

**STONEHENGE THERAPEUTIC COMMUNITY INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

**STONEHENGE THERAPEUTIC COMMUNITY INC.**

**INDEX TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of: Stonehenge Therapeutic Community Inc.

### **Opinion**

We have audited the accompanying financial statements of Stonehenge Therapeutic Community Inc., which comprise the current fund statement of financial position as at March 31, 2023 and the current fund statements of operations and 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, these financial statements present fairly, in all material respects, the financial position of Stonehenge Therapeutic Community Inc. as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Ontario Health, Solicitor General-Ontario and Correctional Services-Canada as disclosed in Note 1.

### **Basis of Opinion**

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 Stonehenge Therapeutic Community Inc. 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 opinion.

### **Basis of Accounting and Restriction on Use**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Stonehenge Therapeutic Community Inc. to meet the requirements of Directors of Stonehenge Therapeutic Community Inc., Ontario Health, Solicitor General-Ontario and Correctional Services-Canada. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the use of the Directors of Stonehenge Therapeutic Community Inc. and the Ontario Health, Solicitor General-Ontario and Correctional Services-Canada, and should not be used by parties other than the Directors of Stonehenge Therapeutic Community Inc. or Ontario Health, Solicitor General-Ontario and Correctional Services-Canada. Our opinion is not qualified in respect of this matter.

### **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 the financial reporting provisions of the Ontario Health, Solicitor General-Ontario and Correctional Services-Canada as disclosed in Note 1 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 a 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, 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 judgement 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 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 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 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 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.



Guelph, Ontario  
May 26, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**STONEHENGE THERAPEUTIC COMMUNITY INC.**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 815,083	\$ 771,507
Accounts receivable	545,784	200,398
Prepaid expenses	135,062	133,607
Due from capital fund	<u>2,266</u>	<u>2,439</u>
	<u>\$ 1,498,195</u>	<u>\$ 1,107,951</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 988,323	\$ 630,983
Deferred revenue (note 5)	<u>449,717</u>	<u>416,813</u>
	<u>1,438,040</u>	<u>1,047,796</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>	<u>60,155</u>	<u>60,155</u>
	<u>\$ 1,498,195</u>	<u>\$ 1,107,951</u>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**STONEHENGE THERAPEUTIC COMMUNITY INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Ontario Health		
Base funding	\$ 5,089,469	\$ 4,736,969
Sessional fees/supplements	39,863	39,863
Special projects	179,689	25,000
OTN	85,021	85,021
Safe drinking water	4,110	4,110
Correctional Services - Canada	628,861	668,607
Ontario Health virtual care program	0	11,700
Safe supply program	473,935	5,712
Solicitor General - Ontario	252,507	223,625
County of Wellington - Housing project	247,000	247,000
City of Guelph - Safe beds program	0	150,000
City of Guelph - Court support program	50,000	100,000
Acute intervention program	221,724	200,350
Health Canada - P2P Overdose response program	122,717	0
Addictions and Mental Health Ontario	10,375	0
Grand River Hospital	106,433	0
Miscellaneous revenue	<u>11,872</u>	<u>2,349</u>
	<u><b>7,523,576</b></u>	<u><b>6,500,306</b></u>
<b>EXPENDITURES</b>		
Advertising, executive search and program	25,364	29,277
Bad debt	75	0
Bonding and insurance	112,334	82,042
Employee benefits	1,473,853	1,346,477
Heat and hydro	65,065	61,652
Household costs	165,167	170,445
Interest and bank charges	12,725	13,619
Maintenance	362,532	270,786
Medical administration	37,951	12,525
Meeting costs	11,247	4,984
Membership fees and subscriptions	13,603	8,705
Office equipment service and lease	128,529	179,502
Office supplies	31,900	34,171
Professional fees	551,664	383,167
Program supplies	225,809	58,782
Rent	235,610	189,399
Safe drinking water	14,125	8,716
Salaries	3,389,454	3,439,560
Staff development	154,553	54,203
Store expenses	99	1,647
Telephone	70,447	68,800
Travel and transportation	<u>172,513</u>	<u>75,529</u>
	<u><b>7,254,619</b></u>	<u><b>6,493,988</b></u>
<b>SURPLUS BEFORE OTHER</b>	268,957	6,318
<b>FUNDING REPAYABLE</b>	<u>268,957</u>	<u>6,318</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES for the year</b>	0	0
<b>NET ASSETS, beginning of year</b>	<u>60,155</u>	<u>60,155</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 60,155</u></u>	<u><u>\$ 60,155</u></u>

