



**D'ANGELA SORRENTI**  
CHARTERED PROFESSIONAL ACCOUNTANTS

Adam Sorrenti, CPA, CA  
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*In Memoriam (1941-2006)*

# **THE VITANOVA FOUNDATION**

**Auditor's Report**

**Financial Statements**

**March 31, 2020**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of The Vitanova Foundation:**

### **Qualified Opinion**

We have audited the accompanying financial statements of the Vitanova Foundation which comprise the statement of financial position as at March 31, 2020 and the statements of operations and change in accumulated operating surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Vitanova Foundation, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations (ASNFPO).

### **Basis for Qualified Opinion**

In common with many non-for-profit organizations, the Organization derives revenues from the general public in the form of donations and fundraising functions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, operating surplus and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with 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 qualified audit opinion.

### **Key Audit Matters**

We have determined that there are no key audit matters to report.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not for profit organizations, 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.

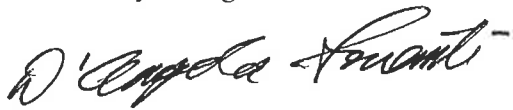
### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 auditors' 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 auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit.



**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Licensed Public Accountants

Vaughan, Ontario  
**August 18, 2020**

# THE VITANOVA FOUNDATION

## Statement of Financial Position

As at March 31, 2020

|   | 2020         | 2019         |
|---|--------------|--------------|
| <b>Assets</b>   |              |              |
| Current assets  |              |              |
| Cash and cash equivalents (note 4)                      | \$ 440,552   | \$ 367,997   |
| HST receivable (note 5)                                 | 53,996       | 37,418       |
| Holdback receivable (note 6)                            | 74,894       | 73,020       |
| Prepaid expenses  | 1,901        | 1,901        |
|   | 571,343      | 480,336      |
| Investments (note 7)                                    | 112,000      | 62,000       |
| Funds, held in trust, Chapel                            | -            | 49,000       |
| Funds, held in trust, Women's Treatment Centre (note 8) | 142,306      | 81,670       |
| Capital assets (note 9)                                 | 715,595      | 467,464      |
|   | \$ 1,541,244 | \$ 1,140,470 |
| <b>Liabilities</b>                                      |              |              |
| Current liabilities                                     |              |              |
| Accounts payable and accrued liabilities                | \$ 66,479    | \$ 50,905    |
| Employee tax deductions payable                         | 16,478       | 20,106       |
| Current portion of deferred revenue (note 10)           | 129,148      | 100,695      |
|   | 212,105      | 171,706      |
| Deferred revenue (note 10)                              | 131,386      | 125,400      |
|   | 343,491      | 297,106      |
| <b>Accumulated surplus</b>                              | 1,197,753    | 843,364      |
|   | \$ 1,541,244 | \$ 1,140,470 |

### Contingency (note 12)

ON BEHALF OF THE BOARD :

  
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Director

Director

See accompanying notes.

# THE VITANOVA FOUNDATION

## Statement of Operations and Change in Accumulated Operating Surplus

Year Ended March 31, 2020

|  | 2020                | 2019              |
|--|---------------------|-------------------|
| <b>Revenues</b>                                  |                     |                   |
| Donations and fundraising activities             | \$ 877,593          | \$ 583,658        |
| Government and charitable grants (note 11)       | 1,177,556           | 892,549           |
| Other revenue-Ontario Works                      | 11,790              | 32,391            |
| Investment revenue                               | 5,675               | 425               |
|  | <u>2,072,614</u>    | <u>1,509,023</u>  |
| <b>Expenditures</b>                              |                     |                   |
| Accounting, audit and legal                      | 46,869              | 43,812            |
| Advertising and promotion                        | 8,313               | 4,520             |
| Amortization                                     | 80,503              | 51,253            |
| Auto lease, repairs and travel                   | 22,115              | 20,302            |
| Consulting fees                                  | 20,070              | 14,795            |
| Food   | 38,583              | 35,705            |
| Fundraising                                      | 117,831             | 137,799           |
| Housekeeping                                     | 19,165              | 23,920            |
| Insurance  | 15,188              | 14,277            |
| Office and general                               | 35,379              | 35,475            |
| Professional development                         | 19,060              | 2,967             |
| Program supplies and services                    | 51,455              | 7,340             |
| Realty taxes                                     | 16,588              | 17,197            |
| Rent and utilities (note 3)                      | 144,624             | 130,299           |
| Repairs and maintenance                          | 58,562              | 35,886            |
| Salaries and benefits                            | 1,003,198           | 835,205           |
| Telecommunications                               | 20,722              | 14,612            |
|  | <u>1,718,225</u>    | <u>1,425,364</u>  |
| Operating surplus                                | 354,389             | 83,659            |
| Accumulated operating surplus, beginning of year | 843,364             | 759,705           |
| Accumulated operating surplus, end of year       | <u>\$ 1,197,753</u> | <u>\$ 843,364</u> |

