

STONEHENGE THERAPEUTIC COMMUNITY INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

STONEHENGE THERAPEUTIC COMMUNITY INC.

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations and Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 10

INDEPENDENT AUDITOR'S REPORT

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, 2024 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, 2024 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 22, 2024

Chartered Professional Accountants
Licensed Public Accountants

STONEHENGE THERAPEUTIC COMMUNITY INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 656,890	\$ 815,083
Accounts receivable	483,118	545,784
Prepaid expenses	143,611	135,062
Due from capital fund	<u>19,664</u>	<u>2,266</u>
	<u>\$ 1,303,283</u>	<u>\$ 1,498,195</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 756,068	\$ 988,323
Deferred revenue (note 6)	<u>487,060</u>	<u>449,717</u>
	<u>1,243,128</u>	<u>1,438,040</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>60,155</u>	<u>60,155</u>
	<u>\$ 1,303,283</u>	<u>\$ 1,498,195</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, 2024

	2024	2023 (Note 4)
REVENUES		
Ontario Health		
Base funding	\$ 5,412,269	\$ 5,089,469
Sessional fees/supplements	44,168	49,473
Special projects	0	170,079
OTN	89,017	85,021
Safe drinking water	4,110	4,110
Correctional Services Canada	742,594	628,861
The Royal Hospital -Digital front door	299,717	0
Guelph CHC - Safer supply program	476,747	473,935
Solicitor General - Ontario	302,249	252,507
County of Wellington - Housing project	251,940	247,000
City of Guelph - Safe beds program	150,000	0
City of Guelph - Court support program	0	50,000
Acute intervention program	0	221,724
Health Canada - P2P Overdose response program	103,604	122,717
Grand River Hospital	156,454	106,433
Guelph General Hospital	80,000	0
Miscellaneous revenue	<u>27,988</u>	<u>22,247</u>
	<u>8,140,857</u>	<u>7,523,576</u>
EXPENDITURES		
Advertising, executive search and program	4,508	25,364
Bad debt	0	75
Bonding and insurance	112,398	112,334
Heat and hydro	61,838	65,065
Household costs	203,569	165,167
Interest and bank charges	19,108	12,725
Maintenance	155,437	362,532
Medical administration	27,003	37,951
Meeting costs	23,295	11,247
Membership fees and subscriptions	17,203	13,603
Office equipment service and lease	165,935	128,529
Office supplies	40,800	31,900
Professional fees	441,988	551,664
Program supplies	76,373	225,908
Rent	271,352	235,610
Safe drinking water	8,656	14,125
Salaries and benefits	6,225,588	4,863,307
Staff development	60,067	154,553
Telephone	73,633	70,447
Travel and transportation	<u>151,794</u>	<u>172,513</u>
	<u>8,140,545</u>	<u>7,254,619</u>
SURPLUS (DEFICT) BEFORE OTHER	312	268,957
TRANSFER TO CAPITAL FUND	312	0
FUNDING REPAYABLE	<u>0</u>	<u>268,957</u>
EXCESS OF EXPENDITURES OVER REVENUES for the year	0	0
NET ASSETS, beginning of year	<u>60,155</u>	<u>60,155</u>
NET ASSETS, end of year	<u>\$ 60,155</u>	<u>\$ 60,155</u>

See notes to the financial statements

STONEHENGE THERAPEUTIC COMMUNITY INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Changes in non-cash working capital		
Accounts receivable	\$ 62,666	\$ (345,386)
Prepaid expenses	(8,549)	(1,455)
Accounts payable	(232,255)	357,340
Due from capital fund	(17,398)	173
Deferred revenue	<u>37,343</u>	<u>32,904</u>
NET (DECREASE) INCREASE IN CASH	(158,193)	43,576
NET CASH, BEGINNING OF YEAR	<u>815,083</u>	<u>771,507</u>
NET CASH, END OF YEAR	<u>\$ 656,890</u>	<u>\$ 815,083</u>

STONEHENGE THERAPEUTIC COMMUNITY INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

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, 2024

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 2024 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, 2024

3. COMMITMENTS

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

2025	\$	63,330
2026		63,887
2027		65,557
2028		<u>16,657</u>
	\$	<u>209,431</u>

4. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

5. 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, 2024, the organization has utilized \$0 (2023 - \$0) of the line of credit.

6. 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:

	2024	2023
Balance, beginning of the year	\$ 449,717	\$ 416,813
Less amount recognized as revenue in the year	(449,717)	(416,813)
Plus amount received related to the following year	<u>487,060</u>	<u>449,717</u>
Balance, end of year	<u>\$ 487,060</u>	<u>\$ 449,717</u>