

**RESIDENTS IN RECOVERY SOCIETY**  
**Financial Statements**  
**Year Ended April 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Residents in Recovery Society

### *Opinion*

We have audited the financial statements of Residents in Recovery Society (the Society), which comprise the statement of financial position as at April 30, 2021, and the statements of revenues 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 Society as at April 30, 2021, 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 Society 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.

### *Other Matter*

The financial statements for the year ended April 30, 2020 are unaudited.

### *Emphasis of Matter - Comparative Information*

We draw attention to Note 1 to the financial statements which describes that Residents in Recovery Society adopted ASNPO on May 1, 2020 with a transition date of May 1, 2019. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2020 and May 1, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended April 30, 2020 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

### *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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Residents in Recovery Society *(continued)*

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
June 13, 2022



**RESIDENTS IN RECOVERY SOCIETY**

**Statement of Financial Position**

**As at April 30, 2021**

	April 30 2021	April 30 2020 <i>(Unaudited)</i>	May 1 2019 <i>(Unaudited)</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 74,830	\$ -	\$ 1,994
Accounts receivable <i>(Note 4)</i>	40,467	11,771	5,030
Inventory <i>(Note 5)</i>	6,937	-	-
Goods and services tax recoverable	6,175	2,473	1,725
Prepaid expenses	3,137	-	-
Damage deposits	8,468	6,268	5,768
	<u>140,014</u>	<u>20,512</u>	<u>14,517</u>
PROPERTY AND EQUIPMENT <i>(Note 6)</i>	<u>16,749</u>	<u>8,686</u>	<u>9,772</u>
	<u>\$ 156,763</u>	<u>\$ 29,198</u>	<u>\$ 24,289</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Bank indebtedness	\$ -	\$ 5,828	\$ -
Accounts payable and accrued liabilities <i>(Note 7)</i>	27,392	12,756	7,311
Prepaid fees	3,171	-	-
Deposits received	7,600	-	-
	<u>38,163</u>	<u>18,584</u>	<u>7,311</u>
LONG TERM DEBT <i>(Note 8)</i>	<u>66,820</u>	<u>-</u>	<u>1,600</u>
	<u>104,983</u>	<u>18,584</u>	<u>8,911</u>
<b>NET ASSETS</b>			
Invested in capital assets	16,749	8,686	9,772
Operating fund	35,031	1,928	5,606
	<u>51,780</u>	<u>10,614</u>	<u>15,378</u>
	<u>\$ 156,763</u>	<u>\$ 29,198</u>	<u>\$ 24,289</u>

ON BEHALF OF THE BOARD

 Director  
 Director

The accompanying notes are an integral part of these financial statements.

**RESIDENTS IN RECOVERY SOCIETY**  
**Statement of Revenues and Expenditures**  
**For The Year Ended April 30, 2021**

	2021	2020 <i>(Unaudited)</i>
<b>REVENUE</b>		
Subsidies and grants	\$ 135,692	\$ 46,355
Donations	59,659	75,888
Fundraising revenue	19,915	28,601
Membership fees	2,710	280
Rental income	1,826	6,260
	<u>219,802</u>	<u>157,384</u>
<b>EXPENSES</b>		
Salaries and wages	240,352	99,720
Rent	23,858	23,131
Bad debts	28,655	-
Travel and training	14,293	4,397
Office	14,021	4,246
Repairs and maintenance	11,318	504
Insurance	10,967	7,524
Professional fees	8,000	227
Program expense	7,163	567
Fundraising expense	7,035	2,439
Donation expense	6,489	2,873
Amortization	5,937	1,086
Telephone	3,528	1,841
Business taxes, licenses and memberships	1,344	536
Advertising and promotion	804	994
Clinical fees	702	1,400
Interest and bank charges	361	1,079
Property taxes	-	11,848
	<u>384,827</u>	<u>164,412</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>(165,025)</u>	<u>(7,028)</u>
<b>OTHER INCOME</b>		
Government subsidies - COVID 19 <i>(Note 9)</i>	197,761	-
Schedule of House Rental <i>(Schedule 1)</i>	20,066	2,263
Schedule Shed, Shacks & More (SSM) <i>(Schedule 2)</i>	(11,636)	-
	<u>206,191</u>	<u>2,263</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 41,166</u>	<u>\$ (4,765)</u>

The accompanying notes are an integral part of these financial statements.