# THE VITANOVA FOUNDATION

## Statement of Cash Flows

Year Ended March 31, 2020

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Operating activities</b>   |                   |                   |
| Operating surplus   | \$ 354,389        | \$ 83,659         |
| Item not requiring an outlay of funds   |                   |                   |
| Amortization  | 80,503            | 51,253            |
|   | <u>434,892</u>    | <u>134,912</u>    |
| <br>  |                   |                   |
| Changes in non-cash working capital   |                   |                   |
| HST receivable  | (16,578)          | 48,743            |
| Holdback receivable   | (1,874)           | -                 |
| Accounts payable and accrued liabilities and employee tax<br>deductions payable | 11,946            | 32,537            |
| Deferred revenue  | 34,439            | 162,451           |
|   | <u>462,825</u>    | <u>378,643</u>    |
| <br>  |                   |                   |
| <b>Investing activities</b>   |                   |                   |
| Acquisition of capital assets   | (328,634)         | (158,057)         |
| Purchase of investments   | (50,000)          | 1,071             |
| Funds , held in trust, Chapel   | 49,000            | (6,165)           |
| Funds , held in trust, Women's Treatment Centre                                 | (60,636)          | (81,670)          |
|   | <u>(390,270)</u>  | <u>(244,821)</u>  |
| <br>  |                   |                   |
| <b>Increase in cash and cash equivalents</b>                                    | 72,555            | 133,822           |
| <br>  |                   |                   |
| <b>Cash and cash equivalents, beginning of year</b>                             | <u>367,997</u>    | <u>234,175</u>    |
| <br>  |                   |                   |
| <b>Cash and cash equivalents, end of year</b>                                   | <u>\$ 440,552</u> | <u>\$ 367,997</u> |

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 1. Purpose, objects and operations of the Foundation

The Vitanova Foundation ("the Foundation") is a not-for-profit organization dedicated to helping people in Canada and around the world who suffer from alcohol and substance abuse and seek treatment.

The Vitanova Foundation was incorporated by letters patent as a corporation without share capital in the Province of Ontario on July 20, 1988. The corporation commenced operations on July 20, 1988.

- A) The objects for which the Corporation is incorporated are:
- a) to establish, maintain and administer a residence to offer a rehabilitation programme directed to the needs of persons dependent upon drugs or alcohol;
  - b) to establish, maintain and administer assessment, rehabilitation and counselling programmes for persons dependent upon drugs or alcohol;
  - c) to establish, maintain and administer counselling programmes for families of persons dependent upon drugs or alcohol;
  - d) to establish, maintain and administer a community re-integration programme for persons dependent upon drugs or alcohol;
  - e) to promote continuing improvement in the quality of rehabilitation programmes for persons dependent upon drugs or alcohol;
  - f) to promote the development of professional skills and sensitivities in people who provide services to persons dependent upon drugs or alcohol;
  - g) further to the objects of the corporation and as incidental and ancillary thereto, to interact with the municipal, provincial and federal governments and other agencies in developing policies conducive to the rehabilitation of persons dependent upon drugs or alcohol;
  - h) to establish maintain and administer a residence and counselling program for the members of the families of persons dependent upon drugs or alcohol, which members have been the victim of abuse relating to such dependency.
- B) The Corporation is subject to the following terms and conditions:
- a) To invest and re-invest the funds of the corporation in such manner as determined by the Directors, and in making such investments, the Directors shall not be limited to investments authorized by law for Trustees, provided such investments are reasonable, prudent and sagacious under the circumstances and do not constitute, either directly or indirectly, a conflict of interest;

