OXFORD HOUSE SASKATCHEWAN INCORPORATED

SASKATOON, SK

Financial Statements

As at March 31, 2024

OXFORD HOUSE SASKATCHEWAN INCORPORATED

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Year Ended March 31, 2024

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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, 2024, 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, 2024, 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. 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 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.

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.

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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
July 27, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Financial Position

As at March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	$ 72,763	$ 95,611
Short term investments (Note 4)	105,293	301,468
Accounts receivable	45,956	48,331
GST receivable	9,568	12,063
Prepaid expenses	2,772	2,427
	236,352	459,900
PROPERTY AND EQUIPMENT (Note 5)	3,442,985	3,497,258
	$ 3,679,337	$ 3,957,158
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 35,462	$ 35,314
Employee deductions payable	9,161	5,468
Current portion of mortgages payable (Note 6)	37,325	35,863
	81,948	76,645
Forgivable loans (Note 7)	1,295,816	1,530,715
	1,377,764	1,607,360
MORTGAGES PAYABLE (Note 6)	907,748	944,968
	2,285,512	2,552,328
FUND BALANCES		
Net Assets	1,393,825	1,404,830
	$ 3,679,337	$ 3,957,158

COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD

Director

Director

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Operations

For the Year Ended March 31, 2024

	2024	2023
REVENUES		
Member fees	**$ 287,208**	$ 191,801
Loan forgiveness revenue	**254,899**	181,900
Contract revenue	**150,484**	150,145
Government grants	**66,691**	25,000
Rental/Sundry revenue	**50,969**	63,031
Donations	**17,907**	346,236
	828,158	958,113
EXPENDITURES		
Advertising and promotion	**5,542**	3,277
Amortization	**134,278**	122,767
Consulting fees	**3,542**	1,153
Insurance	**22,739**	22,067
Interest on long term debt	**40,290**	34,471
Memberships	**1,218**	1,783
Office	**15,375**	15,737
Professional fees	**17,728**	12,529
Property taxes	**16,404**	11,368
Rental	**23,032**	17,884
Repairs and maintenance	**73,799**	47,029
Salaries and wages	**330,384**	263,286
Supplies	**24,803**	25,480
Travel	**29,028**	21,256
Utilities	**101,001**	79,309
	839,163	679,396
(Deficiency) excess of revenue over expenses	**$ (11,005)**	$ 278,717

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Changes in Net Assets

For the Year Ended March 31, 2024

	2024	2023
FUND BALANCES - BEGINNING OF YEAR	**$ 1,404,830**	$ 1,126,113
Deficiency of revenues over expenditures	**(11,005)**	278,717
FUND BALANCES - END OF YEAR	**$ 1,393,825**	$ 1,404,830

OXFORD HOUSE SASKATCHEWAN INCORPORATED

Statement of Cash Flows

Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	$ (11,005)	$ 278,717
Item not affecting cash:		
Amortization of property and equipment	134,278	122,767
	123,273	401,484
Changes in non-cash working capital:		
Increase in accounts receivable	2,375	(31,906)
Decrease (increase) in GST receivable	2,495	(6,052)
(Increase) decrease in prepaid expenses	(345)	7,438
Increase (decrease) in accounts payable and accrued liabilities	148	(323)
Increase (decrease) in employee deductions payable	3,693	(1,305)
Decrease in forgiveness of forgivable loans	(254,899)	(181,900)
	(246,533)	(214,048)
	(123,260)	187,436
INVESTING ACTIVITY		
Additions to property, plant and equipment	(80,005)	(92,401)
FINANCING ACTIVITIES		
Proceeds from Saskatchewan Housing Corporation	20,000	-
Repayment of mortgages payable	(35,758)	(35,765)
Repayment of government loan	-	(40,000)
	(15,758)	(75,765)
INCREASE (DECREASE) IN CASH FLOW	(219,023)	19,270
CASH - BEGINNING OF YEAR	397,079	377,809
CASH - END OF YEAR	$ 178,056	$ 397,079
CASH CONSISTS OF:		
Cash	$ 72,763	$ 95,611
Short term investments	105,293	301,468
	$ 178,056	$ 397,079

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

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2024.

