

ADDICTION SERVICES CENTRAL ONTARIO

Financial Statements

March 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Addiction Services Central Ontario

Opinion

We have audited the financial statements of Addiction Services Central Ontario (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.

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

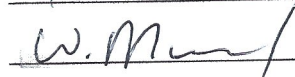
Markham, Ontario
June 25, 2024

ADDICTION SERVICES CENTRAL ONTARIO**Statement of Financial Position****March 31, 2024**

	2024 \$	2023 \$
Assets		
Current		
Cash	581,341	1,524,539
Investments (note 4)	363,613	102,410
Accounts receivable	761,516	618,972
HST receivable	138,197	169,465
Prepaid expenses	216,454	62,056
	2,061,121	2,477,442
Investments (note 4)	154,668	305,219
Capital assets (note 5)	563,628	592,029
	2,779,417	3,374,690
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 7 and 8)	1,569,933	2,029,383
Deferred revenue (note 9)	-	101,549
	1,569,933	2,130,932
Deferred capital contributions (note 10)	576,075	601,788
Deferred rent	94,969	125,586
	2,240,977	2,858,306
<i>Commitments (note 15)</i>		
Net Assets		
Unrestricted	25,440	3,384
Internally restricted (note 11)	513,000	513,000
	538,440	516,384
	2,779,417	3,374,690

On behalf of the Board

 _____ Director

 _____ Director

See accompanying notes

ADDICTION SERVICES CENTRAL ONTARIO**Statement of Operations****Year Ended March 31, 2024**

	2024	2023
	\$	\$
Revenues		
Ontario Health <i>(note 8)</i>	11,105,917	10,438,489
Other funded programs <i>(note 12)</i>	1,400,770	910,610
Grants, donations and other income	330,579	78,009
Community Withdrawal Management Services Funding <i>(note 13)</i>	147,238	128,033
Fees for services	115,118	97,449
Ministry of Health, Children and Youth Mental Health	66,764	63,564
Amortization of deferred capital contributions <i>(note 10)</i>	25,713	23,724
	13,192,099	11,739,878
Expenses		
Salaries and benefits <i>(note 14)</i>	7,483,481	5,671,386
Agency partnership distributions	3,039,187	3,539,455
Occupancy costs	600,672	646,059
Professional fees	595,994	240,365
Program supplies	437,437	596,026
Purchased services	434,027	385,242
Telecommunications	218,885	141,210
Professional development	90,119	166,887
Repairs and maintenance	86,741	110,717
Amortization	28,401	21,711
Travel	60,817	53,831
Bank charges, interest and payroll processing	37,204	29,786
Insurance	36,668	19,348
General office	17,612	31,773
Communications	2,798	62,364
	13,170,043	11,716,160
Excess of revenues over expenses	22,056	23,718

ADDICTION SERVICES CENTRAL ONTARIO**Statement of Changes in Net Assets****Year Ended March 31, 2024**

	Unrestricted \$	Internally Restricted (note 9) \$	2024 \$	2023 \$
Balance, beginning of year	3,384	513,000	516,384	492,666
Excess of revenues over expenses	22,056	-	22,056	23,718
Transfer of funds	-	-	-	-
Balance, end of year	25,440	513,000	538,440	516,384

ADDICTION SERVICES CENTRAL ONTARIO**Statement of Cash Flows****Year Ended March 31, 2024**

	2024 \$	2023 \$
Cash flows from operating activities		
Excess of revenues over expenses	22,056	23,718
Items not affecting cash:		
Amortization of capital assets	28,401	21,711
Amortization of deferred capital contributions	(25,713)	(23,724)
Deferred rent	(30,617)	(8,184)
	<u>(5,873)</u>	<u>13,521</u>
Changes in non-cash working capital:		
Accounts receivable	(142,544)	(408,082)
Accounts payable and accrued liabilities	(459,450)	(144,665)
Deferred revenue	(101,549)	63,697
Prepaid expenses	(154,398)	(8,134)
HST receivable	31,268	(59,572)
	<u>(826,673)</u>	<u>(556,756)</u>
	<u>(832,546)</u>	<u>(543,235)</u>
Cash flows from investing activities		
Acquisition of capital assets	-	(523,490)
Net proceeds on disposition of (purchase of) investments	(110,652)	108,201
	<u>(110,652)</u>	<u>(415,289)</u>
Cash flows from financing activity		
Contributions received for capital asset purchases	-	523,490
Increase (decrease) in cash	(943,198)	(435,034)
Cash, beginning	<u>1,524,539</u>	<u>1,959,573</u>
Cash, ending	<u>581,341</u>	<u>1,524,539</u>

ADDICTION SERVICES CENTRAL ONTARIO

Notes to Financial Statements

Year Ended March 31, 2024

1. PURPOSE OF THE ORGANIZATION

Addiction Services Central Ontario (the "Organization" - formerly known as Addiction Services for York Region) is a non-profit, charitable organization that unites to support individuals to achieve their goals by offering hope and promoting well-being. On June 1, 2021, the Organization changed its name from Addiction Services for York Region to Addiction Services Central Ontario. The Organization believes in a world where all people affected by addictions will have the opportunity to heal.

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.

Fees for service and other contract revenue are recognized when services are performed and collection is reasonable assured.

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 and accounts receivable.

Financial assets measured at fair value include fixed income securities readily traded in an active market.

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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ADDICTION SERVICES CENTRAL ONTARIO

Notes to Financial Statements

Year Ended March 31, 2024

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	33%
Office furniture and equipment	20%
Vehicles	10%

Leasehold improvements are amortized on a straight line basis over 5 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.

