Grant Thornton

Financial Statements

Aptus Treatment Centre

March 31, 2023

Contents

Independent Auditor's Report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4

T +1 416 366 0100
F +1 905 804 0509

To the Board of Directors of
Aptus Treatment Centre

Opinion

We have audited the financial statements of Aptus Treatment Centre (the "Centre"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenue and expenditures, 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 Centre as at March 31, 2023, 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 ("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 Centre 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 these 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 Centre's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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:

- 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 Centre'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 Centre'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 Centre 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.

Grant Thornton LLP

Mississauga, Canada
July 19, 2023

Chartered Professional Accountants
Licensed Public Accountants

Aptus Treatment Centre
Statement of Financial Position

March 31	**2023**	2022
Assets		
Current		
Cash	**$ 3,127,551**	$ 2,826,848
Government funding and other receivables	**151,034**	159,163
HST rebate receivable	**214,520**	233,901
Prepaid expenses and deposits	**84,487**	94,146
	3,577,592	3,314,058
Property and equipment (Note 3)	**7,396,304**	7,540,664
	$ 10,973,896	$ 10,854,722

Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,635,884**	$ 1,593,208
Mortgages payable (Note 4)	**347,909**	76,201
Bank term loans payable (Note 5)	**652,109**	111,519
Deferred contributions (Note 6)	**1,019,555**	809,278
	3,655,457	2,590,206
Mortgages payable (Note 4)	**121,610**	469,981
Bank term loans payable (Note 5)	**821,180**	1,473,322
Deferred contributions – property and equipment (Note 7)	**666,282**	682,721
	5,264,529	5,216,230
Net assets		
Investment in property and equipment	**4,787,214**	4,726,920
Unrestricted	**922,153**	911,572
	5,709,367	5,638,492
	$ 10,973,896	$ 10,854,722

Commitments (Notes 8 and 9)

On behalf of the Board of Directors

A. Calomeni _______________ Director _______________ Director

See accompanying notes to the financial statements.

Aptus Treatment Centre
Statement of Changes in Net Assets
Year ended March 31

	Investment in property and equipment	Unrestricted	**2023 Total**	2022 Total
Balance, beginning of year	$ 4,726,920	$ 911,572	**$ 5,638,492**	$ 5,398,116
Excess (deficiency) of revenue over expenditures	(203,212)	274,087	**70,875**	240,376
Investment in property and equipment	263,506	(263,506)	**-**	-
Balance, end of year	$ 4,787,214	$ 922,153	**$ 5,709,367**	$ 5,638,492

See accompanying notes to the financial statements.

Aptus Treatment Centre
Statement of Revenue and Expenditures
Year ended March 31

	Rehabilitation program	Fundraising and administration	**2023 Total**	2022 Total
Revenue				
Government funding	$ 16,028,335	$ -	**$ 16,028,335**	$ 15,739,087
Fee for service	1,527,962	-	**1,527,962**	1,315,819
Other grants and sundry	292,158	43,109	**335,267**	592,172
Fundraising events and campaigns	-	261,826	**261,826**	264,270
Donations	-	89,750	**89,750**	191,076
Amortization of deferred contributions – property and equipment (Note 7)	67,379	-	**67,379**	32,556
	17,915,834	394,685	**18,310,519**	18,134,980
Expenditures				
Salaries and benefits	14,238,929	-	**14,238,929**	13,894,146
Office and program supplies	742,935	-	**742,935**	971,305
Rent	703,638	-	**703,638**	560,816
Repairs and maintenance	655,760	-	**655,760**	666,274
Professional services	623,483	-	**623,483**	594,185
Utilities	312,827	-	**312,827**	310,988
Transportation and communication	199,147	-	**199,147**	160,077
Insurance	119,274	-	**119,274**	104,327
Program related expenses	-	107,186	**107,186**	34,588
Interest on long term debt	92,020	-	**92,020**	106,392
Administration	-	61,036	**61,036**	44,264
Team building and promotional supplies	61,458	-	**61,458**	84,025
Golf tournament expenses	-	51,360	**51,360**	31,893
Amortization	270,591	-	**270,591**	331,324
	18,020,062	219,582	**18,239,644**	17,894,604
Excess (deficiency) of revenue over expenditures	$ (104,228)	$ 175,103	**$ 70,875**	$ 240,376

See accompanying notes to the financial statements.

