be purchased from the lessor for the purchase price of \$10 plus all applicable taxes.	\$ 7,972	\$ 9,637
Less: current portion of obligation under capital lease	<u>1,812</u>	<u>1,665</u>
	<u>6,160</u>	<u>7,972</u>



OUR HOUSE (EDMONTON) LTD.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

9. OBLIGATION UNDER CAPITAL LEASE (CONTINUED)

Lease payments excluding interest due for future years are as follows:

2022	\$	1,812
2023		1,972
2024		2,146
2025		<u>2,042</u>
		<u><u>7,972</u></u>

10. COVID-19

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 global pandemic. The financial impact of this public health emergency continues to evolve, which precludes a reasonable estimate of the overall financial or operational impact on the Charity.

The Charity applied for and received the Temporary Wage Subsidy ("TWS") and Canada Emergency Wage Subsidy ("CEWS"), and received \$147,131 in wage support during the fiscal 2021 year (2020 - \$0).

The Charity applied for and received the Canada Emergency Business Account ("CEBA") loan for \$40,000. \$10,000 of this loan is forgivable, and has been recorded as income to the Charity in the current year.

11. CHANGE IN THE PRESENTATION OF THE STATEMENT OF CHANGES IN NET ASSETS

The Statement of Changes in Net Assets has been changed to more accurately reflect the balance of capital assets currently owned by the Charity. The aggregate net assets remain unchanged.

