

HOUSE OF SOPHROSYNE
Financial Statements
Year Ended March 31, 2025

HOUSE OF SOPHROSYNE
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Year Ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Management of House of Sophrosyne

Opinion

We have audited the financial statements of House of Sophrosyne (the organization), which comprise the statement of financial position as at March 31, 2025, and the statements of changes in net assets, revenues and expenditures 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 (ASNPO).

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 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 ASNPO, 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.

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:

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Independent Auditor's Report to the Management of House of Sophrosyne (*continued*)

- 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 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.



Chartered Professional Accountants
Licensed Public Accountants
Windsor, Ontario
June 30, 2025

HOUSE OF SOPHROSYNE
Statement of Financial Position
March 31, 2025

	General	Building reserve	Investment in Capital assets	Capital reserve 260 Strabane	Rent subsidy reserve	Contingency reserve	2025	2024
ASSETS								
CURRENT								
Cash	\$ 1,082,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,082,921	\$ 1,222,205
Term deposits (Note 3)	-	3,202,453	-	-	-	-	3,202,453	3,040,092
Accounts receivable	31,293	-	-	-	-	-	31,293	33,644
HST recoverable	60,834	-	-	-	-	-	60,834	30,140
Prepaid expenses	50,058	-	-	-	-	-	50,058	39,382
	1,225,106	3,202,453	-	-	-	-	4,427,559	4,365,463
PROPERTY AND EQUIPMENT (Note 4)	-	-	2,516,106	-	-	-	2,516,106	2,253,486
DUE FROM RELATED FUNDS (Note 5)	1,615	855,618	-	10,633	-	-	867,866	885,191
	<u>\$ 1,226,721</u>	<u>\$ 4,058,071</u>	<u>\$ 2,516,106</u>	<u>\$ 10,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,811,531</u>	<u>\$ 7,504,140</u>
LIABILITIES AND NET ASSETS								
CURRENT								
Accounts payable and accrued liabilities	\$ 222,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,098	\$ 201,310
Government remittance payable	22,438	-	-	-	-	-	22,438	22,542
Deferred revenue (Note 6)	82,126	-	-	-	-	-	82,126	306,777
Subsidy repayable (Note 7)	32,193	-	-	-	-	-	32,193	-
	358,855	-	-	-	-	-	358,855	530,629
DEFERED CAPITAL CONTRIBUTIONS (Note 8)	-	-	201,592	-	-	-	201,592	-
DUE TO RELATED FUNDS (Note 5)	867,866	-	-	-	-	-	867,866	885,191
	1,226,721	-	201,592	-	-	-	1,428,313	1,415,820
NET ASSETS	-	4,058,071	2,314,514	10,633	-	-	6,383,218	6,088,320
	<u>\$ 1,226,721</u>	<u>\$ 4,058,071</u>	<u>\$ 2,516,106</u>	<u>\$ 10,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,811,531</u>	<u>\$ 7,504,140</u>

APPROVED BY THE DIRECTORS


John J. Agnello (Jun 30, 2025 21:37 EDT)
Director


Mark A. Agnello (Jun 30, 2025 20:23 EDT)
Director

See accompanying notes to the unaudited financial statements

HOUSE OF SOPHROSYNE

Statement of Changes in Net Assets

Year Ended March 31, 2025

	General	Building reserve	Investment in Capital assets	Capital reserve 260 Strabane	Rent subsidy reserve	Contingency reserve	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ 3,349,518	\$ 2,662,233	\$ 10,633	\$ 15,936	\$ 50,000	\$ 6,088,320	\$ 5,521,805
Excess of revenues over expenditures	267,104	162,362	(134,568)	-	-	-	294,898	566,515
Transfers during year (Note 9)	(267,104)	546,191	(213,151)	-	(15,936)	(50,000)	-	-
Transfer capital asset additions	206,761	-	(206,761)	-	-	-	-	-
Transfer capital asset funding	(206,761)	-	206,761	-	-	-	-	-
NET ASSETS - END OF YEAR	\$ -	\$ 4,058,071	\$ 2,314,514	\$ 10,633	\$ -	\$ -	\$ 6,383,218	\$ 6,088,320

See accompanying notes to the unaudited financial statements

HOUSE OF SOPHROSYNE
Statement of Revenues and Expenditures
Year Ended March 31, 2025