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 1. Purpose, objects and operations, continued

- b) To accept donation gifts, legacies and bequests in furtherance of the corporation's objects;
- c) The corporation shall be carried on without the purpose of gain for its members and any profits or other accretions to the corporation shall be used in promoting its objects;
- d) The corporation shall be subject to the Charities Accounting Act and the Charitable Gifts Act;
- e) The directors shall serve as such without remuneration, and no director shall directly or indirectly receive any profit from their position as such; provided that directors may be paid reasonable expenses incurred by them in the performance of their duties;
- f) The borrowing power of the corporation pursuant to any by-law passed and confirmed in accordance with section 59 of the Corporations Act shall be limited to borrowing money for current operating expenses, provided that the borrowing power of the corporation shall not be so limited if it borrows on the security of real or personal property.

### 2. Significant accounting policies

#### Basis of presentation

These financial statements present, in accordance with Canadian accounting standards for not for profit organizations, the assets, liabilities, revenue, expenses and cash flows of the Vitanova Foundation.

#### Cash and cash equivalents

The Foundation considers deposits in bank, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

#### Investments

Investments are classified and stated at fair value determined on the basis of market value as determined in an active market. Investment purchases and sales transactions are accounted for on the settlement date.



# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 2. Significant accounting policies - continued

#### **Financial instruments other than investments**

The following policies and assumptions were used to determine the fair value of each class of financial assets and financial liabilities. Cash and cash equivalents, HST and other receivables, accounts payable, accrued liabilities and employee tax deductions payable are financial assets and liabilities measured at their carrying amount since it is comparable to their fair value due to the short term maturity of these financial instruments.

#### **Contributions and revenue recognition**

Government grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and fundraising activities, other revenue - Ontario Works are recorded when received.

The Foundation follows the deferral method of accounting for contributions. Operating grants received prior to the year in which they apply are recorded as deferred contributions. Income from fund raising activity is recognized when the event occurs. Income from sponsorships and interest is recorded when received. Fees from performances, programs and workshops that the Foundation provides are recorded when earned.

#### **Capital assets**

Capital assets are recorded at cost and amortization is based on the estimated useful life of assets. Amortization of furniture and fixtures is provided on the declining balance at an annual rate of 20 %. Computer and vehicle and tractor is provided on the declining balance at an annual rate of 45%, 30% and 30%, respectively. Leasehold improvements are amortized on a straight-line basis over 10 years.

#### **Impairment of capital assets**

An asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 2. Significant accounting policies - continued

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current period. Estimates are required in determining future cash flows when assessing assets for impairment, the useful lives of capital assets for amortization purposes, the allowance for uncollectible accounts receivable and contingencies. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

#### Government grants

Government grants are recorded as revenue. Specific grants and the related expenses are deferred until completion of the project, when all conditions have been satisfied and grants declared earned.

#### Income taxes

The Foundation is a registered charity under the provisions of the Income Tax Act and is therefore not liable for either federal or provincial income taxes.

#### Donated services

Some of the work of the Foundation is dependent on voluntary services offered by volunteers. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, donated services of this kind are not recognized in these financial statements.

### 3. Related party transactions

The related entities have common management. The Vitanova Shelter Corporation charges rent to the Vitanova Foundation (2020-\$ 84,000; 2019-\$ 72,000). The rent is in the normal course of business and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related entities.

### 4. Cash and cash equivalents

The fair value of cash and cash equivalents in 2020 was \$ 440,552 ( 2019 - \$ 367,997). The fair value of unrestricted cash and cash equivalents in 2020 was \$ 402,508 available for use towards the day-to-day operations of the Foundation. The fair value of restricted cash in 2020 is \$ 38,044 to be used towards the building of the chapel on the grounds of the Foundation.

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 5. HST receivable

HST receivable in 2020 is comprised of \$ 53,996 (2019- \$37,418) to be received from the Federal government as a rebate provided to registered charities in Canada for relief on HST paid on expenses incurred to run the Foundation operations.