Aptus Treatment Centre
Statement of Cash Flows

Year ended March 31	**2023**	2022
Increase (decrease) in cash		
Operating		
Excess of revenue over expenditures	**$ 70,875**	$ 240,376
Items not affecting cash		
Amortization	**270,591**	331,324
Amortization of deferred contributions – property and equipment	**(67,379)**	(32,556)
	274,087	539,144
Changes in non-cash working capital items		
Government funding and other receivables	**8,129**	290,001
HST rebate receivable	**19,381**	95,869
Prepaid expenses and deposits	**9,659**	25,983
Accounts payable and accrued liabilities	**42,676**	664,946
Deferred contributions	**210,277**	174,435
	564,209	1,790,378
Investing		
Purchase of property and equipment	**(126,231)**	(85,855)
Funding received for property and equipment	**50,940**	31,180
	(75,291)	(54,675)
Financing		
Repayment of mortgages payable	**(76,663)**	(72,406)
Repayment of bank term loans payable	**(111,552)**	(194,744)
Repayment of lien notes payable	**-**	(37,259)
	(188,215)	(304,409)
Increase in cash	**300,703**	1,431,294
Cash, beginning of year	**2,826,848**	1,395,554
Cash, end of year	**$ 3,127,551**	$ 2,826,848

See accompanying notes to the financial statements.

1. Nature of operations

Aptus Treatment Centre (the "Centre") was incorporated under the Ontario Business Corporations Act as a non-profit without share capital and is a charitable organization. Accordingly, it is exempt from the payment of income tax under Section 149(1) of the Income Tax Act, Canada.

The Centre specializes in supporting children, teens and adults who have a developmental disability, including those with a dual diagnosis mental health disorder. It provides school supports, clinical services, community programs and supported homes impacting over 2,700 people of all ages and abilities in the Greater Toronto Area. The rehabilitation programs are primarily funded by the Ministry of Children, Community and Social Services ("MCCSS") and further supported by the Centre's fundraising programs.

The future viability of the Centre is dependent upon continued support from MCCSS. The Centre receives a substantial amount of funding from the MCCSS, pursuant to a Service Contract entered into by both parties.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The more significant accounting policies are outlined below.

Fund accounting

The Centre’s accounts are maintained whereby net assets are classified for accounting and reporting purposes into funds to be used according to the directions determined by the Centre.

Unrestricted net assets
Unrestricted net assets accounts for the assets, liabilities, revenue and expenditures of the Centre related to its general operations and programs. The unrestricted fund includes the activities of the rehabilitation program and fundraising and administration.

Invested in property and equipment
Invested in property and equipment represents the amortized cost of property and equipment less mortgages, bank term loans, lien notes and deferred contributions relating to these assets.

Revenue recognition

The Centre follows the deferral method of accounting for contributions. 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. Externally restricted contributions are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred. Deferred contributions – property and equipment represent the unamortized amount of contributions received for the purchase of property and equipment.

Fee for service and sundry income are recognized as earned.

2. Summary of significant accounting policies (continued)

Contributed materials and services

Contributions of materials are recognized when a fair value can be reasonably estimated and when the materials are used in the normal course of the Centre's operations and would otherwise have been purchased. While the Centre also benefits from volunteer time, the value of this volunteer time has not been reflected in these statements because of the difficulty of determining their fair value.

Property and equipment

Property and equipment purchased are recorded at cost. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Greenhouse and landscaping	5 years	straight-line method
Automobiles	30%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset’s fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenditures. Any impairment recognized is not reversed.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management’s best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of actions. Such estimates include useful lives and impairment of property and equipment, the allowance for doubtful accounts, accrued liabilities, and valuation of donations-in-kind. Estimates are periodically reviewed and any adjustments necessary are reported in the excess (deficiency) of revenue over expenditures in the period in which they become known.

Financial instruments

The Centre considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Centre accounts for cash, government funding and other receivables, accounts payable, mortgages payable, and bank term loans payable as financial instruments.

The Centre initially measures its financial assets and liabilities at fair value, and subsequently at amortized cost.

3. Property and equipment

	2023			2022
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land	$ 3,403,286	$ -	**$ 3,403,286**	$ 3,403,280
Buildings	6,241,987	2,820,372	**3,421,615**	3,564,194
Greenhouse and landscaping	458,343	458,343	**-**	-
Automobiles	720,300	576,977	**143,323**	53,868
Computer equipment	115,918	59,730	**56,188**	66,906
Furniture and fixtures	1,307,708	1,037,387	**270,321**	325,562
Leasehold improvements	1,245,908	1,144,337	**101,571**	126,854
	$ 13,493,450	$ 6,097,146	**$ 7,396,304**	$ 7,540,664

4. Mortgages payable

	2023	2022
Secured by 64 Lorraine Drive with net book value of $443,129 (2022 - $450,666), maturing December 2023, bearing interest at 6.145% per annum, repayable in blended monthly payments of $3,135	**$ 182,585**	$ 207,838
Secured by 379 Brooke Avenue with net book value of $345,544 (2022 - $350,204), maturing December 2025, bearing interest at 6.672% per annum, repayable in blended monthly payments of $3,053	**148,166**	174,999
Secured by 17 Westdale Drive with net book value of $413,102 (2022 - $420,139), maturing November 2023, bearing interest at 5.967% per annum, repayable in blended monthly payments of $2,836	**138,768**	163,345
	469,519	546,182
Less: current portion	**347,909**	76,201
	$ 121,610	$ 469,981

The Ontario Ministry of Housing is contractually obligated to arrange financing for the above-noted properties for a period of 35 years beginning on the commencement date for each property.

