# Oxford House Saskatchewan Incorporated

## Financial Statements

**March 31, 2021**

# Oxford House Saskatchewan Incorporated

**March 31, 2021**

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## Independent Auditors' Report

To the Board of Directors
Oxford House Saskatchewan Incorporated

We have audited the accompanying financial statements of Oxford House Saskatchewan Incorporated, which comprise the balance sheets as at March 31, 2021 and 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, 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.

***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.

***Auditors' 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 Accountants CPA

**Priority Accounting Services CPA P.C.**
Chartered Professional Accountants

Regina, SK

***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 Incorporated

**Statement of Financial Position**

**March 31, 2021**

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash | 2.a. | $ **96,504** | $ 223,020 |
| Accounts receivable | 4. | **89,717** | 22,852 |
| Prepaid expenses | 5. | **31,188** | 6,876 |
| **Total Current Assets** | | **217,409** | 252,748 |
| Property, plant and equipment, net of accumulated amortization | 2.b.3. | **2,734,516** | 1,695,344 |
| **Total Assets** | | $ **2,951,925** | $ 1,948,092 |
| **Liabilities and Net Assets** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | 6. | $ **26,311** | $ 14,128 |
| Deferred Revenue | 7. | **36,162** | - |
| Current portion of forgivable loans | 8. | **93,783** | 58,304 |
| Current portion of mortgages payable | 9. | **30,208** | 16,135 |
| Promissory Note | 11. | **123,000** | - |
| **Total Current Liabilities** | | **309,464** | 88,567 |
| Member deposits | | **1,000** | 900 |
| Forgivable Loans | 8. | **1,394,401** | 1,028,142 |
| Mortgages payable | 9. | **817,418** | 465,348 |
| Conexus CEBA Loan | 10. | **40,000** | - |
| Promissory Note | 11. | **-** | 123,000 |
| **Total Liabilities** | | **2,562,283** | 1,705,957 |
| Net Assets | | **389,642** | 242,135 |
| **Total Liabilities and Net Assets** | | $ **2,951,925** | $ 1,948,092 |

**Approved on Behalf of the Board:**

Brian Larratt

Blair Cox ED & AB

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

# Oxford House Saskatchewan Incorporated

**Statement of Operations**

**For the Year Ended March 31, 2021**

| | 2021 | 2020 |
|---|---|---|
| **Revenue** | | |
| Contract Revenue | $ 37,292 | $ - |
| Donations (Schedule 1) | 161,873 | 132,539 |
| Fundraising revenue | 67,238 | 5,250 |
| Government Grants | 54,286 | - |
| Member Deposit Recovery | 2,400 | 5,400 |
| Member Fees | 112,964 | 149,285 |
| Provincial Corrections | 60,000 | 75,000 |
| Rental/Sundry Income | 3,261 | 4,333 |
| SK Housing Project | 93,784 | 62,302 |
| **Total revenue** | 593,098 | 434,109 |
| **Operating expenses** | | |
| Advertising and promotion | 1,420 | 4,842 |
| Amortization of tangible assets | 59,387 | 53,985 |
| Consulting | 13,838 | - |
| Employee benefits | 2,286 | 1,763 |
| Fundraising Costs | - | 105,985 |
| Insurance | 13,916 | 9,925 |
| Interest and bank charges | 28,480 | 20,622 |
| Memberships and licenses | 4,041 | 5,528 |
| Office expenses | 8,338 | 9,543 |
| Professional fees | 9,093 | 5,826 |
| Property taxes | 19,234 | 17,166 |
| Relocation Costs | 7,762 | - |
| Rental | 10,294 | 9,225 |
| Repairs and maintenance | 22,070 | 14,484 |
| Salaries and wages | 176,940 | 120,504 |
| Storage and transitions charges | 2,897 | 1,846 |
| Supplies | 11,142 | 8,034 |
| Travel expenses | 9,044 | 6,996 |
| Utilities | 45,409 | 35,504 |
| **Total operating expenses** | 445,591 | 431,778 |
| **Excess of revenue over expenses** | $ 147,507 | $ 2,331 |