### 6. Holdback receivable

Holdback receivable represents an amount held by the Royal Bank as security for unforeseen construction costs after the completion of the Chapel. The amount of funds held of \$ 74,894 (2019 - \$ 73,020) was part of the Vitanova contractual obligation with the City of Vaughan for the construction of the Chapel. If no further costs are later incurred by the Foundation then the held funds will be returned to the operations of Vitanova. If further project costs on the Chapel are incurred by Vitanova after the completion of the Chapel then these costs will be expensed or capitalized in the year of the Chapel's completion. These funds were invested by Vitanova in a one year RBC guaranteed income certificate maturing October 3, 2020 at an annual rate of return of 1.45 %.

### 7. Investments

The fair value of the investments is \$ 112,000 (2019 - \$ 62,000) and is comprised of two 1 year RBC guaranteed income certificates. The first investment is for \$ 62,000, one year term maturing April 2, 2020 at an annual rate of return of 1.54 %. The second investment is for \$ 50,000, one year term maturing May 31, 2020 at an annual rate of return of 2.20 %. These investments are held for the emergency needs of Vitanova operations and for any unforeseen capital expenditures of the Foundation. Both these investments have an option to reinvest and will be reinvested upon maturity for long term use.

### 8. Funds, held in trust, Women's Treatment Centre

The fair value of the funds held in trust for the Women's Treatment Centre is \$ 142,306 and is comprised of two RBC guaranteed income certificates. The first investment is for \$ 50,000, 280 day term, maturing November 30, 2020 at an annual rate of return of 1.45 %. The second investment is for \$ 92,306 , one year term maturing November 30, 2020 at an annual rate of return of 1.80 %. These investments are restricted for the purpose of building a facility for a woman's treatment centre.

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

| 9. Capital assets               |                    |                          | 2020              | 2019              |
|---------------------------------|--------------------|--------------------------|-------------------|-------------------|
|                                 | Cost               | Accumulated Amortization | Net Book Value    | Net Book Value    |
| Furniture and fixtures          | \$ 258,656         | \$ (175,464)             | \$ 83,192         | \$ 55,529         |
| Vehicle                         | 41,178             | (40,189)                 | 989               | 1,413             |
| Leasehold improvements          | 941,788            | (540,686)                | 401,102           | 409,441           |
| Computer equipment              | 126,722            | (110,545)                | 16,177            | 1,081             |
| Leasehold improvements - Chapel | 210,029            | (10,500)                 | 199,529           | -                 |
| Tractor                         | 17,184             | (2,578)                  | 14,606            | -                 |
|                                 | <u>\$1,595,557</u> | <u>\$ (879,962)</u>      | <u>\$ 715,595</u> | <u>\$ 467,464</u> |

### 10. Deferred revenue

Deferred revenue is comprised of \$ 26,250 remaining from the \$ 75,000 Ministry of Health capital grant, \$7,500 of which is current, to be amortized over the useful life of the new kitchen installed with the proceeds received during the 2014 fiscal year. In 2016, the Ministry of Health issued another capital grant of \$ 7,500 for the purchase of a smart board to be amortized over its useful life. The deferred revenue portion of this capital grant is \$ 532 of which \$ 532 is current.

In 2017, a capital grant of \$ 10,776 was received for the installation of a new telephone system to be amortized over its useful life. The deferred revenue portion of this capital grant is \$ 5,233 of which the amount of \$ 1,047 is current.

In 2018, a capital grant of \$ 16,077 was received for the installation of a new computer internet system to be amortized over its useful life. The deferred revenue portion of this capital grant is \$ 3,770 of which the amount of \$ 1,697 is current.

In 2019, a capital grant of \$ 8,793 was received for the construction of a washroom within the facility to be amortized over its useful life. The deferred portion of this capital grant is \$ 7,518 of which \$ 835 is current. In 2019, a capital grant of \$ 96,020 was received for the installation of an elevator to be amortized over its useful life. The deferred portion of this capital grant is \$ 82,097 of which \$ 9,122 is current. In 2020, a funding grant of \$ 103,050 was received to provide future funds for specific staffing programs. The amount is current and will be applied to 2021 addiction services and programming.