See notes to the financial statements

**STONEHENGE THERAPEUTIC COMMUNITY INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Changes in non-cash working capital		
Accounts receivable	\$ (345,386)	\$ 47,706
Prepaid expenses	(1,455)	(56,973)
Accounts payable	357,340	(99,817)
Due from capital fund	173	(364,477)
Deferred revenue	<u>32,904</u>	<u>144,213</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	43,576	(329,348)
<b>NET CASH, BEGINNING OF YEAR</b>	<u>771,507</u>	<u>1,100,855</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 815,083</u>	<u>\$ 771,507</u>

# STONEHENGE THERAPEUTIC COMMUNITY INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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### 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stonehenge Therapeutic Community Inc. provides a continuum of not for profit treatment services to men and women with chronic and acute drug and alcohol addictions. The organization is incorporated without share capital and operates as a non-profit corporation. As such, the organization is exempt from income taxes.

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting provisions of Ontario Health, Solicitor General-Ontario and Correctional Services-Canada. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not for profit organizations because of various funder requirements. Notes 1(b), 1(c) and 1(d) specifically, differ from Canadian accounting standards for not for profit organizations.

#### (a) CURRENT FUND

The current fund records the day-to-day operations of the organization which follows the accrual basis of accounting for revenue and expense.

#### (b) CAPITAL FUND

Separate audited financial statements are prepared for the capital fund, which reflects the organization's investment in capital assets and fundraising activities because of various funder requirements.

#### (c) CAPITAL ASSETS

Capital assets related to the organization's premises are recorded in the capital fund, are stated at cost and are not amortized. All other capital assets purchased during the year are recorded as expenses in the statement of current fund operations.

#### (d) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Revenue is recognized as it is received or becomes receivable from the funders. Private source revenue is recognized when earned and when collection is relatively certain.

Revenue from Ontario Health is recognized in accordance with the funding agreement. Committed expenditures related to this funding are recognized in the funding year.

#### (e) DEFERRED REVENUE

From time to time the funders will approve the use of funds for expenditures incurred in a future fiscal period and, accordingly, these funds are recorded as deferred revenue. The current year deferred revenue consists of private source revenue received in advance.



**STONEHENGE THERAPEUTIC COMMUNITY INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2023**

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**1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) **USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include accrued liabilities. Actual results could differ from those estimates.

(g) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

**2. FINANCIAL INSTRUMENTS**

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

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

**STONEHENGE THERAPEUTIC COMMUNITY INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2023**

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**3. COMMITMENTS**

The organization has various operating leases for the premises, furniture and equipment. Future minimum lease payments are as follows:

2024	\$	80,561
2025		63,330
2026		63,887
2027		65,557
2028		<u>16,657</u>
	\$	<u>289,992</u>

**4. CREDIT FACILITY**

The organization's current and capital fund bank accounts and the bank account of Stonehenge Therapeutic Community Charitable Foundation are considered on a combined balance basis. The line of credit is used to fund expenditures in excess of the combined balance. The organization has an authorized unsecured line of credit of \$200,000. The line of credit bears interest at prime plus 1%. At March 31, 2023, the organization has utilized \$0 (2022 - \$0) of the line of credit.

**5. DEFERRED REVENUE**

Deferred revenue, which consist of the unexpended portion of government grant revenue received that relates to future periods less related expenditures, is as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 416,813	\$ 272,600
Less amount recognized as revenue in the year	(416,813)	(272,600)
Plus amount received related to the following year	<u>449,717</u>	<u>416,813</u>
Balance, end of year	<u>\$ 449,717</u>	<u>\$ 416,813</u>

**STONEHENGE THERAPEUTIC COMMUNITY INC.  
CAPITAL FUND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2023**

# STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND

## INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of: Stonehenge Therapeutic Community Inc. Capital Fund

### Opinion

We have audited the accompanying financial statements of Stonehenge Therapeutic Community Inc. Capital Fund, which comprise the capital fund statement of financial position as at March 31, 2023 and the capital fund statements of operations, net assets and cash flows for the year then ended, and notes to the capital fund financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Stonehenge Therapeutic Community Inc. Capital Fund as at March 31, 2023 and the results of its capital fund operations and its cash flows for the year then ended in accordance with the financial reporting provisions of Ontario Health, Solicitor General-Ontario and Correctional Services-Canada as disclosed in Note 1.

