
HOUSE OF SOPHROSYNE

FINANCIAL STATEMENTS

Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors
House of Sophrosyne

We have audited the accompanying financial statements of House of Sophrosyne, which comprise the statement of financial position as at March 31, 2018, and statements of operations and 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 entity'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 entity'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 qualified audit opinion.

Basis for Qualified Opinion

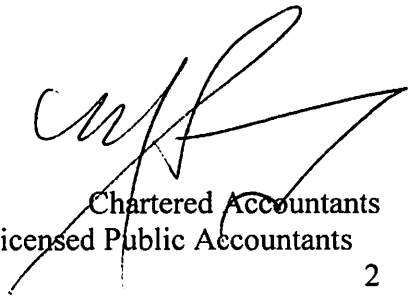
During the year, the Organization recorded no amortization of capital assets. In these respects, the financial statements are not, in our opinion, in accordance with Canadian accounting standards for not-for-profit organizations.

In common with many charitable organizations, the Organization derives revenue from donations and fundraising programs, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenue, operating surplus, assets and net assets.

Qualified Opinion

In our opinion, except for the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of House of Sophrosyne as at March 31, 2018 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.

Amherstburg, Ontario
June 27, 2018



Chartered Accountants
Licensed Public Accountants

HOUSE OF SOPHROSYNE**STATEMENT OF FINANCIAL POSITION**

As at March 31	2018	2017
	\$	\$
ASSETS		
Bank	813,607	914,298
Term deposits	716,700	16,633
Accounts receivable	30,308	122,908
Prepaid expenses	13,348	17,181
	1,573,964	1,071,020
CAPITAL ASSETS (note 3)	1,121,563	1,121,563
	2,695,526	2,192,583
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	148,008	213,436
Government remittances	47,297	38,875
Deferred revenue	184,140	175,630
Current portion of long-term debt	13,810	13,068
	393,255	441,009
LONG-TERM DEBT (note 4)	221,747	242,473
NET ASSETS AT END OF YEAR		
Building reserve (note 5)	1,063,301	511,862
Capital reserve - 260 Strabane	28,356	28,356
Contingency reserve fund (note 5)	198,000	198,000
Invested in capital assets	790,868	770,884
	2,080,525	1,509,102
	2,695,526	2,192,583

HOUSE OF SOPHROSYNE**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31	2018	2017
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	1,636,967	1,525,008
Provincial rent supplement	54,814	35,650
Service fees	194,026	143,370
Fundraising activities	107,813	102,194
Donations	352,967	155,409
Interest and other	37,663	17,753
	<u>2,384,250</u>	<u>1,979,383</u>
EXPENSES		
Advertising and promotion	4,021	4,318
Bank charges and interest	741	615
Computer expenses	16,753	5,250
Food services	43,399	39,031
Fundraising activities	69,394	63,716
Insurance	17,001	16,515
Laundry, linen, medical and other supplies	12,661	10,795
Office and miscellaneous	15,491	13,020
Occupancy - Strabane	6,126	10,136
Occupancy - Dougall	34	2,461
Occupancy - Adstoll	48,358	46,964
Professional fees	43,143	40,107
Program equipment	8,365	4,142
Program materials	9,223	72,097
Recreation program costs	7,149	5,947
Rent subsidy program	42,927	24,516
Renovations, repairs and maintenance	27,808	26,271
Salaries and benefits	1,362,844	1,263,562
Sessional fees	7,740	12,240
Staff development and education	17,570	8,462
Telephone	9,367	8,525
Transportation	23,028	21,897
Utilities	19,685	22,585
	<u>1,812,827</u>	<u>1,723,170</u>
EXCESS OF REVENUES OVER EXPENDITURES	571,423	256,211
Net assets at beginning of year	1,391,956	1,135,745
NET ASSETS AT END OF YEAR	<u>1,963,379</u>	<u>1,391,956</u>

HOUSE OF SOPHROSYNE**STATEMENT OF CHANGES IN RESERVES****Year ended March 31, 2018**

	Building reserve \$	Invested in capital assets	Capital reserve 260 Strabane \$	Contingency reserve \$	2017/2018 Total \$	2016/2017 Total \$
Balance at beginning of year	511,862	770,884	28,356	198,000	1,509,102	1,135,751
Transferred from operating fund	571,423	-	-	-	571,423	256,215
Mortgage payments	(19,984)	19,984	-	-	-	-
Transferred from other agencies	-	-	-	-	-	117,125
Balance, end of year	1,063,301	790,868	28,356	198,000	2,080,525	1,509,091

HOUSE OF SOPHROSYNE**NOTES TO FINANCIAL STATEMENTS**

Year Ended March 31, 2018**GENERAL**

House of Sophrosyne was incorporated without share capital under the laws of Ontario and is a non-taxable entity under the Income Tax Act. The organization is committed to the provision of gender specific services for drug and alcohol dependent women, as well as providing a continuum of care and wellness to women, families, children and all members of the community served who are affected by the addictions of others.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Use of Accounting Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amount of revenues and expenses during the year. The reported amounts of various financial statement balances are based on management's assessment of available facts and circumstances. Actual results could differ from these estimates.

Contributed services

Volunteers contribute many hours each year to assist the House of Sophrosyne in carrying out its service delivery activities. Determining the fair value of these contributed services is difficult and therefore are not recognized in the financial statements.

Capital Assets

Capital assets are recorded at cost, less any specific private or government assistance received. Amortization is not recorded.

HOUSE OF SOPHROSYNE**NOTES TO FINANCIAL STATEMENTS****Year Ended March 31, 2018****2. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

House of Sophrosyne initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair values are recognized in net income.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

3. CAPITAL ASSETS

	2018	2017
	Cost	Cost
	\$	\$
Land and building - Chappell Ave	310,086	310,086
Land and building - Strabane Ave	90,000	90,000
Land and building - Adstoll Ave	635,045	635,045
Furniture and equipment	62,060	62,060
Vehicle	24,371	24,371
	<u>1,121,563</u>	<u>1,121,563</u>

4. LONG-TERM DEBT

	2018	2017
	\$	\$
Mortgage loan, repayable in monthly installments of \$2,812 including interest at 5.6%, secured by real estate	235,557	255,541
Less: current portion	13,810	13,068
	<u>221,747</u>	<u>242,473</u>
Interest on long-term debt included in Fundraising activities	13,649	16,447

Principal repayments for the next 5 years are scheduled as follows:

2019 - \$13,810 2020 - \$14,594 2021 - \$15,385 2022 - \$16,100 2023 - \$17,200

5. RESERVES

	2018	2017
	\$	\$
The Board of Directors has set aside the following reserves for specific purposes:		
Contingency reserve for future operations	198,000	198,000
Building reserve for future premises	1,061,642	511,862