STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members,
Stella's Place Assessment and Treatment Centre

We have audited the accompanying financial statements of Stella's Place Assessment and Treatment Centre (the "Organization"), which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion
In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Organization, and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Stella's Place Assessment and Treatment Centre as at December 31, 2017, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

April 27, 2018
Toronto, Ontario

STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash	$ 709,301	$ 258,238
Short-term investments	-	100,004
Grant receivable	-	47,500
HST recoverable	543,937	14,490
Prepaid expenses	20,451	15,393
	1,273,689	435,625
Capital assets (note 2)	6,373,308	353,335
	$ 7,646,997	$ 788,960
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 21,846	$ 11,439
Deferred contributions (note 3)	1,121,459	358,760
	1,143,305	370,199
Deferred capital contributions (note 4)	4,876,606	347,500
	6,019,911	717,699
Net assets		
Invested in land	1,496,702	-
Unrestricted	130,384	71,261
	1,627,086	71,261
	$ 7,646,997	$ 788,960

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

2017	Unrestricted	Invested in land	Total
Net assets, beginning of year	$ 71,261	$ -	$ 71,261
Restricted contribution for purchase of land (note 4)	-	1,496,702	1,496,702
Excess of revenue over expenses for the year	59,123	-	59,123
NET ASSETS, END OF YEAR	$ 130,384	$ 1,496,702	$ 1,627,086

2016	Unrestricted	Invested in land	Total
Net assets, beginning of year	$ 39,951	$ -	$ 39,951
Excess of revenue over expenses for the year	31,310	-	31,310
NET ASSETS, END OF YEAR	$ 71,261	$ -	$ 71,261

see accompanying notes

STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
REVENUE		
Donations - undesignated	$ 1,902,955	$ 939,318
Donations - designated	363,638	143,518
Government grants (note 5)	233,360	43,915
Other	12,262	4,239
Deferred capital contributions recognized (note 4)	7,856	-
	2,520,071	1,130,990
EXPENSES		
Program		
Personnel	1,335,862	520,322
Occupancy	243,000	159,538
Information technology	203,530	-
Other operating	158,067	69,330
Total program expenses	1,940,459	749,190
Administration		
Personnel	351,837	241,857
Other	154,961	106,581
Total administration expenses	506,798	348,438
Amortization	13,691	2,052
	2,460,948	1,099,680
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	$ 59,123	$ 31,310

see accompanying notes

STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ 59,123	$ 31,310
Add back non-cash items -		
Amortization of capital assets	13,691	2,052
Deferred capital contributions recognized	(7,856)	-
Net change in non-cash working capital items (see below)	286,101	236,608
Net cash generated from operating activities	351,059	269,970
INVESTING ACTIVITIES		
Sale (purchase) of short-term investments	100,004	(62,880)
Purchase of capital assets	(6,033,664)	(198,750)
Net cash used for investing activities	(5,933,660)	(261,630)
FINANCING ACTIVITIES		
Capital contributions received	6,033,664	198,750
NET CASH GENERATED IN THE YEAR	451,063	207,090
Cash, beginning of year	258,238	51,148
CASH, END OF YEAR	$ 709,301	$ 258,238

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Grant receivable	$ 47,500	$ (6,250)
HST recoverable	(529,447)	9,964
Prepaid expenses	(5,058)	3,155
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	10,407	(17,021)
Deferred contributions	762,699	246,760
	$ 286,101	$ 236,608

see accompanying notes

Stella's Place Assessment and Treatment Centre (the "Organization") is the first comprehensive, integrated, community-based assessment and treatment centre in Canada developed in collaboration with young adults (age 16 to 29) with mental health challenges. The Organization was incorporated in Ontario by letters patent on April 19, 2013 and is a registered charitable organization under the Income Tax Act (Canada). Since 2016, the Organization has delivered peer training, evidence-based clinical services, peer support and wellness programs from our downtown Toronto location.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition
The Organization follows the deferral method of accounting for contributions, which include grants and donations. Grants and bequests are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions received towards the acquisition of depreciable capital assets are deferred when initially recorded in the accounts and amortized to revenue on the same basis as the related capital assets are amortized. Externally restricted contributions received towards the acquisition of non-depreciable capital assets are recognized as a direct increase to net assets.