Deferred rent

Deferred rent represents the straight-lining of premises rental payments over the term of the lease.

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.

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ADDICTION SERVICES CENTRAL ONTARIO

Notes to Financial Statements

Year Ended March 31, 2024

3. FINANCIAL INSTRUMENTS *(continued)*

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.

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 note 4.

Changes in risk

There has been a decrease in liquidity risk as a result of a decrease in accounts payable and accrued liabilities. There have been no other significant changes in the Organization's risk exposures from the prior year.

4. INVESTMENTS

	2024 \$	2023 \$
Canadian		
Fixed income short-term	363,613	102,410
Fixed income long-term	154,668	305,219
Total	518,281	407,629
Supplementary information		
Investments at cost	504,019	400,000

The fixed income investments bear interest at rates between 0.0044% and 5.10% per annum, maturing between January 2025 and April 2026.

ADDICTION SERVICES CENTRAL ONTARIO

Notes to Financial Statements

Year Ended March 31, 2024

5. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2024 Net book value \$	2023 Net book value \$
Computer equipment	380,832	362,308	18,524	27,772
Furniture and fixtures	236,275	191,121	45,154	56,443
Leasehold improvements	100,900	100,900	-	7,864
Vehicle	499,950	-	499,950	499,950
	1,217,957	654,329	563,628	592,029

Included in vehicle is an asset with a cost of \$499,950 (2023 - \$499,950), the purchase of which was approved in March 2023 however was not yet delivered as at March 31, 2024. As such, no amortization has been taken on this asset.

There were no impairment indicators affecting capital assets noted for the year ended March 31, 2024.

6. CREDIT FACILITY

The Organization has available to it a \$150,000 line of credit that bears interest at prime plus 5%.

The balance drawn on this facility as at March 31, 2024 was \$NIL (2023 - \$NIL).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is \$5,880 (2023 - \$NIL) owing in government remittances payable.

8. CONTINGENT LIABILITIES

The Organization receives funding from Ontario Health to assist with the expenditures of the Organization based on a pre-approved budget. The amount of funding provided to the Organization is subject to final review and approval by Ontario Health.

As at the date of these financial statements, funding for the fiscal year April 1, 2023 to March 31, 2024 has not been subject to the Ministry of Health review process. As at March 31, 2024, the Organization has recorded a payable of \$40,501 (2023 - \$2,544), which is restricted funds and is included in accounts payable and accrued liabilities, on account of unspent funding. Any adjustments required as a result of this review, will be accounted for in the year of settlement.

ADDICTION SERVICES CENTRAL ONTARIO**Notes to Financial Statements****Year Ended March 31, 2024****9. DEFERRED REVENUE**

Deferred revenue consists of the following amounts:

	2024 \$	2023 \$
Canadian Mental Health Association, Toronto	-	24,849
Addictions & Mental Health Ontario	-	-
Ontario Trillium Foundation	-	51,016
York Hills Centre for Children, Youth and Families	-	25,684
	-	101,549

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consists of the following:

	2024 \$	2023 \$
Balance, beginning	601,788	102,022
Contributions received from:		
Ontario Health	-	523,490
	601,788	625,512
Amortization of deferred capital contributions	(25,713)	(23,724)
	576,075	601,788

11. INTERNALLY RESTRICTED FUNDS

The Board of Directors have internally restricted funds in the amount of \$513,000 (2023 - \$513,000) 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.

ADDICTION SERVICES CENTRAL ONTARIO

Notes to Financial Statements

Year Ended March 31, 2024

12. OTHER FUNDED PROGRAMS

Other program revenue consists of the following amounts:

	2024 \$	2023 \$
Canadian Mental Health Association, Toronto		
Housing First Program	392,132	373,459
Toronto Community Crisis Response	124,169	44,327
Royal Ottawa Health Care Group		
Digital Front Door	290,456	290,456
Ontario Trillium Foundation		
Resilient Communities Fund	59,716	27,284
Health Canada		
Harm Reduction Project	329,637	14,806
Unity Health		
T02AN - Expansion of North York General Hospital RAAM Clinic	125,347	160,278
United Way		
Community Services Recovery Fund	79,313	-
	<u>1,400,770</u>	<u>910,610</u>

13. COMMUNITY WITHDRAWAL MANAGEMENT SERVICES FUNDING

Community Withdrawal Management Services is a program supported by Ontario Health and the Royal Victoria Hospital. The funding of \$147,238 (2023 - \$128,033) represents funds received from the Royal Victoria Hospital.

14. PENSION PLAN

In 2023-2024, the Organization joined the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer, defined pension plan. Eligible employees are members of HOOPP. Employer contributions made to the plan in the year by the Organization amounts to \$322,286 (2023 - \$NIL). This amount has been included under Salaries and Benefits on the Statement of Operations.

As at December 31, 2023, HOOPP reported a surplus of approximately \$10,181,000,000 (December 31, 2022 - \$10,953,000,000).

ADDICTION SERVICES CENTRAL ONTARIO

Notes to Financial Statements

Year Ended March 31, 2024

15. COMMITMENTS

The Organization is committed to operating leases for its premises through to July 2031. Future minimum lease payments on this lease are as follows:

	<u>\$</u>
2025	430,782
2026	423,945
2027	423,705
2028	409,546
2029	389,419
Thereafter	<u>687,935</u>
	<u>2,765,332</u>

16. COMPARATIVE FIGURES

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