THE VITANOVA FOUNDATION

Financial Statements

March 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Vitanova Foundation

Opinion

We have audited the financial statements of The Vitanova Foundation (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Matter

The financial statements for the year ended March 31, 2023 were audited by another firm of Chartered Professional Accountants who expressed a modified opinion on those financial statements on June 27, 2023.

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 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.

Auditors' 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT - continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

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 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 audit findings, including any significant deficiencies in internal control that we identify during our audit.

Williams & Partners

Chartered Professional Accountants LLP
Licensed Public Accountants

Markham, Ontario
June 25, 2024

THE VITANOVA FOUNDATION

Statement of Financial Position

March 31, 2024

	2024 $	2023 $
Assets		
Current		
Cash	283,082	669,724
Accounts receivable	47,597	559,628
Investment - Chapel *(note 4)*	81,513	77,739
Investments - Operations *(note 5)*	630,155	114,387
Investments - Women's Treatment Centre *(note 6)*	1,347,309	1,119,884
Prepaid expenses	12,427	6,722
	2,402,083	2,548,084
Capital assets *(note 7)*	2,254,662	1,915,945
	4,656,745	4,464,029
Liabilities		
Current		
Accounts payable and accrued liabilities	100,376	683,273
Current portion of deferred capital contributions *(note 9)*	100,963	78,707
	201,339	761,980
Deferred contributions *(note 8)*	420,232	225,491
Deferred capital contributions *(note 9)*	2,557,271	2,011,699
	3,178,842	2,999,170
Commitments and contingency (notes 13 and 14)		
Net Assets		
Unrestricted	1,335,358	1,214,859
Internally restricted *(note 12)*	142,545	250,000
	1,477,903	1,464,859
	4,656,745	4,464,029

On behalf of the Board

_______________ *Director*

_______________ *Director*

See accompanying notes

THE VITANOVA FOUNDATION

Statement of Operations

Year Ended March 31, 2024

	2024 $	2023 $
Revenues		
Government and charitable grants *(note 10)*	1,970,707	1,859,002
Donations and fundraising	684,620	752,314
Interest	70,743	6,592
	2,726,070	2,617,908
Expenses		
Advertising and promotion	4,476	7,919
Amortization	282,396	230,930
Consulting fees	100,618	66,562
Food	33,501	22,561
Fundraising	183,763	147,410
Housekeeping	14,733	13,587
Insurance	18,516	12,794
Occupancy *(note 11)*	168,557	173,830
Office and general	36,378	22,082
Professional development	11,735	9,667
Professional fees	105,040	114,268
Program supplies and services	111,915	84,627
Property taxes	18,738	14,773
Repairs and maintenance	72,193	43,643
Salaries and wages	1,496,695	1,340,560
Scholarships and bursaries	21,447	8,498
Telephone	27,451	39,230
Travel	4,874	3,795
	2,713,026	2,356,736
Excess of revenues over expenses	13,044	261,172

THE VITANOVA FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31, 2024

	Unrestricted $	Internally restricted *(note 12)* $	2024 $	2023 $
Balance, beginning of year	1,214,859	250,000	1,464,859	1,203,687
Excess of revenues over expenses	13,044	-	13,044	261,172
Transfer of funds	107,455	(107,455)	-	-
Balance, end of year	1,335,358	142,545	1,477,903	1,464,859

THE VITANOVA FOUNDATION
Statement of Cash Flows
Year Ended March 31, 2024

	2024 $	2023 $
Operating activities		
Excess of revenues over expenses	13,044	261,172
Item not affecting cash:		
Amortization	282,396	230,930
	295,440	492,102
Changes in non-cash working capital:		
Accounts receivable	512,031	(440,034)
Prepaid expenses	(5,705)	(4,332)
Accounts payable and accrued liabilities	(582,897)	359,040
Deferred contributions	194,741	215,827
Deferred capital contributions	567,828	658,059
	685,998	788,560
	981,438	1,280,662
Investing activities		
Acquisition of capital assets	(621,113)	(761,369)
Net purchase of investment - Chapel	(3,774)	(1,475)
Net purchase of investment	(4,754)	(1,670)
Net purchase of investments - Women's Treatment Centre	(738,439)	(974,900)
	(1,368,080)	(1,739,414)
Increase (decrease) in cash	(386,642)	(458,752)
Cash, beginning	669,724	1,128,476
Cash, ending	283,082	669,724

See accompanying notes

1. PURPOSE OF THE ORGANIZATION

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

The Organization is a registered charity under the Income Tax Act and as such is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

The Organization is funded in part by the Government of Ontario in accordance with budget arrangements established by Ontario Health and the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are deferred and recognized as revenue in the year in which the related expenses are recognized. Restricted contributions related to capital assets are deferred and amortized over the useful life of the assets.

Interest income is recognized on an accrual basis.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost except for those financial instruments that are quoted in an active market. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down from impairment is recognized as a charge against excess of revenues over expenses.

Cash

Cash is defined as cash on hand, net of cheques issued and outstanding at the reporting date.

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2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for on a declining balance basis using the following annual rates:

Computer equipment	45%
Tractor	30%
Furniture and fixtures	20%

Leasehold improvements are amortized on a straight line basis over 10 years.

Capital assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from their use and eventual disposition. The impairment loss is measured by the amount by which the carrying amount of the long-lived asset exceeds their fair value.

Donated materials and services

These financial statements do not reflect donated materials and services except where the fair value can be reasonably estimated and when they are used in the course of normal operations.

