OXFORD HOUSE SASKATCHEWAN INCORPORATED

Financial Statements

As at March 31, 2022

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Index to Financial Statements

Year Ended March 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

Stewart, Gee, Murray & Sen CPA LLP

Chartered Professional Accountants

700 - 230 22nd Street East
Saskatoon SK S7K 0E9
Phone: 306-653-7800 | Fax: 306-653-7801
Toll Free: 844-653-7800 | sgmcpa.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Oxford House Saskatchewan Incorporated

Qualified Opinion

We have audited the financial statements of Oxford House Saskatchewan Incorporated (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets 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 Organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and other fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation of 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 Organization in accordance with 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.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements for the reasons described in the *Basis for Qualified Opinion* section.

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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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 than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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.

Stewart, Gee, Murray + Sen CPA LLP

Saskatoon, Saskatchewan
June 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Financial Position

As at March 31, 2022

(With comparative figures for March 31, 2021)

	2022	2021
ASSETS		
CURRENT		
Cash	**$ 377,809**	$ 96,504
Accounts receivable	**16,424**	87,242
GST receivable	**6,011**	2,475
Prepaid expenses	**9,865**	31,188
	410,109	217,409
PROPERTY AND EQUIPMENT (Note 4)	**3,527,624**	2,734,516
	$ 3,937,733	$ 2,951,925
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 42,409**	$ 27,311
Deferred income (Note 5)	**-**	36,162
Current portion of mortgages payable (Note 6)	**34,666**	30,208
Promissory note	**-**	123,000
	77,075	216,681
Forgivable loans (Note 7)	**1,712,615**	1,488,184
	1,789,690	1,704,865
MORTGAGES PAYABLE (Note 6)	**981,930**	817,418
GOVERNMENT LOAN (Note 8)	**40,000**	40,000
	2,811,620	2,562,283
FUND BALANCES		
Net Assets	**1,126,113**	389,642
TOTAL LIABILITIES AND FUND BALANCES	**$ 3,937,733**	$ 2,951,925

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

Brian Larratt / *Director*

Director

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Operations

For the Year Ended March 31, 2022

(With comparative figures for the year ended March 31, 2021)

	2022	2021
REVENUES		
Donations	$ 873,715	$ 206,611
Member fees	156,912	112,964
Contract revenue	148,816	97,292
Loan forgiveness revenue	125,569	93,784
Government grants	57,010	76,786
Rental/Sundry revenue	4,328	5,661
	1,366,350	593,098
EXPENDITURES		
Advertising and promotion	2,432	1,420
Amortization	98,020	59,387
Consulting fees	32,288	13,838
Insurance	16,574	13,916
Interest on long term debt	33,563	28,480
Memberships	2,965	4,041
Office	16,018	8,727
Professional fees	12,562	9,093
Property taxes	37,349	19,234
Relocation costs	-	7,762
Rental	14,776	10,294
Repairs and maintenance	34,709	22,070
Salaries and wages	239,030	179,226
Storage and transition charges	-	2,897
Supplies	18,199	11,142
Travel	8,926	9,044
Utilities	62,468	45,020
	629,879	445,591
Excess of revenue over expenses	$ 736,471	$ 147,507

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Changes in Net Assets

For the Year Ended March 31, 2022

(With comparative figures for the year ended March 31, 2021)

	2022	2021
FUND BALANCES - BEGINNING OF YEAR	**$ 389,642**	$ 242,135
Excess of revenues over expenditures	**736,471**	147,507
FUND BALANCES - END OF YEAR	**$ 1,126,113**	$ 389,642

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Cash Flows

Year Ended March 31, 2022

(With comparative figures for the year ended March 31, 2021)

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenditures	$ 736,471	$ 147,507
Item not affecting cash:		
Amortization of property and equipment	98,020	59,387
	834,491	206,894
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	70,818	(66,865)
Decrease (increase) GST receivable	(3,536)	(2,475)
(Decrease) increase in deferred revenue	(36,162)	36,162
Decrease (increase) in prepaid expenses	21,323	(24,312)
Increase in accounts payable and accrued liabilities	15,098	14,758
Decrease in forgiveness of forgivable loans	(125,569)	(93,784)
Increase in forgiveness of government loan	-	(20,000)
	(58,028)	(156,516)
	776,463	50,378
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(891,128)	(1,098,558)
Repayment of promissory note	(123,000)	-
	(1,014,128)	(1,098,558)
FINANCING ACTIVITIES		
Proceeds from Saskatchewan Housing Corporation	350,000	495,521
Repayment of mortgages payable	(31,030)	(17,325)
Proceeds from mortgage payable	200,000	383,468
Proceeds from government loan	-	60,000
	518,970	921,664
INCREASE (DECREASE) IN CASH FLOW	281,305	(126,516)
CASH - BEGINNING OF YEAR	96,504	223,020
CASH - END OF YEAR	$ 377,809	$ 96,504

1. PURPOSE OF THE CORPORATION

Oxford House Saskatchewan (OHS) is incorporated under the Non-Profit Corporations Act of Saskatchewan. OHS's mandate is to establish housing to assist in the post-recovery stage of individuals recently completing alcohol/drug rehabilitation treatment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment is carried at cost. Amortization is calculated using the straight-line method over estimated useful lives ranging from 4-40 years.

