
**SHEENA'S PLACE
(INCORPORATED AS THE HOSPICE
FOR EATING DISORDERS OF
TORONTO)**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto)

Opinion

We have audited the financial statements of Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto) (the organization), which comprise the statement of financial position as at December 31, 2021, 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 Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto) as at December 31, 2021 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.

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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

March 29, 2022
Toronto, Ontario

SHEENA'S PLACE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash	\$ 192,103	\$ 90,410
Accounts receivable	7,088	6,917
HST rebate recoverable	13,614	6,684
Prepaid expenses	<u>1,861</u>	<u>1,239</u>
	<u>214,666</u>	<u>105,250</u>
Capital assets (Note 3)	437,676	474,883
Long-term investments (Note 4)	<u>8,928,629</u>	<u>5,642,414</u>
	<u>9,366,305</u>	<u>6,117,297</u>
	<u>\$ 9,580,971</u>	<u>\$ 6,222,547</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 39,639	\$ 32,611
Deferred contributions (Note 5)	<u>42,926</u>	<u>40,262</u>
	<u>82,565</u>	<u>72,873</u>
Deferred capital contributions (Note 6)	<u>108,528</u>	<u>123,043</u>
	<u>191,093</u>	<u>195,916</u>
Net assets		
Externally restricted endowments (Note 7)	2,684,285	2,661,783
Internally restricted endowments (Note 7)	5,744,004	2,752,717
Unrestricted	<u>961,589</u>	<u>612,131</u>
	<u>9,389,878</u>	<u>6,026,631</u>
	<u>\$ 9,580,971</u>	<u>\$ 6,222,547</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

SHEENA'S PLACE**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2021**

				2021	2020
	Externally Restricted Endowments	Internally Restricted Endowments	Unrestricted	Total	Total
Net assets, beginning of year	\$2,661,783	\$2,752,717	\$ 612,131	\$6,026,631	\$3,928,913
Excess revenue over expenses for the year	-	-	3,340,745	3,340,745	2,117,110
Preservation of capital (Note 7)	22,502	-	-	22,502	(19,392)
Interfund transfer (Note 7)	<u>-</u>	<u>2,991,287</u>	<u>(2,991,287)</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$2,684,285</u>	<u>\$5,744,004</u>	<u>\$ 961,589</u>	<u>\$ 9,389,878</u>	<u>\$ 6,026,631</u>

see accompanying notes

SHEENA'S PLACE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Donations and fundraising (Note 8)	\$ 3,814,483	\$ 2,627,748
Investment income (Note 9)	489,370	141,226
Canada Emergency Wage Subsidy	28,454	70,592
Special events	26,996	67,958
Capital contributions recognized (Note 6)	14,515	14,515
Other	<u>3,396</u>	<u>2,390</u>
	<u>4,377,214</u>	<u>2,924,429</u>
EXPENSES		
Personnel	550,548	487,296
Program	353,508	179,775
Occupancy and maintenance	31,901	31,390
Fundraising	26,877	7,561
Administration	26,654	57,089
Event	6,595	5,217
Amortization of capital assets	<u>40,386</u>	<u>38,991</u>
	<u>1,036,469</u>	<u>807,319</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u><u>\$ 3,340,745</u></u>	<u><u>\$ 2,117,110</u></u>