### Basis of Opinion

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 Stonehenge Therapeutic Community Inc. Capital Fund 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 opinion.

### Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Stonehenge Therapeutic Community Inc. Capital Fund to meet the requirements of Directors of Stonehenge Therapeutic Community Inc., Ontario Health, Solicitor General-Ontario and Correctional Services-Canada. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the use of the Directors of Stonehenge Therapeutic Community Inc. Capital Fund and Ontario Health, Solicitor General-Ontario and Correctional Services-Canada, and should not be used by parties other than the Directors of Stonehenge Therapeutic Community Inc. Capital Fund or Ontario Health, Solicitor General-Ontario and Correctional Services-Canada. Our opinion is not qualified in respect of this matter.

### 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 the financial reporting provisions of Ontario Health, Solicitor General-Ontario and Correctional Services-Canada as disclosed in Note 1 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 a 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, 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 judgement 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 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 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 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 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.



Guelph, Ontario  
May 26, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND****STATEMENT OF CAPITAL FUND FINANCIAL POSITION****AS AT MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 101,799	\$ 95,982
Short term investments (note 3)	1,551,684	1,569,654
Accounts receivable	<u>181</u>	<u>172</u>
	<u>1,653,664</u>	<u>1,665,808</u>
<b>CAPITAL</b>		
Land and building - Dougan Hall	624,126	624,126
Land and building - Morrow Hall	573,404	573,404
Land and building - 60 Westwood	1,055,619	1,055,619
Building improvements	669,075	669,075
Furnishings and equipment	<u>833,182</u>	<u>833,182</u>
	<u>3,755,406</u>	<u>3,755,406</u>
	<u>\$ 5,409,070</u>	<u>\$ 5,421,214</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,242	\$ 2,411
Deferred contributions (note 6)	5,240	4,740
Due to current fund	2,266	2,439
Current portion of long term debt (note 5)	<u>126,511</u>	<u>96,605</u>
	136,259	106,195
<b>LONG TERM DEBT</b> (note 5)	<u>0</u>	<u>127,667</u>
	<u>136,259</u>	<u>233,862</u>
<b>SURPLUS</b>		
<b>UNRESTRICTED NET ASSETS</b>	<u>5,272,811</u>	<u>5,187,352</u>
	<u>\$ 5,409,070</u>	<u>\$ 5,421,214</u>

**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>		
Rent receipts	\$ 105,444	\$ 105,444
Investment	20,148	15,533
Donations	<u>5,956</u>	<u>15,624</u>
	<u>131,548</u>	<u>136,601</u>
<b>OPERATING EXPENSES</b>		
Interest and service charges	8,263	12,792
Professional fees	2,079	1,975
Repairs and maintenance	<u>164</u>	<u>0</u>
	<u>10,506</u>	<u>14,767</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	121,042	121,834
<b>UNREALIZED (LOSS) GAIN ON INVESTMENTS (note 3)</b>	<u>(35,583)</u>	<u>23,000</u>
<b>EXCESS OF REVENUE OVER EXPENSES for the year</b>	<u>\$ 85,459</u>	<u>\$ 144,834</u>



**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	Surplus	Invested in Capital Assets	2023 Total	2022 Total
<b>Balance, beginning of year</b>	\$ 1,656,218	\$ 3,531,134	\$ 5,187,352	\$ 5,042,518
Excess of revenue over expenses	85,459	0	85,459	144,834
Net (decrease) increase in mortgage financing	<u>(97,761)</u>	<u>97,761</u>	<u>0</u>	<u>0</u>
<b>Balance, end of year</b>	<b><u>\$ 1,643,916</u></b>	<b><u>\$ 3,628,895</u></b>	<b><u>\$ 5,272,811</u></b>	<b><u>\$ 5,187,352</u></b>

Invested in Capital Asset balance consists of the following:

Capital assets	\$ 3,755,406
Less: Long term debt	<u>126,511</u>
	<b><u>\$ 3,628,895</u></b>