Financial instruments

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depend on whether the financial instrument has been classified as help for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities.

Accounts Receivable and Accounts Payable

Accounts receivable include financial instruments categorized as loans and receivables and are reported at amortized cost.

Accounts payable include financial instruments categorized as other liabilities and are reported at amortized cost.

Income taxes

The Organization is a registered charity, and as such, no income taxes are payable on reported income under paragraph 149(1)(f) of the Income Tax Act.

Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or funding conditions are met. Unrestricted conditions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured.

Economic dependence

OHS relies on generating revenue from donations and fundraising events.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organization requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

3. FINANCIAL INSTRUMENTS

OHS, through its financial assets and liabilities, has exposure to the following:

(a) Credit risk

OHS is subject to credit risk through its accounts receivable. The maximum credit risk to which OHS is exposed is limited to the fair value of accounts receivable. OHS deals with creditworthy tenants to mitigate the risk of financial loss from defaults. There has been no change to the risk exposure from 2021.

(b) Liquidity risk

Liquidity risk is the risk that OHS will not be able to meet its obligations on a timely basis or at a reasonable cost. OHS manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposure from 2021.

(c) Interest rate risk

OHS's mortgage payable has a variable interest rate based on prime lending rate plus a margin. As a result, the Company is exposed to interest rate risk due to fluctuations in the prime lending rate. There has been no change to the risk exposure from 2021.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	**2022 Net book value**	2021 Net book value
Buildings	$ 3,738,948	$ 285,478	**$ 3,453,470**	$ 2,693,951
Equipment	195,560	122,005	**73,555**	40,565
Computer hardware	2,714	2,115	**599**	-
Website	2,625	2,625	-	-
Computer software	7,682	7,682	-	-
	$ 3,947,529	$ 419,905	**$ 3,527,624**	$ 2,734,516

5. DEFERRED REVENUE

Donations received to fund future organization development costs:

	2022	2021
South Saskatchewan Community Foundation	**$ -**	$ 36,162

6. LONG TERM DEBT

	2022	2021
Mortgage payable bearing interest rate at 3.14% per annum, repayable in monthly installments of $650. Matures May 2022.	**$ 128,667**	$ 132,390
Mortgage payable bearing interest rate at 3.04% per annum, repayable in monthly installments of $610. Matures July 2022.	**122,524**	126,078
Mortgage payable bearing interest rate at 2.49% per annum, repayable in monthly installments of $560. Matures March 2026.	**121,369**	125,000
Mortgage payable bearing interest rate at 2.79% per annum, repayable in monthly installments of $533. Matures October 2026.	**103,971**	107,089
Mortgage payable bearing interest rate at 3.09% per annum, repayable in monthly installments of $478. Matures January 2027.	**99,667**	-
Mortgage payable bearing interest rate at 2.8% per annum, repayable in monthly installments of $463. Matures August 2026.	**98,357**	-
Mortgage payable bearing interest rate at 4.49% per annum, repayable in monthly installments of $552. Matures February 2023.	**89,841**	92,409
Mortgage payable bearing interest rate at 4.00% per annum, repayable in monthly installments of $647. Matures December 2026.	**86,495**	90,735
Mortgage payable bearing interest rate at 2.8% per annum, repayable in monthly installments of $787. Matures January 2023..	**85,935**	90,050
Mortgage payable bearing interest rate at 2.8% per annum, repayable in monthly installments of $558. Matures October 2026.	**79,770**	83,875
	1,016,596	847,626
Amounts payable within one year	**34,666**	30,208
	$ 981,930	$ 817,418

Principal repayment terms are approximately:

2023	$ 34,666
2024	35,819
2025	37,052
2026	38,310
2027	39,617
Thereafter	831,132
	$ 1,016,596

7. FORGIVABLE LOANS

	2022	2021
Saskatchewan Housing Corporation mortgage, due September 2028.	$ **515,521**	$ 495,521
Saskatchewan Housing Corporation mortgage, due September 2027.	**391,668**	430,834
Saskatchewan Housing Corporation mortgage, due September 2028.	**330,000**	-
Saskatchewan Housing Corporation mortgage, due September 2025.	**172,164**	198,651
Saskatchewan Housing Corporation mortgage, due September 2025.	**165,366**	190,808
Saskatchewan Housing Corporation mortgage, due September 2024.	**137,896**	172,370
	$ 1,712,615	$ 1,488,184

Saskatchewan Housing Corporation loans are forgivable over the terms of the loan provided OHS complies with the related Project Development and Operating Agreement thereto. In the event of default, the loans are due on demand, with interest applicable at rates ranging from 4.74 - 5.04%.

8. CONEXUS CEBA LOAN

OHS received an interest-free loan under the Canada Emergency Business Account (CEBA) program. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 33% (up to $20,000). Therefore forgivable portion of government loan was recorded as revenue in amount of $20,000 in 2021.

9. COMMITMENTS

OHS has commitments under service contracts with the Saskatchewan Health Authority that extends to March 31, 2023, whereby payments are received in return for services provided by OHS.

10. COMPARATIVE FIGURES

Certain comparative figure have been reclassified to conform with current year presentation and were audited by a previous auditor.