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**STELLA'S PLACE ASSESSMENT AND  
TREATMENT CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of Stella's Place Assessment and Treatment Centre (the Organization), which comprise the statement of financial position as at December 31, 2021, 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 Stella's Place Assessment and Treatment Centre as at December 31, 2021 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.

### 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 *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 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.

### 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.

## INDEPENDENT AUDITOR'S REPORT (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 your 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 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.

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

September 21, 2022  
Toronto, Ontario

# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,815,489	\$ 2,101,673
Short-term investments	205,478	-
Canada Emergency Wage and Rent Subsidy receivable	119,404	-
HST rebate recoverable	149,490	140,091
Other amounts receivable	24,939	32,389
Prepaid expenses	<u>31,286</u>	<u>41,247</u>
	2,346,086	2,315,400
<b>Long-term assets</b>		
Capital assets (note 2)	<u>10,324,772</u>	<u>7,477,173</u>
	<u>\$ 12,670,858</u>	<u>\$ 9,792,573</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 610,195	\$ 420,472
Deferred contributions (note 3)	<u>337,563</u>	<u>1,168,651</u>
	947,758	1,589,123
<b>Long-term liabilities</b>		
Loan from related party (note 4)	2,000,000	-
Deferred capital contributions (note 5)	<u>7,974,817</u>	<u>6,458,809</u>
	<u>10,922,575</u>	<u>8,047,932</u>
<b>Net assets</b>		
Invested in land	1,496,702	1,496,702
Unrestricted	<u>251,581</u>	<u>247,939</u>
	<u>1,748,283</u>	<u>1,744,641</u>
	<u>\$ 12,670,858</u>	<u>\$ 9,792,573</u>

Approved on behalf of the Board:

*Martha J Tory*

\_\_\_\_\_, Director

*[Signature]*

\_\_\_\_\_, Director

see accompanying notes

# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

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<b>2021</b>	Unrestricted	Invested in land	Total
Net assets, beginning of year	\$ 247,939	\$ 1,496,702	\$ 1,744,641
Excess of revenue over expenses for the year	<u>3,642</u>	<u>-</u>	<u>3,642</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 251,581</u></b>	<b><u>\$ 1,496,702</u></b>	<b><u>\$ 1,748,283</u></b>
<b>2020</b>	Unrestricted	Invested in land	Total
Net assets, beginning of year	\$ 225,353	\$ 1,496,702	\$ 1,722,055
Excess of revenue over expenses for the year	<u>22,586</u>	<u>-</u>	<u>22,586</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 247,939</u></b>	<b><u>\$ 1,496,702</u></b>	<b><u>\$ 1,744,641</u></b>

see accompanying notes

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# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>REVENUE</b>		
Donations - undesignated	\$ 1,567,951	\$ 1,080,784
Donations - designated	812,436	652,339
Government grants (note 6)	650,600	737,792
Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy	409,230	638,375
Deferred capital contributions recognized (note 5)	49,375	71,822
Rental income (note 2)	-	20,953
Other	<u>71,709</u>	<u>4,827</u>
	<u>3,561,301</u>	<u>3,206,892</u>
<b>EXPENSES</b>		
<b>Program</b>		
Personnel	1,924,323	1,677,873
Occupancy	165,287	149,543
Information technology	102,599	67,625
Other operating	<u>266,243</u>	<u>223,349</u>
Total program expenses	<u>2,458,452</u>	<u>2,118,390</u>
<b>Non-program</b>		
Personnel	638,645	662,542
Information technology	19,543	16,690
Occupancy	14,961	13,630
Other operating	<u>138,622</u>	<u>110,491</u>
Total non-program expenses	<u>811,771</u>	<u>803,353</u>
<b>Capital campaign</b>	<u>238,061</u>	<u>168,202</u>
<b>Rental property</b> (note 2)	<u>-</u>	<u>22,539</u>
<b>Amortization</b>	<u>49,375</u>	<u>71,822</u>
	<u>3,557,659</u>	<u>3,184,306</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 3,642</u>	<u>\$ 22,586</u>