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

# Oxford House Saskatchewan Incorporated

**Statement of Net Assets**

**For the Year Ended March 31, 2021**

| | 2021 | 2020 |
|---|---|---|
| Net Assets - beginning of period | $ **242,135** | $ 239,804 |
| Excess of revenue over expenses | **147,507** | 2,331 |
| **Net Assets - end of period** | $ **389,642** | $ 242,135 |

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

# Oxford House Saskatchewan Incorporated

**Statement of Cash Flows**

**For the Year Ended March 31, 2021**

| | 2021 | 2020 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Excess of revenue over expenses | $ **147,507** | $ 2,331 |
| Depreciation, depletion and amortization | **59,387** | 53,985 |
| Increase (decrease) in accounts receivable | **(66,865)** | (1,133) |
| Increase (decrease) in prepaid expenses | **(24,312)** | 3,682 |
| Increase (decrease) in accounts payable and accrued liabilities | **12,183** | 6,588 |
| Forgiveness of forgivable loans | **(93,784)** | (58,302) |
| Forgiveness of Government Loan | **(20,000)** | - |
| Increase (decrease) in deferred revenue | **36,162** | - |
| **TOTAL CASH FLOWS FROM OPERATING ACTIVITIES** | **50,278** | 7,151 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Payments to acquire property, plant, and equipment | **(1,098,558)** | (14,253) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Increase (decrease) in member deposits | **100** | (600) |
| Proceeds from Saskatchewan Housing Corporation | **495,521** | - |
| Repayment of mortgages payable | **(17,325)** | (16,595) |
| Proceeds from mortgage payable | **383,468** | - |
| Proceeds from Government Loan | **60,000** | - |
| **NET CASH USED BY FINANCING ACTIVITIES** | **921,764** | (17,195) |
| **OTHER ACTIVITIES:** | | |
| **Net cash increase (decreases) in cash and cash equivalents** | **(126,516)** | (24,297) |
| Cash and cash equivalents at beginning of period | **223,020** | 124,317 |
| **Cash and cash equivalents at end of period** | $ **96,504** | $ 100,020 |

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

# Oxford House Saskatchewan Incorporated

**Notes to the Financial Statements**

**For the Year Ended March 31, 2021**

## 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, 2021 was $ 59,387 (2020 - $ 53,985).

### 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. 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.

# Oxford House Saskatchewan Incorporated

**Notes to the Financial Statements**

**For the Year Ended March 31, 2021**

## 2. Significant Accounting Policies continued

### e. Risk management continued

*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.

### f. 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.

### g. Economic dependence

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

### 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

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Building | $ 2,896,486 | $ (202,535) | $ 2,693,951 | $ 1,688,566 |
| Furniture & fixtures | 147,579 | (107,014) | 40,565 | 6,778 |
| Computer | 2,029 | (2,029) | - | - |
| Computer software | 7,682 | (7,682) | - | - |
| Webste | 2,625 | (2,625) | - | - |
| **Total** | $ 3,056,401 | $ (321,885) | $ 2,734,516 | $ 1,695,344 |

# Oxford House Saskatchewan Incorporated

**Notes to the Financial Statements**

**For the Year Ended March 31, 2021**

## 4. Accounts receivable

| | 2021 | 2020 |
|---|---|---|
| Government of Saskatchewan | $ 15,000 | $ 15,000 |
| Government Grant: Wage/rent subsidies | 34,286 | - |
| Sask Health | 37,292 | - |
| Other Receivables | 663 | - |
| GST Receivable | 2,476 | 7,852 |
| **Total** | $ 89,717 | $ 22,852 |

## 5. Prepaid expenses

| | 2021 | 2020 |
|---|---|---|
| Accommodations | $ - | $ 500 |
| Insurance | 5,785 | 4,491 |
| Security Deposit on Office Rental | 769 | 769 |
| Workers Compensation Board | - | 1,116 |
| Property Tax | 792 | - |
| Deposit | 23,842 | - |
| **Total** | $ 31,188 | $ 6,876 |

## 6. Accounts payable and accrued expenses

| | 2021 | 2020 |
|---|---|---|
| Audit Fees | $ 4,440 | $ 4,440 |
| Credit card payable | 4,439 | 3,764 |
| Employee deductions payable | 12,684 | 3,532 |
| Accrued mortgage interest | 2,344 | - |
| Payable to Munz Media | - | 2,392 |
| Bookkeeping | 750 | - |
| Utilities | 360 | - |
| WCB | 1,294 | - |
| **Total** | $ 26,311 | $ 14,128 |