	General	Building reserve	Investment in capital assets	Capital reserve 260 Strabane	Rent subsidy reserve	Contingency reserve	2025	2024
REVENUES								
Ministry of Health and Long-Term Care	\$ 3,295,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,295,230	\$ 3,096,922
Provincial rent supplement	103,184	-	-	-	-	-	103,184	108,071
Service fees	77,728	-	-	-	-	-	77,728	155,426
Fundraising Activities	91,332	-	-	-	-	-	91,332	97,685
Donations	24,571	-	-	-	-	-	24,571	87,123
Peer Support	37,047	-	-	-	-	-	37,047	52,600
Activity Fee	25,969	-	-	-	-	-	25,969	22,135
Rent subsidy - Chatham	24,456	-	-	-	-	-	24,456	30,000
Other Revenue	25,228	-	-	-	-	-	25,228	24,625
Amortization of deferred capital contribution (Note 8)	-	-	5,169	-	-	-	5,169	-
	3,704,745	-	5,169	-	-	-	3,709,914	3,674,587
EXPENDITURES (Schedule 1)	3,449,412	-	145,872	-	-	-	3,595,284	3,260,306
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	255,333	-	(140,703)	-	-	-	114,630	414,281
OTHER INCOME								
Gain on disposal of property and equipment	-	-	6,135	-	-	-	6,135	-
Interest income	11,771	162,362	-	-	-	-	174,133	152,234
	11,771	162,362	6,135	-	-	-	180,268	152,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 267,104	\$ 162,362	\$ (134,568)	\$ -	\$ -	\$ -	\$ 294,898	\$ 566,515

See accompanying notes to the unaudited financial statements

HOUSE OF SOPHROSYPNE
Expenses
Year Ended March 31, 2025

(Schedule 1)

	General	Building reserve	Investment in capital assets	Capital reserve 260 Strabane	Rent subsidy reserve	Contingency reserve	2025	2024
EXPENDITURES								
Advertising and promotion	\$ 8,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,463	\$ 3,173
Amortization of property and equipment	-	-	145,872	-	-	-	145,872	135,187
Computer	137,324	-	-	-	-	-	137,324	41,086
Food services	63,274	-	-	-	-	-	63,274	85,001
Fundraising expenses	30,387	-	-	-	-	-	30,387	25,056
Insurance	29,089	-	-	-	-	-	29,089	31,173
Interest and bank charges	1,125	-	-	-	-	-	1,125	1,061
Laundry, linen, medical and other supplies	18,175	-	-	-	-	-	18,175	18,153
MOH CIRF Renovation	206,761	-	-	-	-	-	206,761	-
Occupancy expenses - Adstoll	21,419	-	-	-	-	-	21,419	23,085
Occupancy expenses -Strabane	9,826	-	-	-	-	-	9,826	11,457
Office supplies and miscellaneous	17,171	-	-	-	-	-	17,171	14,738
Peer Support	37,047	-	-	-	-	-	37,047	41,698
Professional fees	179,596	-	-	-	-	-	179,596	141,253
Program Materials	36,962	-	-	-	-	-	36,962	21,435
Program equipment	16,934	-	-	-	-	-	16,934	9,223
Recreation program costs	6,394	-	-	-	-	-	6,394	5,254
Rent Supplement	103,184	-	-	-	-	-	103,184	105,938
Rent subsidy - Chatham	24,456	-	-	-	-	-	24,456	22,315
Repairs and maintenance	27,249	-	-	-	-	-	27,249	61,517
Repayment	65,040	-	-	-	-	-	65,040	-
Salaries and wages	2,270,295	-	-	-	-	-	2,270,295	2,338,463
Session fees	2,042	-	-	-	-	-	2,042	3,137
Staff development and education	29,785	-	-	-	-	-	29,785	29,432
Telephone	15,996	-	-	-	-	-	15,996	10,343
Transportation	33,516	-	-	-	-	-	33,516	21,167
Utilities	57,902	-	-	-	-	-	57,902	59,961
	\$ 3,449,412	\$ -	\$ 145,872	\$ -	\$ -	\$ -	\$ 3,595,284	\$ 3,260,306

See accompanying notes to the unaudited financial statements

HOUSE OF SOPHROSYNE
Statement of Cash Flows
Year Ended March 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 294,898	\$ 566,515
Items not affecting cash:		
Amortization of property and equipment	145,872	135,187
Gain on disposal of property and equipment	(6,135)	-
	<u>434,635</u>	<u>701,702</u>
Changes in non-cash working capital:		
Accounts receivable	2,351	84,361
Accounts payable and accrued liabilities	20,788	(91,324)
Deferred income	(224,651)	194,616
Prepaid expenses	(10,676)	(23,712)
HST rebate	(30,694)	(2,856)
Government remittance payable	(104)	(20,916)
Deferred Capital Contributions (net)	201,592	-
Subsidy repayable	32,193	-
	<u>(9,201)</u>	<u>140,169</u>
Cash flow from operating activities	<u>425,434</u>	<u>841,871</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(409,857)	(167,533)
Proceeds on disposal of property and equipment	7,500	-
Cash flow used by investing activities	<u>(402,357)</u>	<u>(167,533)</u>
INCREASE IN CASH FLOW	<u>23,077</u>	<u>674,338</u>
Cash and cash equivalents - beginning of year	<u>4,262,297</u>	<u>3,587,959</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,285,374</u>	<u>\$ 4,262,297</u>
CASH CONSISTS OF:		
Cash	\$ 1,082,921	\$ 1,222,205
Term deposits	<u>3,202,453</u>	<u>3,040,092</u>
	<u>\$ 4,285,374</u>	<u>\$ 4,262,297</u>

See accompanying notes to the unaudited financial statements

HOUSE OF SOPHROSYNE
Notes to Financial Statements
Year Ended March 31, 2025

1. PURPOSE OF THE ORGANIZATION

The Organization 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 addiction of others.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

(a) Fund accounting

The organization maintains separate funds to allow it to monitor and report different aspects of its operations, or to segregate certain categories of net assets which must be separately maintained as required by the funders. The funds maintained by the organization and their respective purposes, are as follows:

The General Fund accounts for the organization's day-to-day operations, including all programs and activities, fundraising events and donations, regular building repairs and maintenance, management and administration.

