Stella's Place
Financial Statements
December 31, 2022

To the Members of Stella's Place:

Opinion

We have audited the financial statements of Stella's Place (the "Organization"), which comprise the statement of financial position as at December 31, 2022, 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 December 31, 2022, 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.

Other Matter

The financial statement for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on September 21, 2022.

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.

MNP LLP

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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 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.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

January 26, 2024

Licensed Public Accountants

Stella's Place
Statement of Financial Position
As at December 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**871,972**	1,815,489
Short-term investments *(Note 3)*	**2,043,367**	205,478
Accounts receivable *(Note 4)*	**241,358**	293,833
Prepaid expenses	**135,068**	31,286
	3,291,765	2,346,086
Capital assets *(Note 5)*	**12,859,880**	10,324,773
	16,151,645	12,670,859
Liabilities		
Current		
Accounts payable and accrued liabilities	**974,505**	610,194
Deferred contributions *(Note 6)*	**2,264,203**	337,563
Current portion of deferred contributions related to capital assets *(Note 7)*	**229,310**	49,375
	3,468,018	997,132
Deferred contributions related to capital assets *(Note 7)*	**8,911,466**	7,925,442
Loan from related party	**2,000,000**	2,000,000
	14,379,484	10,922,574
Net Assets		
Unrestricted	**53,057**	1,398,330
Invested in capital assets	**1,719,104**	349,955
	1,772,161	1,748,285
	16,151,645	12,670,859

Approved on behalf of the Board

e-Signed by Donna Green
2024-01-30 12:17:37:37 MST
Director

e-Signed by Steve Wilson
2024-01-30 11:50:03:03 MST
Director

The accompanying notes are an integral part of these financial statements

Stella's Place
Statement of Operations
For the year ended December 31, 2022

	2022	*2021*
Revenue		
Contributions - undesignated	**2,069,846**	1,567,951
Contributions - designated *(Note 6)*	**1,048,018**	812,436
Government grants *(Note 9)*	**560,120**	650,600
Deferred contributions related to capital assets recognized *(Note 7)*	**49,375**	49,375
Other	**7,116**	71,709
Government assistance	**-**	409,230
	3,734,475	3,561,301
Program		
Personnel	**1,799,318**	1,924,323
Information technology	**161,150**	102,599
Occupancy	**64,455**	165,287
Other operating	**371,361**	266,243
	2,396,284	2,458,452
Non-program		
Personnel	**575,778**	638,645
Information technology	**25,164**	19,543
Occupancy	**13,628**	14,961
Other operating	**487,288**	138,621
	1,101,858	811,770
Capital campaign	**159,292**	238,061
Amortization	**53,165**	49,375
Total expenses	**3,710,599**	3,557,658
Excess of revenue over expenses	**23,876**	3,643

The accompanying notes are an integral part of these financial statements

Stella's Place
Statement of Changes in Net Assets
For the year ended December 31, 2022

	Unrestricted	*Invested in capital assets*	***2022***	*2021*
Net assets, beginning of year	**1,398,330**	**349,955**	**1,748,285**	1,744,642
Excess of revenue over expenses for the year	**23,876**	**-**	**23,876**	3,643
Contributions related to capital assets received	**1,215,334**	**(1,215,334)**	**-**	-
Contributions recognized as revenue	**(49,375)**	**49,375**	**-**	-
Amortization expense	**53,165**	**(53,165)**	**-**	-
Capital assets purchased	**(2,588,273)**	**2,588,273**	**-**	-
Net assets, end of year	**53,057**	**1,719,104**	**1,772,161**	1,748,285

The accompanying notes are an integral part of these financial statements

Stella's Place
Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**23,876**	3,643
Amortization	**53,165**	-
Deferred capital contributions recognized	**(49,375)**	(49,375)
Loss on investments	**(2,261)**	-
	25,405	(45,732)
Changes in working capital accounts		
Accounts receivable	**52,475**	(121,352)
Prepaid expenses	**(103,782)**	9,961
Accounts payable and accrued liabilities	**364,312**	189,723
Deferred contributions	**1,926,640**	(831,091)
	2,265,050	(798,491)
Financing		
Advances of loan from related party	**-**	2,000,000
Cash contributions received for capital assets	**1,215,334**	1,565,383
	1,215,334	3,565,383
Investing		
Purchase of short-term investments	**(2,030,000)**	(205,478)
Proceeds on disposal of short-term investments	**194,372**	-
Purchase of capital assets	**(2,588,273)**	(2,847,598)
	(4,423,901)	(3,053,076)
Decrease in cash	**(943,517)**	(286,184)
Cash, beginning of year	**1,815,489**	2,101,673
Cash, end of year	**871,972**	1,815,489

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

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.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. 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.

Government assistance is when there is reasonable assurance that it will be received and the conditions have been complied with. Government assistance is recognized as revenue in the period in which expense are incurred for which the assistance is related.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

The Organization receives the contribution of volunteer services throughout the year. Due to the difficulty in valuing these amounts, they are not recognized in the financial statements.

