Oxford House Saskatchewan

Financial Statements

March 31, 2020

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Independent Auditors' Report

To the Board of Directors
Oxford House Saskatchewan

We have audited the financial statements of Oxford House Saskatchewan, which comprise the statement of financial position as at March 31, 2020 and the statement of operation, statement of changes in assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Qualified Opinion

In common with many non profit organizations, the association derives revenue from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to a comparison of recorded revenue with bank deposits and we were unable to determine whether any adjustments might be necessary to revenues, excess of revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which might have been necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Oxford House Saskatchewan as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

Priority Accounting Services CPA P.C.
Chartered Professional Accountants

Regina, SK
July 03, 2020

A further description of the auditor's responsibilities:

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's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oxford House Saskatchewan

Statement of Financial Position

March 31, 2020

	Note	2020	2019
Assets			
Current Assets			
Cash		$ 223,020	$ 124,317
Accounts receivable	4.	22,852	21,719
Prepaid Expenses	5.	6,876	10,558
Total Current Assets		252,748	156,594
Property, plant and equipment, net of accumulated amortization	3.	1,695,344	1,735,077
Total Assets		$ 1,948,092	$ 1,891,671
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	6.	$ 32,128	$ 7,540
Current portion of forgivable loans		58,302	47,455
Current portion of mortgages payable		16,135	16,595
Total Current Liabilities		106,565	71,590
Member deposits		900	1,500
Forgivable Loans	7.	1,028,142	1,097,295
Mortgages payable	8.	465,348	481,482
Total Liabilities		1,600,955	1,651,867
Net Assets		347,137	239,804
Total Liabilities and Net Assets		$ 1,948,092	$ 1,891,671

Approved on Behalf of the Board:

Brian Larratt,

Blair Cope,

The accompanying notes are an integral part of these financial statements.

Oxford House Saskatchewan

Statement of Operations

For the Year Ended March 31, 2020

	2020	2019
Revenue		
Member fees	$ **149,285**	$ 131,863
Provincial Corrections	**75,000**	60,000
SK Housing Project	**62,302**	30,219
Member Deposit Recovery	**5,400**	5,652
Donations (Schedule 1)	**132,539**	215,981
Fundraising revenue	**5,250**	13,878
Rental/Sundry Income	**4,333**	5,630
Total revenue	**434,109**	463,223
Operating expenses		
Advertising and promotion	**4,840**	316
Amortization of tangible assets	**53,985**	53,311
Employee benefits	**1,763**	2,476
Fundraising costs	**985**	5,282
Insurance	**9,925**	11,022
Interest and bank charges	**20,622**	18,871
Memberships and licenses	**5,528**	4,011
Office expenses	**9,543**	5,452
Professional fees	**5,826**	7,240
Property taxes	**17,166**	12,935
Rental	**9,225**	26,393
Repairs and maintenance	**14,484**	18,667
Salaries and wages	**120,504**	111,175
Storage and transitions charges	**1,846**	6,026
Supplies	**8,034**	8,506
Travel expenses & accomodations	**6,996**	5,408
Utilities	**35,504**	37,217
Total operating expenses	**326,776**	334,308
Non operating income and expenses		
Excess of revenue over expenses	$ **107,333**	$ 128,915

The accompanying notes are an integral part of these financial statements.

Oxford House Saskatchewan

Statement of Net Assets

For the Year Ended March 31, 2020

	2020	2019
Net Assets - beginning of period	$ **239,804**	$ 110,889
Excess of revenue over expenses	**107,333**	128,915
Net Assets - end of period	$ **347,137**	$ 239,804

The accompanying notes are an integral part of these financial statements.

Oxford House Saskatchewan

Statement of Cash Flows

For the Year Ended March 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	**$ 107,330**	$ 128,915
Amortization	**53,985**	53,311
Increase (decrease) in accounts receivable	**(1,133)**	(6,989)
Increase (decrease) in prepaid expenses	**3,682**	(4,159)
Increase (decrease) in accounts payable and accrued liabilities	**6,588**	2,418
Forgiveness of forgivable loans	**(58,301)**	(47,457)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	**112,151**	126,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire property, plant, and equipment	**(14,253)**	(402,128)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in member deposits	**(600)**	1,100
Proceeds from Saskatchewan Housing Corporation	**-**	269,941
Proceeds from mortgage payable	**-**	114,000
Repayment of mortgages payable	**(16,595)**	(14,432)
Promissory Note	**18,000**	-
NET CASH USED BY FINANCING ACTIVITIES	**805**	370,609
OTHER ACTIVITIES:		
Net cash increase (decreases) in cash and cash equivalents	**98,703**	94,520
Cash and cash equivalents at beginning of period	**124,317**	29,797
Cash and cash equivalents at end of period	**$ 223,020**	$ 124,317

The accompanying notes are an integral part of these financial statements.

Oxford House Saskatchewan

Notes to the Financial Statements

For the Year Ended March 31, 2020

1. Nature of operations

Oxford House Ssaskatchewan. (OHS) is incorporated under the NonProfit Corporations Act of Saskatchewan. OHS's mandate is to establish housing to assist in the postrecovery stage of individuals recently completing alcohol/drug rehabilitation treatment.