**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 85,459	\$ 144,834
Items not requiring an outlay of cash		
Unrealized loss (gain) on investments	<u>35,583</u>	<u>(23,000)</u>
	121,042	121,834
Changes in non-cash working capital		
Accounts receivable	(9)	(172)
Accounts payable and accrued liabilities	(169)	(1,342)
Due to capital fund	(173)	364,477
Deferred contributions	<u>500</u>	<u>500</u>
	<u>121,191</u>	<u>485,297</u>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of long term debt	<u>(97,761)</u>	<u>(91,995)</u>
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Increase in investments	<u>(17,613)</u>	<u>(378,797)</u>
<b>NET INCREASE IN CASH</b>	5,817	14,505
<b>NET CASH, BEGINNING OF YEAR</b>	<u>95,982</u>	<u>81,477</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 101,799</u>	<u>\$ 95,982</u>

**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND**  
**NOTES TO THE CAPITAL FUND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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**1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Stonehenge Therapeutic Community Inc. provides a continuum of not for profit treatment services to men and women with chronic and acute drug and alcohol addictions. The organization is incorporated without share capital and operates as a non-profit corporation. As such, the organization is exempt from income taxes.

Accounting policies considered significant are as follows:

(a) **BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting provisions of Ontario Health, Solicitor General-Ontario and Correctional Services-Canada. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not for profit organizations because of various funder requirements. Note 1(b), 1(c), and 1(d) specifically, differ from Canadian accounting standards for not for profit organizations.

(i) Amortization is not provided on building, furniture and equipment over the estimated useful lives of these assets; and

(ii) The charge to the capital fund is equal to the annual principal reduction of the mortgage.

(b) **CURRENT FUND**

Separate audited financial statements are prepared for the current fund. The current fund records the day-to-day operations of the organization which follows the accrual basis of accounting for revenue and expense.

(c) **CAPITAL FUND**

All transactions are recorded at cost. The capital fund records the cost of fixed assets either through direct disbursements from the capital fund or through capital expense made by the current fund. Depreciation or amortization is not recorded in these financial statements. The organization follows the accrual basis of accounting for revenue and expenses.

(d) **REVENUE RECOGNITION**

The organization follows the deferral method of accounting for contributions.

Revenue is recognized as it is received or becomes receivable and collection is reasonably assured. Rental revenue is recognized when it becomes receivable.

Revenue from Ontario Health is recognized in accordance with the funding agreement. Committed expenditures related to this funding are recognized in the funding year.

(e) **SHORT TERM INVESTMENTS**

The organization records all investments at fair market value. The unrealized gain or loss is recorded in the Statement of Capital Fund Operations.

**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND**  
**NOTES TO THE CAPITAL FUND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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**1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates and assumptions relate to accrued charges and the value of smaller in-kind donations. Actual results could differ from those estimates.

(g) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in revenue.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

**2. FINANCIAL INSTRUMENTS**

Unless otherwise noted, the Capital Fund is not exposed to significant currency, credit, interest rate or liquidity risk.

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk. The organization is mainly exposed to other price risk due to the short term investments.

**STONEHENGE THERAPEUTIC COMMUNITY INC. CAPITAL FUND**  
**NOTES TO THE CAPITAL FUND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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**3. SHORT TERM INVESTMENTS**

The Capital Fund has a portfolio of investments with National Bank, that has a fair market value of \$1,551,684 and a book value of \$1,587,267 as at March 31, 2023.

**4. BANK INDEBTEDNESS**

The organization's current and capital fund bank accounts and the bank account of Stonehenge Therapeutic Community Charitable Foundation are considered on a combined balance basis. The line of credit is used to fund expenditures in excess of the combined balance. The organization has an authorized unsecured line of credit of \$200,000. The line of credit bears interest at prime plus 1%. At March 31, 2023, the organization has utilized \$0 (2022 - \$0) of the line of credit.

**5. LONG TERM DEBT**

	<b>2023</b>	<b>2022</b>
4.82% fixed rate business term loan payable in monthly instalments of \$8,786.70 including interest, due September 17, 2023, secured by land and buildings with a carrying value of \$2,253,149 (2022 - \$2,253,149)	\$ 126,511	\$ 224,272
Less: Current portion	<u>126,511</u>	<u>96,605</u>
	<u>\$ 0</u>	<u>\$ 127,667</u>

Future minimum payments on long term debt obligations are as follows:

2024	\$ <u>126,511</u>
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**6. DEFERRED CONTRIBUTIONS**

Net proceeds in the amount of \$500 from the donations are restricted for alumni guided expenditures.