Allocation of expenses

The Organization presents program related expenses that include personnel and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs, such as occupancy and information technology costs.

The Organization allocates occupancy and information technology expenses by identifying the appropriate basis of allocating each programs' share of expense, and applies that basis consistently each year. Expenses related directly to non-program activities are not allocated. The bases of allocated expenses are as follows:

Information technology	Proportionately on the same percentage as the direct salaries and benefits of the programs
Occupancy	Proportionately on the basis of estimate space used

Capital assets

Capital assets are initially recorded at cost. Amortization is provided on a straight line basis over their estimated useful lives as follows:

	Rate
Building	50 years
Computer equipment	3 years
Furniture and fixtures	3 years
BeanBagChat webapp	8 years

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amounts receivable are stated after evaluation as to their collectability and, where appropriate, an allowance for doubtful accounts is recorded. Amortization of capital assets is based on their estimated useful lives.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the year in which they become known.

3. Short-term investments

	2022	*2021*
Measured at cost:		
Term deposits	**2,038,150**	-
Measured at fair value:		
Equities	**5,217**	205,478
	2,043,367	205,478

Term deposits mature between February and November 2023 and bear average interest rate of 3.9%

4. Accounts receivable

	2022	*2021*
Pledges and accounts receivable	**109,628**	24,939
HST recoverable	**131,730**	149,490
Canada Emergency Wage and Rent Subsidy receivable	**-**	119,404
	241,358	293,833

5. Capital assets

	Cost	*Accumulated amortization*	*2022 Net book value*	*2021 Net book value*
Land	**1,496,702**	**-**	**1,496,702**	1,496,702
Building	**4,489,462**	**205,767**	**4,283,695**	4,283,696
Computer equipment	**11,369**	**3,790**	**7,579**	-
Furniture and fixtures	**6,766**	**-**	**6,766**	6,766
Construction in progress	**6,921,128**	**-**	**6,921,128**	4,344,224
	12,925,427	**209,557**	**12,715,870**	10,131,388
BeanBagChat webapp	**395,000**	**250,990**	**144,010**	193,385
	13,320,427	**460,547**	**12,859,880**	10,324,773

During the year, interest expense of $60,000 (2021 - $21,963) was included in construction in progress (Note 8).

The Organization substantially completed renovating the building at the end of December 2022. No amortization was recognized in respect of the building and the construction in progress during the year. Use of the building and amortization commenced in January 2023.

In 2020, the building was used prior to the renovations and amortization expense was recorded during the period of use.

6. Deferred contributions

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

	2022	*2021*
Balance, beginning of year	**337,563**	1,168,651
Restricted contributions received	**2,926,766**	631,948
Amount recognized as revenue during the year	**(1,000,126)**	(1,463,036)
Balance, end of year	**2,264,203**	337,563

7. Deferred contributions related to capital assets

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:

	2022	*2021*
Balance, beginning of year	**7,974,817**	6,458,809
Contributions received for purchase of capital assets	**1,215,334**	1,565,383
Amounts recognized as revenue during the year	**(49,375)**	(49,375)
	9,140,776	7,974,817
Less: current portion	**229,310**	49,375
Balance, end of year	**8,911,466**	7,925,442

8. Related party transactions

Due to their responsibility for planning, directing and controlling the activities of the Organization, senior management, directors and organizations over which they can exercise significant influence are considered related parties. Included in revenue and deferred revenue for the current year are contributions of $766,255 from charitable organizations deemed to be related. These monetary transactions were recorded at their fair value at the time of the contribution.

In 2021, the Organization entered into a promissory note agreement with a foundation affiliated with a director of the Board. The maximum credit available under the promissory note is $2,700,000 and the outstanding balance bears interest calculated on a simple basis at a rate per annum equal to 3.0% (the "Note"). During 2022, the Organization incurred $60,000 (2021 - $21,963) of interest. Accrued interest included in accounts payable and accrued liabilities at year end is $81,863 (2021 - ($21,963). The principal and interest payments can be made at anytime. Following June 2024, the lender may choose to secure the Note by a first-ranking mortgage against the real estate property to which it relates. Commencing December 31, 2026, the note becomes payable on demand.

9. Government Grants

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

	2022	*2021*
City of Toronto	**554,954**	504,696
Ontario Ministry of Economic Development, Job creation and trade	**-**	123,360
Government of Canada	**5,166**	22,544
	560,120	650,600

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the Organization’s financial instruments best represents the maximum exposure to credit risk.

The Organization manages its credit risk by assessing the collectability of receivable amounts and providing allowances for potentially uncollectable accounts receivable as appropriate. Credit risk in respect of investments are managed by primarily investing in the guaranteed investment certificate term deposits of a major Canadian financial institution.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associate with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization manages interest rate risk by investing in fixed rate term deposits, with the intention to hold to maturity and borrowing through a fixed rate promissory note. Cash flow risk will arise as the financial instruments periodically reprice.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were prepared by another accountant.