The Building Reserve Fund contains funds for major renovations of the interior and exterior components of the building. The Board has elected to transfer any annual surplus or deficit from general fund operation to the building reserve fund.

The Investment in Capital Assets Fund accounts for net book value of capital assets less any liabilities on the capital assets. Annual capital additions are paid by General Fund then transferred to Capital Assets Fund.

The Capital Reserve 260 Strabane Fund accounts for grants received that can only be used on major repairs and maintenance for the property located at 260 Strabane Ave, Windsor, ON.

The Rent Subsidy Reserve Fund accounts for operating surplus from Rent Subsidy Program funded by the Municipality of Chatham-Kent.

The Contingency Reserve Fund contains funds for unexpected emergency or settlements in shortage of Ministry funding.

(b) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are term deposits maturing within one year and are valued at cost plus accrued interest. The carrying amounts of cash equivalents approximate fair value.

(c) Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis.

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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HOUSE OF SOPHROSYNE
Notes to Financial Statements
Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Revenue recognition

The organization follows the deferral method of accounting.

Ministry funding, rent supplement, rent subsidy - Chatham, and peer support program are recognized as revenue according to the annual funding agreements.

Donations and fundraising are recognized as revenue when received.

Amortization of deferred capital contribution are recognized as revenue as capital assets are being amortized.

Service fees, activity fees, interest and other income are recognized as earned.

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(f) Financial instruments

Financial instruments of the organization consists of term deposits, accounts receivable, accounts payable and accrued liabilities, government remittance payable, deferred income, and subsidy repayable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, liquidity, commodity or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

(g) Contributed services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements. There was no remuneration paid to Directors or Officers during the year.

3. TERM DEPOSIT

Term deposit includes five GICs at annual rates from 2.5% to 4.79%, maturing within one year.

HOUSE OF SOPHROSYNE
Notes to Financial Statements
Year Ended March 31, 2025

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 145,009	\$ -	\$ 145,009	\$ 145,009
Buildings	2,660,887	593,186	2,067,701	1,964,118
Motor vehicles	48,268	4,827	43,441	1,365
Computer equipment	45,956	16,571	29,385	10,225
Furniture and fixtures	382,378	237,248	145,130	132,769
Renovation under construction	85,440	-	85,440	-
	\$ 3,367,938	\$ 851,832	\$ 2,516,106	\$ 2,253,486

5. DUE TO/FROM RELATED FUNDS

Due to/from related funds are non-interest bearing between funds to support operational activities during the normal course of operations.

6. DEFERRED REVENUE

	2025	2024
Ministry of Health - East Wing Project	\$ 57,873	\$ 57,873
Rent subsidy - Chatham	5,544	-
PJ Party fundraising event	11,350	34,420
Gladys Chapman Award	2,359	2,859
P&M St. Louis Award	5,000	-
CIRF renovation grant	-	211,625
	\$ 82,126	\$ 306,777

7. SUBSIDY REPAYABLE

The organization received certain funding during the year where unspent amounts are required to be repaid to the funder according to the respective funding agreements. A breakdown of subsidy repayable is as follows:

	2025	2024
CIRF fund	\$ 6,273	\$ -
Peer support	16,033	-
Rent supplement	9,887	-
	\$ 32,193	\$ -

HOUSE OF SOPHROSYNE
Notes to Financial Statements
Year Ended March 31, 2025

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants received for the purchase of capital assets. The changes in the deferred capital contributions are as follows:

	<u>2025</u>	<u>2024</u>
Balance - beginning of year	\$ -	\$ -
Grants transferred from operations in the year	206,761	-
Less: amounts amortized to revenue	<u>(5,169)</u>	<u>-</u>
	<u>\$ 201,592</u>	<u>\$ -</u>

9. TRANSFERS BETWEEN FUNDS

The General Fund transfers any surplus or deficit to the Building Reserve Fund from annual operations as approved by the Board.

The General Fund transfers from operations to Investment in Capital Assets Fund to support capital additions.

The Board approved to transfer all net assets left in Rent Subsidy Reserve Fund to Building Reserve Fund and close Rent Subsidy Reserve Fund.

The Board approved to transfer all net assets left in Contingency Reserve Fund to Building Reserve Fund and close Contingency Reserve Fund.

10. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2025.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is not exposed to significant market risk.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant risks arising from any financial instruments.

11. ECONOMIC DEPENDENCE

The organization is substantially dependent on funds received from the Ministry of Health. During the year, 85% (2024 - 81%) of the total revenues were received from the Ministry.

12. COMPARATIVE FIGURES

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

House of Sophrosyne - 2025 FS

Final Audit Report

2025-07-01

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