(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 2022.

(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.

(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.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

4. SHORT-TERM INVESTMENT

	2024	2023
Conexus Credit Union redeemable GIC bearing interest at 4.12% maturing on March 22, 2025	**$ 105,293**	$ -
Conexus Credit Union redeemable GIC matured within the year.	**-**	150,000
Conexus Credit Union redeemable GIC matured within the year.	**-**	151,468
	$ 105,293	$ 301,468

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	**2024 Net book value**	2023 Net book value
Buildings	$ 3,788,112	$ 474,269	**$ 3,313,843**	$ 3,408,545
Equipment	263,411	186,166	**77,245**	87,671
Motor vehicles	53,348	2,667	**50,681**	-
Computer hardware	4,756	3,540	**1,216**	1,042
Website	2,625	2,625	**-**	-
Computer software	7,682	7,682	**-**	-
	$ 4,119,934	$ 676,949	**$ 3,442,985**	$ 3,497,258

6. LONG TERM DEBT

	2024	2023
Mortgage payable bearing interest rate at 3.89% per annum, repayable in monthly installments of $699. Matures June 2024.	**$ 121,670**	$ 125,278
Mortgage payable bearing interest rate at 3.89% per annum, repayable in monthly installments of $663. Matures July 2024.	**115,726**	119,134
Mortgage payable bearing interest rate at 2.49% per annum, repayable in monthly installments of $560. Matures March 2026.	**113,768**	117,611
Mortgage payable bearing interest rate at 2.79% per annum, repayable in monthly installments of $533. Matures October 2026.	**96,755**	100,410
Mortgage payable bearing interest rate at 3.09% per annum, repayable in monthly installments of $478. Matures January 2027.	**94,167**	96,955
Mortgage payable bearing interest rate at 2.8% per annum, repayable in monthly installments of $463. Matures August 2026.	**92,575**	95,502
Mortgage payable bearing interest rate at 5.5% per annum, repayable in monthly installments of $600. Matures February 2028.	**84,799**	87,299
Mortgage payable bearing interest rate at 4.79% per annum, repayable in monthly installments of $681. Matures December 2026.	**77,873**	82,228
Mortgage payable bearing interest rate at 5.6% per annum, repayable in monthly installments of $702. Matures January 2028.	**77,157**	81,176
Mortgage payable bearing interest rate at 2.8% per annum, repayable in monthly installments of $558. Matures October 2026.	**70,583**	75,238
	945,073	980,831
Amounts payable within one year	**(37,325)**	(35,863)
	$ 907,748	$ 944,968

Principal repayment terms are approximately:

2025	$ 37,325
2026	38,635
2027	40,108
2028	41,641
2029	43,238
Thereafter	744,126
	$ 945,073

7. FORGIVABLE LOANS

	2024	2023
Saskatchewan Housing Corporation mortgage, due September 2027.	$ **441,875**	$ 490,972
Saskatchewan Housing Corporation mortgage, due January 2027.	**274,168**	339,446
Saskatchewan Housing Corporation mortgage, due December 2028.	**333,333**	330,000
Saskatchewan Housing Corporation mortgage, due December 2025	**99,325**	139,056
Saskatchewan Housing Corporation mortgage, due September 2025	**95,404**	133,565
Saskatchewan Housing Corporation mortgage, due September 2024.	**51,711**	97,676
	$ **1,295,816**	$ 1,530,715

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. COMMITMENTS

OHS has commitments under service contracts with the Saskatchewan Health Authority that extends to March 31, 2025, whereby payments are received in return for services provided by OHS.

OHS has lease commitments for office spaces in Saskatoon and Regina which extend to December 31, 2024 and August 31, 2026, respectively.