# Oxford House Saskatchewan Incorporated

**Notes to the Financial Statements**

**For the Year Ended March 31, 2021**

## 7. Deferred revenue

**Donations received to fund future organization development costs:**

| | 2021 | 2020 |
|---|---|---|
| South Saskatchewan Community Foundation | $ 36,162 | $ - |
| **Total** | $ 36,162 | $ - |

## 8. 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 $1,687,626 ($495,521 added in 2021) 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, 2021, the unamortized forgivable loan balance amounts to $1,488,184 (March 31, 2020: $1,086,447).

## 9. Mortgages payable

| | 2021 | 2020 |
|---|---|---|
| Mortgage payable bearing interest rate at 4% per annum, repayable in monthly installments of $605 | $ 83,875 | $ 87,724 |
| Mortgage payable bearing interest rate at 4% per annum, repayable in monthly installments of $647 | 90,735 | 94,810 |
| Mortgage payable bearing interest rate at 4% per annum, repayable in monthly installments of $639 | 90,050 | 94,058 |
| Mortgage payable bearing interest rate at 4.49% per annum, repayable in monthly installments of $552 | 92,409 | 94,866 |
| Mortgage payable bearing interest rate at 4.49% per annum, repayable in monthly installments of $590 | 107,089 | 110,025 |
| Mortgage payable bearing interest rate at 2.4% per annum, repayable in monthly installments of $650 | 132,390 | - |
| Mortgage payable bearing interest rate at 2.1% per annum, repayable in monthly installments of $610 | 126,078 | - |
| Mortgage payable bearing interest rate at 3.14% per annum, repayable in monthly installments of $650 | 125,000 | - |
| **Total debt** | 847,626 | 481,483 |
| Less: current portion | (30,208) | (16,135) |
| **Long-term portion of mortgages payable** | $ 817,418 | $ 465,348 |

# Oxford House Saskatchewan Incorporated

**Notes to the Financial Statements**

**For the Year Ended March 31, 2021**

### 9. Mortgages payable continued

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

| | |
|---|---|
| 2022 | $ 30,208 |
| 2023 | 31,959 |
| 2024 | 32,992 |
| 2025 | 34,062 |
| 2026 | 35,170 |
| Subsequent | 683,235 |
| **Total** | **$ 847,626** |

### 10. Conexus CEBA Loan

Oxford House of Saskatchewan applied for Canada Emergency Business Account (CEBA) program, which provides interest-free loans of up to $60,000 to not-for-profits. 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.

### 11. Promissory Note

On December 2nd, 2019, Promissory Note for the sum of $123,000 was received from Zsar Holdings Ltd. No interest charges on this body of funds will be charged. Funds are due in full once DCG Philanthropic comletes their fund-raising campaign. As the Promissory Note is due upon completion of the DCG fundraising campaign or December 31, 2021, whichever is earlier, therefore, for 2021 fiscal year, it is classified as a current liability

### 12. Commitments

Oxford House has commitments under service contracts with Provincial Corrections and the Saskatchewan Health Authority that extend to March 31, 2022 and March 31, 2023, respectively, whereby payments are received in return for services provide by Oxford House.

### 13. Comparative Figures

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

# Oxford House Saskatchewan Incorporated

**For the Year Ended March 31, 2021**

**Schedule 1 - Donations**

| | 2021 | 2020 |
|---|---|---|
| **Capital** | | |
| RBC | $ - | $ 3,000 |
| Affinity Credit Union | **30,000** | - |
| **Operational** | | |
| Alexanders House | - | 5,336 |
| City of Regina | **22,500** | 22,500 |
| Community Initiatives Fund | - | 20,000 |
| Flaman Foundation | **10,000** | 10,000 |
| JBL Foundation | **15,000** | - |
| Lily Street Foundation | **10,000** | 10,000 |
| Other donations | **24,373** | 4,399 |
| Wheaton | - | 57,304 |
| | **81,873** | 129,539 |
| **Administrative** | | |
| North Prairie Development | **50,000** | - |
| **Total Donations** | **$ 161,873** | $ 132,539 |

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