see accompanying notes

SHEENA'S PLACE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 3,340,745	\$ 2,117,110
Add back non-cash items -		
Amortization of capital assets	40,386	38,991
Capital contributions recognized	(14,515)	(14,515)
Change in unrealized losses (gains) on long-term investments	(216,385)	323,973
Net change in non-cash working capital items (see below)	<u>1,969</u>	<u>22,676</u>
Net cash generated from operating activities	<u>3,152,200</u>	<u>2,488,235</u>
INVESTING ACTIVITIES		
Purchase of long-term investments, net of sales	(3,069,830)	(2,482,065)
Preservation of capital on externally restricted endowments	22,502	(19,392)
Capital assets purchased	<u>(3,179)</u>	<u>(7,341)</u>
Net cash used for investing activities	<u>(3,050,507)</u>	<u>(2,508,798)</u>
FINANCING ACTIVITIES		
Mortgage principal repayments made	<u>-</u>	<u>(22,029)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	101,693	(42,592)
Cash, beginning of year	<u>90,410</u>	<u>133,002</u>
CASH, END OF YEAR	<u>\$ 192,103</u>	<u>\$ 90,410</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ (171)	\$ 6,405
HST rebate recoverable	(6,930)	9,805
Prepaid expenses	(622)	864
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	7,028	9,886
Deferred contributions	<u>2,664</u>	<u>(4,284)</u>
	<u>\$ 1,969</u>	<u>\$ 22,676</u>

see accompanying notes

SHEENA'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Sheena's Place (incorporated as the Hospice for Eating Disorders of Toronto) (the "organization") is incorporated without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The purposes of the organization are as follows:

- i) to establish, maintain and operate a non-residential, community based centre that provides support programs and services for people living with eating disorders, their families, caregivers and community service providers; and
- ii) to develop and promote education and community understanding regarding eating disorders.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions, which includes donations and grants. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except for endowments, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expense are incurred. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.
- ii) Donated materials and services which are purchased on behalf of the organization are not recorded in the accounts.
- iii) Special events revenue, which includes sponsorships, is recognized when the event takes place.
- iv) Investment income, which consists of interest, dividends, realized and unrealized gains and losses, is recorded in the statement of operations, except to the extent that it is earned on externally restricted endowments. In years where investment income earned on externally restricted endowments is in excess of the amount made available for spending, the excess is recorded as a direct increase in externally restricted endowment net assets. In years where investment income earned on externally restricted endowments is below the amount made available for spending, the shortfall is recorded as a direct decrease in externally restricted endowment net assets.
- v) Canada Emergency Wage Subsidy revenue is recognized in the period to which it relates.

SHEENA'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital asset purchases are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives using the straight-line method as follows:

Building and building improvements	- 10 - 40 years
Healing garden	- 20 years
Computer equipment	- 5 years
Furniture, fixtures and equipment	- 5 years

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization records financial instruments, which include cash, accounts receivable, long-term investments, accounts payable and accrued liabilities, and mortgage payable, initially at fair value. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at amortized cost and net of any provisions for impairment in value.

The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization buys and sells investments denominated in foreign currencies, and is therefore exposed to foreign currency risk as the fair value and future cash flows will fluctuate due to changes in the relative value of foreign currencies against the Canadian dollar.
- ii) The organization holds fixed-income investments which may be subject to unfavourable market interest rate fluctuations.
- iii) The organization is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities.

3. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2021 Net	2020 Net
Building	\$ 420,526	\$ (268,960)	\$ 151,566	\$ 162,079
Building improvements	336,116	(103,567)	232,549	242,088
Healing garden	150,012	(114,336)	35,676	43,177
Computer equipment	31,316	(16,573)	14,743	20,612
Furniture, fixtures and equipment	<u>18,930</u>	<u>(15,788)</u>	<u>3,142</u>	<u>6,927</u>
	<u>\$ 956,900</u>	<u>\$ (519,224)</u>	<u>\$ 437,676</u>	<u>\$ 474,883</u>

SHEENA'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. LONG-TERM INVESTMENTS

Long-term investments comprise the following:

	2021	2020
International equities	\$ 2,088,489	\$ 1,327,443
Canadian bonds	1,786,423	1,596,196
Canadian equities	1,574,090	997,496
Cash and cash equivalents	1,052,852	1,019,824
Other	<u>2,426,775</u>	<u>701,455</u>
	<u>\$ 8,928,629</u>	<u>\$ 5,642,414</u>

Long-term investments are held for endowment purposes and to fund long-term commitments.

Other long-term investments include investments in a real estate fund, private alternative investments and impact investments.

5. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2021	2020
RBC Foundation	\$ 22,654	\$ 17,931
Healing garden maintenance	<u>20,272</u>	<u>22,331</u>
	<u>\$ 42,926</u>	<u>\$ 40,262</u>

Continuity of deferred contributions for the year is as follows:

	2021	2020
Deferred contributions, beginning of year	\$ 40,262	\$ 44,547
Restricted contributions received	94,821	86,879
Less restricted contributions recognized as revenue	<u>(92,157)</u>	<u>(91,164)</u>
Deferred contributions, end of year	<u>\$ 42,926</u>	<u>\$ 40,262</u>

SHEENA'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are for the following:

	2021	2020
Building improvements	\$ 72,241	\$ 76,806
Healing garden	35,672	43,173
Furniture, fixtures and equipment	<u>616</u>	<u>3,065</u>
	<u>\$ 108,529</u>	<u>\$ 123,044</u>

Continuity of deferred capital contributions for the year is as follows:

	2021	2020
Deferred capital contributions, beginning of year	\$ 123,043	\$ 137,558
Less capital contributions recognized as revenue	<u>(14,515)</u>	<u>(14,515)</u>
Deferred capital contributions, end of year	<u>\$ 108,528</u>	<u>\$ 123,043</u>

7. ENDOWMENT NET ASSETS

Endowment net assets include internally restricted and externally restricted endowed net assets. Externally restricted endowments are amounts that must be maintained on a permanent basis as required by the donor. Internally restricted endowments are amounts designated by the Board of Directors to be used for endowment purposes. These funds provide a dependable and sustainable source of income to support the organization's mandate.

The organization established a preservation of capital policy with the objective of protecting the real value of externally restricted endowments by limiting the amount of income made available for spending. The amount made available for spending recognized in the statement of operations is limited to the dividend and interest income earned on externally restricted endowments. The amount not made available for spending is recognized as a direct increase (decrease) to externally restricted endowments and is reinvested for future years. All investment income earned on internally restricted endowments is recognized in the statement of operations.

	2021	2020
Externally restricted endowments		
Investment income earned on externally restricted endowments, net of management fees	\$ 176,280	\$ 88,688
Amount made available for spending	<u>(153,778)</u>	<u>(108,080)</u>
Preservation of capital recognized as a direct increase(decrease) to externally restricted endowments	<u>\$ 22,502</u>	<u>\$ (19,392)</u>

During the year, the Board of Directors approved a transfer of \$2,991,287 from unrestricted net assets to internally restricted endowments (2020 - \$2,038,944).

SHEENA'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. DONATIONS AND FUNDRAISING

Donations and fundraising revenue was from the following sources:

	2021	2020
Individuals	\$ 3,265,478	\$ 2,321,782
Foundations	485,798	169,716
Corporations	<u>63,207</u>	<u>136,250</u>
	<u>\$ 3,814,483</u>	<u>\$ 2,627,748</u>

9. INVESTMENT INCOME

a) Total investment income is calculated as follows:

	2021	2020
Realized gains (losses)	\$ (53,607)	\$ 334,435
Interest and dividends	426,361	142,182
Change in unrealized gains	<u>216,385</u>	<u>(323,973)</u>
	589,139	152,644
Less: Management fees	<u>(77,267)</u>	<u>(30,810)</u>
	<u>\$ 511,872</u>	<u>\$ 121,834</u>

b) Total investment income recorded in the statement of operations is calculated as follows:

	2021	2020
Total investment income	\$ 511,872	\$ 121,834
Preservation of capital of externally restricted endowments (Note 7)	<u>(22,502)</u>	<u>19,392</u>
	<u>\$ 489,370</u>	<u>\$ 141,226</u>

c) Sources of investment income (loss), net of investment management fees, as recorded in the statement of operations is as follows:

	2021	2020
Operating	\$ 17,508	\$ (1,953)
Internally restricted endowments	318,084	35,099
Externally restricted endowments (Note 7)	<u>153,778</u>	<u>108,080</u>
	<u>\$ 489,370</u>	<u>\$ 141,226</u>