2. Significant Accounting Policies

a. Cash and cash equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

b. Property, plant and equipment

Property, plant and equipment is carried at cost. Depreciation is calculated using the declining balance method over estimated useful lives ranging from 4-40 years. Depreciation expense for March 31, 2020 was $ 53,985 (2019 - $ 53,311).

c. Financial instruments

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held 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.

d. 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.

e. 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.

f. Economic dependence

OHS relies more on generating revenue from donations and fundraising activities.

2. Significant Accounting Policies

g. Risk management

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

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 2019.

Liquidity risk:

Liquidity risk is the risk that OHS will be unable to fulfill 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 2019.

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 2019.

h. Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for notforprofit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

3. Property, plant and equipment

			2020	2019
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building	$ 1,840,328	$ (151,762)	$ 1,688,566	$ 1,720,321
Furniture and fixtures	105,178	(98,400)	6,778	14,756
Computer	2,029	(2,029)	-	-
Computer software	7,682	(7,682)	-	-
Website	2,625	(2,625)	-	-
Total	$ 1,957,842	$ (262,498)	$ 1,695,344	$ 1,735,077

Oxford House Saskatchewan

Notes to the Financial Statements

For the Year Ended March 31, 2020

4. Accounts receivable

	2020	2019
Government of Saskatchewan	$ 15,000	$ -
GST Receivable	7,852	17,681
Gift card purchases	-	538
John Howard Society	-	3,500
Total	$ 22,852	$ 21,719

5. Prepaid expenses

	2020	2019
Accommodations	$ 500	$ -
Insurance	4,491	3,637
Security Deposit on Office Rental	769	5,381
Workers Compensation Board	1,116	1,540
Total	$ 6,876	$ 10,558

6. Accounts payable and accrued expenses

	2020	2019
Accrued Audit Fees	$ 4,440	$ -
Credit card payable	3,764	4,829
Employee deductions payable	3,532	2,711
Payable to Munz Media	2,392	-
Payable to Zsar Holdings	18,000	-
Total	$ 32,128	$ 7,540

7. Forgivable loans

Oxford House Saskatchewan has received funding from Saskatchewan Housing Corporation (SHC) under the Rental Development Program for developing affordable housing projects in Regina. Under the program, OHS has received $1,192,105 in the form of forgivable loans. The loans are forgiven and recognized as income over a period of 8 to 9 years per the forgiveness schedule provided by SHC. As at March 31, 2020, the unamortized forgivable loan balance amounts to $1,086,447 (March 31, 2019: $1,144,749).

8. Mortgages payable

	2020	2019
Mortgage payable bearing interest rate at 4% per annum, repayable in monthly installments of $605, due November 2036	$ 87,724	$ 91,413
Mortgage payable bearing interest rate at 4% per annum, repayable in monthly installments of $647, due December 2036	94,810	98,718
Mortgage payable bearing interest rate at 4% per annum, repayable in monthly installments of $639, due December 2036	94,058	97,901
Mortgage payable bearing interest rate at 4.49% per annum, repayable in monthly installments of $552, due December 2037	94,866	97,205
Mortgage payable bearing interest rate at 3.84% per annum, repayable in monthly installments of $590, due December 2037	110,025	112,840
Total debt	481,483	498,077
Less: current portion	(16,135)	(16,595)
Long-term portion of debt	$ 465,348	$ 481,482

Principal repayments on long-term debt over the next five years are as follows:

2021	$ 16,135
2022	16,802
2023	17,497
2024	18,221
2025	18,975
Subsequent	393,853
Total	**$ 481,483**

9. Subsequent events

a. COVID-19

Subsequent to year-end, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19" outbreak). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. The Organization is dependent on its workforce to deliver its services on behalf of the Saskatchewan Government. If significant portions of the Organization's workforce are unable to work effectively, or if operations are curtailed due to illness, quarantines, or other restrictions in connection with the COVID-19 pandemic, the Organization's operation will likely be impacted and costs may increase. At this time, the Organization's management cannot predict the impact of the COVID-19 pandemic, but management continues to monitor the situation."

Oxford House Saskatchewan

Notes to the Financial Statements

For the Year Ended March 31, 2020

10. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation

11. Name Change

During the year, Oxford House Society of Regina has changed its legal name to Oxford House Saskatchewan (OHS) as the Organization is expanding its operations to other cities in Saskatchewan.

Oxford House Saskatchewan

For the Year Ended March 31, 2020

Schedule 1 - Donations

	2020	2019
Capital		
Johnson	$ -	$ 12,000
RBC	3,000	-
Operational		
Alexanders House	5,336	126,458
City of Regina	22,500	22,500
Community Initiatives Fund	20,000	20,000
Flaman Foundation	10,000	-
JBL Foundation	-	10,000
Lily Street Foundation	10,000	-
Other donations	4,399	3,583
Wheaton	57,304	-
Wolfond Financial	-	5,000
	129,539	187,541
Administrative		
Blue Sea Philanthropy	-	16,440
Total Donations	$ 132,539	$ 215,981

The accompanying notes are an integral part of these financial statements.