Contributed materials and services
Contributed materials and services are not recorded in the accounts.

Financial instruments
The Organization records financial instruments, which include cash, short-term investments, grant receivable, HST recoverable, accounts payable and accrued liabilities, initially at fair value. Subsequently, financial instruments are recorded at cost plus accrued interest and less any provisions for impairment in value.

Allocation of expenses
The Organization allocates a portion of occupancy costs based on the proportionate space used by individual functions.

Capital assets
Capital assets are initially recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Tangible	
Building	- 50 years
Computer equipment	- 3 years
Intangible	
BeanBagChat webapp	- 8 years

2. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2017 Net	2016 Net
Tangible				
Land	$ 1,496,702	$ -	$ 1,496,702	$ -
Building	4,489,462	(3,741)	4,485,721	-
Computer equipment	10,260	(10,260)	-	5,835
	5,996,424	(14,001)	5,982,423	5,835
Intangible				
BeanBagChat webapp	395,000	(4,115)	390,885	347,500
	$ 6,391,424	$ (18,116)	$ 6,373,308	$ 353,335

In December 2017, the Organization purchased land and a building to be used for programming and administrative purposes.

3. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for future expenses in future years. Changes in deferred contribution balances are as follows:

	2017	2016
Deferred contributions, beginning of year	$ 358,760	$ -
Contributions restricted for future expenses	1,359,697	546,193
Amounts recognized as revenue during the year	(596,998)	(187,433)
Deferred contributions, end of year	$ 1,121,459	$ 358,760

4. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. Changes in the deferred capital contributions balance are as follows:

	2017	2016
Deferred capital contributions, beginning of year	$ 347,500	$ -
Contributions restricted for purchase of capital assets	4,536,962	347,500
Amounts recognized as revenue during the year	(7,856)	-
Deferred capital contributions, end of year	$ 4,876,606	$ 347,500

4. DEFERRED CAPITAL CONTRIBUTIONS (CONTINUED)

The Ministry of Advanced Education and Skills Development provided a grant of $347,500 in 2016 and $47,500 in 2017 for BeanBagChat, an online support and resources web based solution. The funds were provided to George Brown College, a project partner, who transferred the funds to the Organization. In November 2017, the BeanBagChat web application was launched.

During the year, the Organization received a contribution which was used to purchase land and a building. The portion of the contribution used to purchase the land, in the amount of $1,496,702, was recognized as a direct increase to net assets.

5. GOVERNMENT GRANTS

Government grants received to fund specific programs recognized as revenue in the year consist of the following:

	2017	2016
Ministry of Health and Long-Term Care	$ 143,660	$ 35,000
Ministry of Tourism, Culture and Recreation	4,800	8,915
City of Toronto	84,900	-
	$ 233,360	$ 43,915

In 2017, the Ministry of Health and Long Term Care awarded the Organization a two year grant of $500,000 beginning on April 1, 2017 through the Health Technologies Fund for implementation and evaluation of an online platform, NexJ Connected Wellness. The funds were provided to Reconnect Community Health Services, a project partner, who transferred the funds to the Organization. In 2016, the Organization recognized a grant from the Ministry of Health and Long-Term Care to fund the delivery of Peer Support Training.

The grant from the Ministry of Tourism, Culture and Recreation is to fund the ONTrack Wellness Program, in partnership with the Miles Nadal Jewish Community Centre.

The City of Toronto provided grants for delivery of an integrated intervention (Skills and Strengths for Wellness) through the Toronto Urban Health Fund and for Peer Support Training through the Toronto Youth Equity Strategy.

6. COMMITMENT

The Organization rents space under a lease ending September 30, 2018. Minimum lease payments over the term of the lease are as follows:

2018	$ 121,212

7. PRIOR PERIOD RECLASSIFICATIONS

Certain comparative amounts as at December 31, 2016 and for the year then ended have been reclassified to conform with the current year's financial statement presentation.