see accompanying notes

# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 3,642	\$ 22,586
Add back non-cash items -		
Amortization of capital assets	49,375	71,822
Deferred capital contributions recognized	(49,375)	(71,822)
Net change in non-cash working capital items (see below)	<u>(1,143,149)</u>	<u>923,564</u>
Net cash generated from (used for) operating activities	<u>(1,139,507)</u>	<u>946,150</u>
<b>INVESTING ACTIVITIES</b>		
Short-term investments (purchased) redeemed	(205,478)	32,971
Capital assets purchased	<u>(2,506,582)</u>	<u>(754,418)</u>
Net cash used for investing activities	<u>(2,712,060)</u>	<u>(721,447)</u>
<b>FINANCING ACTIVITIES</b>		
Related party loan received	2,000,000	-
Capital contributions received	<u>1,565,383</u>	<u>1,212,414</u>
Net cash received from financing activities	<u>3,565,383</u>	<u>1,212,414</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(286,184)	1,437,117
Cash, beginning of year	<u>2,101,673</u>	<u>664,556</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,815,489</u>	<u>\$ 2,101,673</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Canada Emergency Wage and Rent Subsidy receivable	\$ (119,404)	\$ -
HST rebate recoverable	(9,398)	(75,864)
Other amounts receivable	7,450	54,911
Prepaid expenses	9,961	(8,002)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(200,670)	(26,538)
Deferred contributions	<u>(831,088)</u>	<u>979,057</u>
	<u>\$ (1,143,149)</u>	<u>\$ 923,564</u>

see accompanying notes

# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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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.

### 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.

Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") are recognized in revenue in the period to which they relate.

#### 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, grants receivable, HST rebate recoverable, CEWS and CERS receivable, accounts payable and accrued liabilities, initially at fair value. Subsequently, cash and short-term investments are recorded at fair market value and all other financial instruments are recorded at cost plus accrued interest less any provisions for impairment in value. Related party financial instruments are initially measured at cost and subsequently measured at cost less any impairment.

#### Allocation of expenses

The Organization allocates expenses based on the proportionate space and materials 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:

<i>Tangible</i>		<i>Intangible</i>
Building	- 50 years	BeanBagChat webapp - 8 years
Furniture and fixtures	- 3 years	

Assets under construction comprises direct construction and other costs, including capitalized interest. Interest costs are capitalized during the construction period. No amortization is recorded until construction is substantially complete and the assets are ready for use.



# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 2. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2021 Net	2020 Net
<i>Tangible</i>				
Land	\$ 1,496,702	\$ -	\$ 1,496,702	\$ 1,496,702
Building	4,489,462	(205,767)	4,283,695	4,283,696
Construction in progress	4,344,224	-	4,344,224	1,447,249
Furniture and fixtures	<u>6,766</u>	<u>-</u>	<u>6,766</u>	<u>6,766</u>
	<u>10,337,154</u>	<u>(205,767)</u>	<u>10,131,387</u>	<u>7,234,413</u>
<i>Intangible</i>				
BeanBagChat webapp	<u>395,000</u>	<u>(201,615)</u>	<u>193,385</u>	<u>242,760</u>
	<u>\$10,732,154</u>	<u>\$ (407,382)</u>	<u>\$10,324,772</u>	<u>\$ 7,477,173</u>

The Organization is currently in the process of renovating the building for future programming and administrative purposes. In 2020, the building was used for administrative purposes for a few months before renovations began and amortization expense was recognized during this period of use. Amortization expense was not recognized once renovations began. The building renovations are expected to be completed before the end of 2022.

### 3. DEFERRED CONTRIBUTIONS

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

	2021	2020
Deferred contributions, beginning of year	\$ 1,168,651	\$ 189,594
Contributions for restricted purposes	631,948	2,369,188
Amounts recognized as revenue during the year	<u>(1,463,036)</u>	<u>(1,390,131)</u>
Deferred contributions, end of year	<u>\$ 337,563</u>	<u>\$ 1,168,651</u>

# STELLA'S PLACE ASSESSMENT AND TREATMENT CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 4. LOAN FROM RELATED PARTY

During the year, the Organization entered into a promissory note agreement with a foundation affiliated with a director of the Board. The value of the promissory note is \$2.7 million and as at December 31, 2021, the Organization drew \$2.0 million of principal proceeds and incurred \$21,963 of accrued interest, which is included in accounts payable and accrued liabilities. The outstanding principal amount bears interest calculated on a simple basis at a rate per annum equal to 3.0%. The principal and any outstanding interest payments are due and payable on demand after December 31, 2026.

### 5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unrecognized 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:

	2021	2020
Deferred capital contributions, beginning of year	\$ 6,458,809	\$ 5,318,217
Contributions restricted for purchase of capital assets	1,565,383	1,212,414
Amounts recognized as revenue during the year	<u>(49,375)</u>	<u>(71,822)</u>
Deferred capital contributions, end of year	<u>\$ 7,974,817</u>	<u>\$ 6,458,809</u>

### 6. GOVERNMENT GRANTS

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

	2021	2020
City of Toronto	\$ 504,696	\$ 547,183
Ontario Ministry of Economic Development, Job Creation and Trade	123,360	185,040
Government of Canada	<u>22,544</u>	<u>5,569</u>
	<u>\$ 650,600</u>	<u>\$ 737,792</u>