In 2020, a capital grant of \$ 23,305 was received for gym and playground equipment. The deferred portion of the capital grant is \$ 20,974 of which \$ 4,195 is current.

In 2020, a capital grant of \$ 11,695 was received for leasehold improvements for the fitness center. The deferred portion of the capital grant is \$ 11,110 of which \$ 1,170 is current.

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

| 11. Government and charitable grants                    | 2020                | 2019              |
|---|---------------------|-------------------|
| Operating grant, Ministry of Health                     | \$ 626,948          | \$ 626,948        |
| Various capital grants, Ministry of Health              | 25,199              | 20,775            |
| United Way of York Region                               | 50,000              | 50,000            |
| Addiction program services, Ministry of Health          | 343,945             | 161,094           |
| Various one-time operational grants, Ministry of Health | 131,464             | 33,732            |
|   | <u>\$ 1,177,556</u> | <u>\$ 892,549</u> |

The purpose of the operating grant of \$ 626,948 received from the Ministry of Health is to fund the day to day expenditures required to maintain the Vitanova Foundation.

The purpose of the one-time capital grant of \$ 75,000 received from the Ministry of Health in 2014 was to replace the existing kitchen. The amount recognized as revenue in the current year is \$ 7,500.

The purpose of the one-time capital grant of \$ 7,500 received from the Ministry of Health in 2016 was for the purchase of a smart board. The current portion recognized as revenue in 2020 is \$ 435.

The purpose of the United Way of York Region grant of \$ 50,000 is to provide funds towards the operation of the domiciliary shelter program.

The purpose of the one-time capital funding of \$ 10,776 received from the Ministry of Health in 2017 was for a new telephone system. The amount recognized as revenue in the current year is \$ 1,308.

The various one-time operational grants issued by the Ministry of Health in the amount of \$ 131,464 was used towards various operating and program services for the 2020 fiscal year.

The funding grant of \$ 343,945 received by Addiction Services of York Region, Ministry of Health in 2020 was to provide funds for specific staffing programs and services for the current fiscal year.

The purpose of the one-time capital funding of \$ 96,020 received from the Ministry of Health in 2019 was for the installation of an elevator. The amount recognized as revenue in the current year is \$ 9,122.

The purpose of the one-time capital funding of \$ 8,793 received from the Ministry of Health in 2019 was for construction of a washroom. The amount of \$ 835 is recognized as revenue in the current year.

The purpose of the one-time capital funding of \$ 16,077 received from the Ministry of Health in 2018 was for a computer internet service. The amount recognized as revenue in the current year is \$ 3,083.

The purpose of the one-time capital funding of \$ 23,305 and \$ 11,695 received from the Ministry of Health in 2020 was for gym and playground equipment and renovations to the fitness centre. The amount recognized as revenue in the current year is \$ 2,331 and \$ 585.

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 12. Contingency

In 2015, the Foundation was served with a legal statement of claim by a former employee for wrongful dismissal. There has been no activity in the current fiscal year on the lawsuit. The complainant is now deceased and the lawsuit is currently in the hands of the complainant's estate. Due to these circumstances, it is not possible to estimate an appropriate dollar amount for the settlement of this action, if any, or the ultimate outcome, and therefore no accrual has been provided in the financial statements.

### 13. Economic Dependence

The Foundation is economically dependent on the continued support of the Ministry of Health and The United Way.

### 14. Remuneration of Board of Directors

Members of the Board of Directors are volunteers who served without remuneration for acting as directors.

### 15. Financial instruments and risk management

The Foundation is exposed to the following risks related to its financial assets and liabilities. The Foundation is not exposed to market risk, other price risk, or any significant concentrations of risk. The following financial risk assessment has remained unchanged from prior year.

#### **Fair values:**

The fair values of receivables and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand

#### **Credit risk:**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relates to its accounts receivable. There is minimal to no risk relating to the accounts receivable of the Foundation.

#### **Liquidity risk:**

The Foundation is exposed to the risk of being unable to honour its financial commitments by the deadlines set out under the terms of such commitments. The Foundation is exposed to this risk mainly through its accounts payable. Senior management manages the Foundation's cash resources based on financial forecasts and anticipated cash flows.

# THE VITANOVA FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2020

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### 16. Comparative figures

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