THE VITANOVA FOUNDATION

Financial Statements

March 31, 2025

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, 2025, 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, 2025, 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.

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 24, 2025

THE VITANOVA FOUNDATION

Statement of Financial Position

March 31, 2025

	2025 $	2024 $
Assets		
Current		
Cash	380,727	283,082
Accounts receivable	46,332	47,597
Investment - Chapel	-	81,513
Investment - Operations *(note 4)*	676,699	630,155
Investments - Women's Treatment Centre *(note 5)*	1,965,044	1,347,309
Prepaid expenses *(note 6)*	266,100	12,427
	3,334,902	2,402,083
Capital assets *(note 7)*	2,241,842	2,254,662
	5,576,744	4,656,745
Liabilities		
Current		
Accounts payable and accrued liabilities	78,919	100,376
Current portion of deferred capital contributions *(note 9)*	106,788	100,963
	185,707	201,339
Deferred contributions *(note 8)*	760,043	420,232
Deferred capital contributions *(note 9)*	3,139,183	2,557,271
	4,084,933	3,178,842
Commitments (note 13)		
Net Assets		
Unrestricted	1,491,811	1,335,358
Internally restricted *(note 12)*	-	142,545
	1,491,811	1,477,903
	5,576,744	4,656,745

On behalf of the Board

_______________ *Director*

_______________ *Director*

See accompanying notes

THE VITANOVA FOUNDATION

Statement of Operations

Year Ended March 31, 2025

	2025 $	2024 $
Revenues		
Government and charitable grants *(note 10)*	2,003,981	1,970,707
Donations and fundraising	681,817	684,620
Interest	92,688	70,743
	2,778,486	2,726,070
Expenses		
Advertising and promotion	465	4,475
Amortization	331,155	282,396
Bank charges	5,741	5,018
Consulting fees	37,767	100,618
Food	34,022	33,501
Fundraising	199,237	183,763
Housekeeping	9,950	14,733
Insurance	20,198	18,516
Occupancy *(note 11)*	193,914	168,557
Office and general	29,546	31,361
Professional development	10,649	11,735
Professional fees	118,536	105,040
Program supplies and services	90,591	111,915
Property taxes	17,371	18,738
Repairs and maintenance	101,486	72,193
Salaries and wages	1,513,332	1,496,695
Scholarships and bursaries	16,440	21,447
Telephone	27,134	27,451
Travel	7,044	4,874
	2,764,578	2,713,026
Excess of revenues over expenses	13,908	13,044

Statement of Changes in Net Assets

Year Ended March 31, 2025

	Unrestricted $	Internally restricted *(note 12)* $	2025 $	2024 $
Balance, beginning of year	1,335,358	142,545	1,477,903	1,464,859
Excess of revenues over expenses	13,908	-	13,908	13,044
Transfer of funds *(note 12)*	142,545	(142,545)	-	-
Balance, end of year	1,491,811	-	1,491,811	1,477,903

See accompanying notes

THE VITANOVA FOUNDATION

Statement of Cash Flows

Year Ended March 31, 2025

	2025 $	2024 $
Operating activities		
Excess of revenues over expenses	13,908	13,044
Item not affecting cash:		
Amortization	331,155	282,396
	345,063	295,440
Changes in non-cash working capital:		
Accounts receivable	1,265	512,031
Prepaid expenses	(253,673)	(5,705)
Accounts payable and accrued liabilities	(21,457)	(582,897)
Deferred contributions	339,811	194,741
Deferred capital contributions	587,737	567,828
	653,683	685,998
	998,746	981,438
Investing activities		
Acquisition of capital assets	(318,335)	(621,113)
Net redemption (purchase) of investment - Chapel	81,513	(3,774)
Net purchase of investment	(46,544)	(4,754)
Net purchase of investments - Women's Treatment Centre	(617,735)	(738,439)
	(901,101)	(1,368,080)
Increase (decrease) in cash	97,645	(386,642)
Cash, beginning	283,082	669,724
Cash, ending	380,727	283,082

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 RISK EXPOSURES

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 RISK EXPOSURES *(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 and 5.

Changes in risk

There has been 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 - OPERATIONS

The investment consist of one GIC bearing interest at a variable rate of 3.20% per annum, maturing January 2026.

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

5. INVESTMENTS - WOMEN'S TREATMENT CENTRE

The investments consist of two GICs, one bearing interest at a variable rate of 4.75% per annum and one at a variable rate of 3.75% per annum, maturing between May 2025 and January 2026.

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

6. PREPAID EXPENSES

Prepaid expenses consists of a $254,250 deposit provided for a golf tournament to be held in September 2025, and prepaid portion of insurance premiums and memberships held by the Organization of $11,850 (2024 - $12,427).

7. CAPITAL ASSETS

	Cost $	Accumulated amortization $	2025 Net book value $	2024 Net book value $
Computer equipment	241,318	230,578	10,740	19,527
Furniture and fixtures	457,270	337,616	119,654	149,717
Leasehold improvements	2,129,771	974,090	1,155,681	1,000,984
Leasehold improvements - Chapel	1,406,164	452,852	953,312	1,080,927
Tractor	17,184	14,729	2,455	3,507
	4,251,707	2,009,865	2,241,842	2,254,662

There is no indication that the capital assets for the year ended March 31, 2025 are impaired.

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 $	2025 $	2024 $
Balance, beginning	383,733	36,499	420,232	225,491
Contributions	618,922	32,293	651,215	225,867
Amounts amortized to revenue	(298,406)	(12,998)	(311,404)	(31,126)
Balance, ending	704,249	55,794	760,043	420,232

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 $	2025 $	2024 $
Balance, beginning	670,821	1,886,450	2,557,271	2,090,406
Contributions	111,296	587,337	698,633	784,217
Amounts amortized to revenue	(9,933)	-	(9,933)	(216,389)
	772,184	2,473,787	3,245,971	2,658,234
Current portion	(106,788)	-	(106,788)	(100,963)
Balance, ending	665,396	2,473,787	3,139,183	2,557,271

10. GOVERNMENT AND CHARITABLE GRANTS

	2025 $	2024 $
Ontario Health - operating grant	1,086,924	1,086,924
Addiction Services of Central Ontario	736,922	739,421
Ontario Health - capital grants	110,896	94,362
United Way Greater Toronto	50,000	50,000
Complimentery Medicine & Addiction Foundation	19,239	-
	2,003,981	1,970,707

11. RELATED PARTY TRANSACTIONS

During the year, the Organization paid rent to a company with common management of $120,000 (2024 - $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 $NIL (2024 - $142,545) 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. The Board has approved of the transfer of $142,545 to unrestricted funds within the year to be utilized for operating activities.

13. COMMITMENTS

The Organization is committed to operating leases for its premises through to June 2035. The Organization is also committed to leasing a vehicle until October 2026. Future minimum lease payments on these leases are as follows:

	$
2026	125,383
2027	123,140
2028	120,000
2029	120,000
2030	120,000
Thereafter	630,000
	1,238,523

14. COMPARATIVE FIGURES

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