**RESIDENTS IN RECOVERY SOCIETY**  
**Statement of Changes in Net Assets**  
**For The Year Ended April 30, 2021**

	Invested in Capital assets	Operating Fund	2021	2020 <i>(Unaudited)</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 8,686	\$ 1,928	\$ <b>10,614</b>	\$ 15,379
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	41,166	<b>41,166</b>	(4,765)
Purchase of capital assets	14,000	(14,000)	-	-
Amortization	(5,937)	5,937	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 16,749</b>	<b>\$ 35,031</b>	<b>\$ 51,780</b>	<b>\$ 10,614</b>

The accompanying notes are an integral part of these financial statements.

**RESIDENTS IN RECOVERY SOCIETY**  
**Statement of Cash Flows**  
**For The Year Ended April 30, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 41,166	\$ (4,765)
Item not affecting cash:		
Amortization	5,937	1,086
	<u>47,103</u>	<u>(3,679)</u>
Changes in non-cash working capital:		
Accounts receivable	(28,696)	(6,741)
Inventory	(6,937)	-
Prepaid expenses	(3,137)	-
Goods and services tax payable	(3,702)	(748)
Damage deposits	(2,200)	(500)
Accounts payable and accrued liabilities	14,636	5,446
Deposits received	7,600	-
Prepaid fees	3,171	-
	<u>(19,265)</u>	<u>(2,543)</u>
	<u>27,838</u>	<u>(6,222)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	(14,000)	-
<b>FINANCING ACTIVITIES</b>		
Proceeds from CEBA program	60,000	-
Loans (repayment) of debt	6,820	(1,600)
	<u>66,820</u>	<u>(1,600)</u>
Cash flow from (used by) financing activities	<u>66,820</u>	<u>(1,600)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>80,658</b>	<b>(7,822)</b>
Cash (deficiency) - beginning of year	<u>(5,828)</u>	1,994
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<b>\$ 74,830</b>	<b>\$ (5,828)</b>

The accompanying notes are an integral part of these financial statements.

# RESIDENTS IN RECOVERY SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2021

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### 1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at May 1, 2019 or revenues and expenditures or cash flows for the year ended April 30, 2020 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

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### 2. PURPOSE OF THE SOCIETY

The purpose of Residents in Recovery Society (the "Society") is to provide services to those marginalized by mental health and addiction issues, by providing judgement-free access to safe, supportive, and therapeutic recovery environment. The Society is a not-for-profit organization and is therefore exempt from tax under paragraph 149(1)(l) of the Income Tax Act. No income tax provisions have been made in these financial statements for this reason.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Cash and cash equivalents

Cash and cash equivalents consists of cash held in banks.

#### Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Leasehold improvements	30% declining balance method
Automotive	30% declining balance method

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### Revenue recognition

The Society 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.

#### Contributed services

The mission of the Society is dependent upon and thankful for the many hours contributed by its members. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

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# RESIDENTS IN RECOVERY SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2021

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Financial instruments policy

##### *Measurement*

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include accounts receivable, inventory, prepaid expenses.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable, deposits received and prepaid fees.

The Society has no financial assets measured at fair value.

The Society measures an asset exchanged or transferred in a non-monetary transaction at the more reliably measurable of the fair value of the asset given up and the fair value of the asset or service received.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

#### Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### 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.

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## RESIDENTS IN RECOVERY SOCIETY

### Notes to Financial Statements

Year Ended April 30, 2021

#### 4. ACCOUNTS RECEIVABLE

	2021	2020 <i>(Unaudited)</i>
Accounts Receivable	\$ 44,644	\$ 11,771
Allowance for Doubtful Accounts	<u>(27,254)</u>	<u>-</u>
	17,390	11,771
Grant receivables	<u>23,078</u>	<u>-</u>
	<u>\$ 40,468</u>	<u>\$ 11,771</u>

Current year bad debt expense amounted to \$27,254 (2020 - \$NIL).