Members of the Board of Directors of the Organization serve without remuneration.

Use of estimates

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which 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 for the year. Estimates are used when accounting for amortization and accrued liabilities. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in excess of revenues over expenses in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at the date of the statement of financial position:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Organization is exposed to credit risk on its accounts receivable. In order to mitigate its credit risk, the Organization has adopted credit policies which include the regular review and analysis of the aging of its receivables.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due as a result of the Organization's inability to liquidate assets in a timely manner and at a reasonable price.

The Organization is exposed to liquidity risk on its accounts payable and accrued liabilities. The Organization mitigates this risk by ensuring they generate sufficient cash flow from operations.

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3. FINANCIAL INSTRUMENTS *(continued)*

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is exposed to interest rate risk and is not exposed to currency risk or other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Organization is exposed to interest rate risk on its investments as disclosed in notes 4, 5 and 6.

Changes in risk

There has been a decrease in credit risk as a result of a decrease in accounts receivable, a decrease in liquidity risk as a result of a decrease in accounts payable and accrued liabilities and an increase in interest rate risk as a result of an increase in investments. There have been no other significant changes in the Organization's risk exposures from the prior year.

4. INVESTMENT - CHAPEL

The investment consists of a guaranteed income certificate ("GIC") bearing interest at a rate of 3.55% per annum, maturing September 2024.

The investment is held by the Organization's bank as security for unforeseen construction costs after the completion of the Chapel as required under contractual obligation with the City of Vaughan for the construction of the Chapel. If no further costs are later incurred by the Organization, the funds will be returned to the operations of Vitanova.

5. INVESTMENTS - OPERATIONS

The investments consist of two GICs bearing interest at a fixed rate of 4.40% and at a variable rate of the bank's prime rate minus 2.25% per annum, maturing May 2024 and October 2024, respectively.

The investments have been voluntary set aside for the emergency needs of the Organization's operations and for any unforeseen capital expenditures.

6. INVESTMENTS - WOMEN'S TREATMENT CENTRE

The investments consist of three GICs, one bearing interest at a fixed rate of 4.40% and two at a variable rate of the bank's prime rate minus 2.25% per annum, maturing between May 2024 and March 2025.

The investments have been voluntarily set aside by the Organization for the purpose of building a Women's Treatment Centre facility.

7. CAPITAL ASSETS

	Cost $	Accumulated amortization $	2024 Net book value $	2023 Net book value $
Computer equipment	241,318	221,791	19,527	35,504
Furniture and fixtures	457,420	307,703	149,717	186,959
Leasehold improvements	1,820,816	819,832	1,000,984	940,705
Leasehold improvements - Chapel	1,395,307	314,380	1,080,927	747,766
Tractor	17,184	13,677	3,507	5,011
	3,932,045	1,677,383	2,254,662	1,915,945

There is no indication that the capital assets for the year ended March 31, 2024 are impaired.

Included in leasehold improvements is an asset with a cost of $NIL (2023 - $429,607) which is under construction. As such, no amortization has been taken on this asset.

8. DEFERRED CONTRIBUTIONS

Deferred contributions represents contributions restricted for specific operational purposes and distribution of scholarships. The changes in deferred contribution balances for the period are as follows:

	Operating $	Scholarships $	2024 $	2023 $
Balance, beginning	198,485	27,006	225,491	208,164
Contributions	194,927	30,940	225,867	35,504
Amounts amortized to revenue	(9,679)	(21,447)	(31,126)	(18,177)
Balance, ending	383,733	36,499	420,232	225,491

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents donations, fundraising revenue and capital grants raised and received for major leasehold improvements to the operating centre and for specific capital projects such as the Chapel and Women's Treatment Centre. The changes in deferred capital contributions balance for the period are as follows:

	Capital assets funded by Ontario Health $	Chapel and Women's Treatment Centre $	2024 $	2023 $
Balance, beginning	870,803	1,219,603	2,090,406	1,442,013
Contributions	-	784,217	784,217	1,192,489
Amounts amortized to revenue	(99,019)	(117,370)	(216,389)	(544,096)
	771,784	1,886,450	2,658,234	2,090,406
Current portion	(100,963)	-	(100,963)	(78,707)
Balance, ending	670,821	1,886,450	2,557,271	2,011,699

10. GOVERNMENT AND CHARITABLE GRANTS

	2024 $	2023 $
Ontario Health - operating grant	1,086,924	1,035,124
Addiction Services of Central Ontario	739,421	701,693
Ontario Health - capital grants	94,362	73,435
United Way Greater Toronto	50,000	48,750
	1,970,707	1,859,002

11. RELATED PARTY TRANSACTIONS

During the year, the Organization paid rent to a company with common management of $120,000 (2023 - $120,000).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

12. INTERNALLY RESTRICTED FUNDS

The Board of Directors have internally restricted net assets in the amount of $161,286 (2023 - $250,000) to be spent only upon approval of the Board and only for unforeseen expenses, major capital asset additions or operating needs that are not otherwise budgeted. They are not to be used to fund current operating activities.

13. COMMITMENTS

The Organization is committed to operating leases for its premises through to June 2035. Future minimum lease payments on this lease are as follows:

	$
2025	120,000
2026	120,000
2027	120,000
2028	120,000
2029	120,000
Thereafter	750,000
	1,350,000

14. CONTINGENCY

The Organization is required by the City of Vaughan to maintain a Letter of Guarantee in the amount of $73,020 for the purpose of the construction of the Chapel.

15. COMPARATIVE FIGURES

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