4. Mortgages payable (continued)

Principal repayments for the next five years and thereafter on the outstanding mortgages, under the assumption that they will be renewed, are as follows:

2024	$ 236,540
2025	57,470
2026	61,214
2027	65,203
2028	49,092
	$ 469,519

5. Bank term loans payable

	2023	2022
Secured by 111 Anthony Road with net book value of $2,645,426 (2022 - $2,688,986), maturing December 2023, bearing interest at 4.30% per annum, repayable in blended monthly payments of $6,329	**$ 587,161**	$ 636,696
Secured by 60 Disera Court, Suite 307 with net book value of $536,040 (2022 - $555,738), maturing February 2024, bearing interest at 4.31% per annum, repayable in blended monthly repayments of $3,735	**420,956**	447,025
Secured by 22 Cherry Hills Road with net book value of $427,170 (2022 - $438,626), maturing December 2024, bearing interest at 4.17% per annum, repayable in blended monthly payments of $1,709	**120,395**	135,540
Secured by 60 Disera Court, Suite 104, with net book value of $373,140 (2022 - $386,650), maturing April 2026, bearing interest at 2.75% per annum, repayable in blended monthly payments of $1,927	**253,957**	269,785
Secured by 55 Rockview Gardens with net book value of $277,112 (2022 - $284,528), maturing October 2026, bearing interest at 2.75% per annum, repayable in blended monthly payments of $630	**90,820**	95,795
	1,473,289	1,584,841
Less: current portion	**652,109**	111,519
	$ 821,180	$ 1,473,322

5. Bank term loans payable (continued)

Principal repayments for the next five years and thereafter on the bank term loans, under the assumption that they will be renewed, are as follows:

2024	$ 116,643
2025	486,265
2026	96,201
2027	100,034
2028	104,023
Thereafter	570,123
	$ 1,473,289

6. Deferred contributions

	Balance, beginning of year	Received or receivable	Recognized	**Balance, end of year**
Events, projects and programs	$ 768,530	$ 1,987,184	$ (1,770,035)	**$ 985,679**
Housing units	40,748	2,020	(8,892)	**33,876**
	$ 809,278	$ 1,989,204	$ (1,778,927)	**$ 1,019,555**

7. Deferred contributions – property and equipment

	2023	2022
Balance, beginning of year	**$ 682,721**	$ 684,097
Funding received for property and equipment	**50,940**	31,180
Amortization of deferred contributions – property and equipment	**(67,379)**	(32,556)
Balance, end of year	**$ 666,282**	$ 682,721

8. Commitments

The Centre is committed to a lease for its premises at the Flowervale Building as well as in the process of signing a fully negotiated, amended lease agreement for the 40 Samor Road premises. The minimum annual rent under these agreements is as follows:

2024	$ 440,050
2025	403,241
2026	409,851
2027	419,767
2028	76,501
	$ 1,749,410

9. Related party transaction

The Centre is in a ten-year lease agreement for a group home located at 31 Beaton Avenue, Maple, at a nominal amount, which is the exchange amount agreed to by the parties. The landlord of the group home is related to a former director of the Centre's Board of Directors whose term was completed during a prior year. The lease expires May 15, 2029.

10. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre is exposed to credit risk on its government funding and other receivable balance. The Centre's receivable bear minimal credit risk as majority of balances are due from MCCSS.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to liquidity risk in respect to its accounts payable, mortgages payable and bank term loans payable. The Centre has a comprehensive plan in place to meet its obligations as they become due, primarily from cash flow from government funding of various programs.

The Centre also has an operating line of credit available up to a maximum of $350,000, bearing interest at the bank's prime rate plus 0.5% and expires on August 31, 2023. At year end, the amount utilized is $Nil (2022 - $Nil). The line of credit is secured by a general security agreement and first ranking collateral charge/mortgage on property located at 111 Anthony Road, Toronto. The net book value of property secured is disclosed in Note 5.

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 Centre is exposed to interest rate risk with respect to its mortgages payable and bank term loans payable with fixed interest rates.

11. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.