#### 5. INVENTORY

	2021	2020 <i>(Unaudited)</i>
Shed and Shacks	\$ 3,390	\$ -
Clothing	2,505	-
Group literature	<u>1,042</u>	<u>-</u>
	<u>\$ 6,937</u>	<u>\$ -</u>

#### 6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value <i>(Unaudited)</i>
Automotive	\$ 14,000	\$ 4,200	\$ 9,800	\$ -
Leasehold improvements	10,858	3,909	<u>6,949</u>	8,686
	<u>\$ 24,858</u>	<u>\$ 8,109</u>	<u>\$ 16,749</u>	<u>\$ 8,686</u>

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accrued liabilities	\$ 8,000	\$ -
Accounts payable	6,773	10,051
Vacation payable	6,341	2,705
Government remittances	<u>6,278</u>	<u>-</u>
	<u>\$ 27,392</u>	<u>\$ 12,756</u>

# RESIDENTS IN RECOVERY SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2021

### 8. LONG TERM DEBT

	2021	2020 <i>(Unaudited)</i>
Canada Emergency Business Account (CEBA) Loan	\$ 60,000	\$ -
Loans from non-arms length individuals	6,820	-
	<u>\$ 66,820</u>	<u>\$ -</u>

The Society has received the Canadian Emergency Benefit Account (CEBA) term loan totalling \$60,000. Prior to December 31, 2022, the interest rate payable on the Credit Facility outstanding principal amount shall be 0% per annum, and commencing January 1, 2023 the interest payable on the Credit Facility outstanding payable amount shall be 5% per annum. Should 75% of the original balance be paid in full before December 31, 2022, 25% (\$20,000) of the original loan will be forgiven, and the term loan shall be considered repaid and thus cancelled. In the 2021 fiscal year, the \$20,000 loan forgiveness amount has not been recognized as revenue.

The Society has received non-interest bearing loans from non-arms length individuals. The amount has no repayment terms.

### 9. GOVERNMENT SUBSIDIES - COVID - 19

	2021	2020
AHS COVID-19	\$ 96,495	\$ -
Gov't of Canada - WAGE SUBSIDY	88,070	-
Gov't of Canada - RENT SUBSIDY	8,196	-
AB Government COVID-19	5,000	-
	<u>\$ 197,761</u>	<u>\$ -</u>

### 10. FINANCIAL INSTRUMENTS

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of entering into transactions to purchase goods and services on credit.

The Society addresses liquidity risk resulting from its accounts payable through the preparation and monitoring of budgets and holding assets that can be readily converted into cash. In addition, the Society also monitors future net cash flows to prevent the possibility of negative cash flow.

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## RESIDENTS IN RECOVERY SOCIETY

### Notes to Financial Statements

Year Ended April 30, 2021

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#### 10. FINANCIAL INSTRUMENTS *(continued)*

The Society's financial instruments consist of cash, inventory, receivables, prepaid expenses, damage deposits, payables, deposits received, and prepaid fees. It is the Board's opinion that the Society is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values and therefore they are recorded at cost.

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#### 11. COMPARATIVE FIGURES

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

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**RESIDENTS IN RECOVERY SOCIETY**  
**Schedule of House Rental**  
**For The Year Ended April 30, 2021**

*(Schedule 1)*

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
House Rental	\$ 125,514	\$ 82,448
<b>EXPENSES</b>		
House rent	53,500	45,500
Utilities	40,500	32,412
Repairs and maintenance	11,448	2,273
	<u>105,448</u>	<u>80,185</u>
<b>INCOME FROM OPERATIONS</b>	<u>\$ 20,066</u>	<u>\$ 2,263</u>

The accompanying notes are an integral part of these financial statements.

**RESIDENTS IN RECOVERY SOCIETY**  
**Schedule Shed, Shacks & More (SSM)**  
**For The Year Ended April 30, 2021**

**(Schedule 2)**

	2021	2020
<b>REVENUES</b>		
SSM sales revenue	\$ 12,961	\$ -
<b>EXPENSES</b>		
Warehouse rent	13,053	-
Purchases	7,092	-
Utilities	3,548	-
Insurance	458	-
Office	263	-
Telephone	145	-
SSM - purchases	38	-
	<u>24,597</u>	<u>-</u>
<b>LOSS FROM OPERATIONS</b>	<b>\$ (11,636)</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.