Room 217 Foundation

Financial Statements

For the year ended February 28, 2025

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Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Room 217 Foundation

Opinion

We have audited the financial statements of Room 217 Foundation (the "Foundation"), which comprise the statement of financial position as at February 28, 2025, and the statements of operations, changes in net assets and statement of 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 Foundation as at February 28, 2025, and its results of 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 Foundation 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 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT, continued

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 Foundation'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 Foundation'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 Foundation 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.

Reilly Back, LLP

Reilly Back LLP
Chartered Professional Accountants
Licensed Public Accountants
Uxbridge, Ontario
June 19, 2025

Room 217 Foundation
Statement of Financial Position
As at February 28, 2025

	February 28 2025	February 29 2024
Assets		
Current assets		
Cash	$ 456	$ 2,851
Short term investments (Note 3)	713,236	610,381
Accounts receivable	3,950	5,707
HST receivable	18,462	17,733
Inventory	28,773	27,575
Prepaid expenses	281	6,976
	765,158	671,223
Property and equipment (Note 4)	5,835	3,867
Website and application development costs (Note 5)	109,976	116,469
	115,811	120,336
	$ 880,969	$ 791,559
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 27,443	$ 29,303
Due to related party (Note 6)	-	15,244
	27,443	44,547
Net Assets		
Internally restricted reserve - Legacy Fund	669,064	612,273
Unrestricted	184,462	134,739
	853,526	747,012
	$ 880,969	$ 791,559

Approved on behalf of the Board

Director, ____________________ Director, ____________________

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

Room 217 Foundation
Statement of Operations
For the year ended February 28, 2025

	2025	2024
Revenue		
Unrestricted contributions	$ 424,968	$ 360,148
Grant and Foundation contributions	166,000	116,000
Education programs and therapeutic resources	89,325	197,405
Internally restricted contributions	66,130	50,000
Event income	-	30,024
Investment income	32,267	38,892
	778,690	792,469
Expenses		
Administration and operations	56,928	61,796
Amortization	73,942	71,914
Communications	3,347	3,347
Contracted specialty services and staffing	403,882	432,472
Marketing	78,804	50,370
Office and general	16,978	9,500
Postage and courier	819	1,863
Professional fees	30,205	25,665
Program expenses	52,746	51,446
	717,651	708,373
Excess of revenue over expenses before the undernoted items	61,039	84,096
Other income		
Unrealized gain on investments	45,475	13,064
Excess of revenue over expenses	$ 106,514	$ 97,160

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

Room 217 Foundation
Statement of Changes In Net Assets
For the year ended February 28, 2025

	Legacy Fund	Unrestricted	February 28 2025 Total	February 29 2024 Total
Balance, beginning of year	$ 612,273	$ 134,739	$ 747,012	$ 649,852
Excess of revenue over expenses	82,267	24,247	106,514	97,160
Interfund transfer	(25,476)	25,476	-	-
Balance, ending of year	$ 669,064	$ 184,462	$ 853,526	$ 747,012

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

Room 217 Foundation
Statement of Cash Flows
For the year ended February 28, 2025

	2025	2024
Operating activities		
Excess (deficiency) of revenue over expenses	$ 106,514	$ 97,160
Adjustments for		
Amortization	73,942	71,914
Unrealized gain on investments	(45,475)	(13,064)
Gain on sale of short term investments	(3,403)	(1,958)
	131,578	154,052
Change in non-cash working capital items		
Accounts receivable	1,757	(702)
Pledges receivable	-	49,339
HST receivable	(729)	(9,442)
Inventory	(1,198)	191
Prepaid expenses	6,694	5,865
Accounts payable and accrued liabilities	(1,856)	(3,105)
Deferred revenue	-	12,181
Due to related party	(15,244)	15,244
	121,002	223,623
Investing activities		
Short-term investments	(71,179)	(154,697)
Property and equipment	(3,046)	(2,950)
Website and application development costs	(49,172)	(62,023)
	(123,397)	(219,670)
Increase (decrease) in cash	(2,395)	3,953
Cash (bank indebtedness), beginning of year	2,851	(1,102)
Cash, end of year	$ 456	$ 2,851

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

1. Nature of operations

Room 217 Foundation ("the Foundation") was incorporated without share capital under Part II of the Canada Corporations Act on June 4, 2008. In October 2013, the Foundation obtained a Certificate of Continuance issued under the Canada Not-for-profit Corporations Act. The object of the Foundation is to benefit the community by promoting health through the production, distribution, and use of therapeutic music as a means to relieve and palliate sickness, and providing education and training to caregivers, family members and volunteers caring for the sick.

The Foundation is a registered charity, and, as such, is exempt from income tax and may issue income tax receipts to donors.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The Foundation 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 collected is reasonably assured.

Revenue from therapeutic resources is recognized upon shipment to customers and when collection is reasonably assured.

Investment revenue is recognized when received or receivable if the amount to be received can be reasonably estimated. Investment income includes dividends and interest income as well as realized and unrealized investment gains and losses. Unrealized gains and losses are included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

(b) Short-term investments

Short-term investments are recorded at fair market value.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

2. Significant accounting policies, continued

(d) Property and equipment

Property and equipment are recorded at cost. The Foundation provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer Equipment	Declining balance	30%
Furniture and fixtures	Declining balance	20%

(e) Website and application development costs

Website and application development costs are recorded at cost. The Foundation provides for amortization using the straight-line method at rates over the estimated useful life of these costs. These costs are amortized over a five year period.

(f) Internally restricted reserve

The Foundation has an internally restricted reserve which represent cash set aside by the Board and requires Board approval regarding the use of funds. During the fiscal year, the Board approved the transfer of $25,476 (2024 - $26,989) back to unrestricted funds.

The Legacy Fund was established to set aside funds to invest in the growth and future development of the Foundation.

(g) Contributed services

Volunteers contribute a significant amount of their time to assist in the Foundation's activities. While these service benefit the Foundation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(h) Financial instruments

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Foundation subsequently measures its financial assets and financial liabilities at cost or amortized cost, except equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, inventory, accounts payable and accrued liabilities and deferred revenue. Financial assets measured at fair value include short term investments.

2. Significant accounting policies, continued

(h) Financial instruments, continued

(ii) Impairment

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indicators of possible impairment. When there is an indicator of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 income.

(i) Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and judgments used in the preparation of these financial statements include, but are not limited to amortization rates and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

(j) Government assistance

The Foundation receives government assistance based on certain eligibility criteria for project support. Government assistance relating to eligible expenditures is accounted as grant income during the year in which the assistance is received, provided all required criteria have been met.

3. Short-term investments

	2025		2024	
	Market value	Cost	Market value	Cost
Cash held in broker account	$ 7,208	$ 7,208	$ 26,645	$ 26,429
Fixed income securities	319,128	289,288	251,532	235,624
Equities and equity funds	386,890	324,603	332,204	298,137
	$ 713,226	$ 621,099	$ 610,381	$ 560,190

4. Property and equipment

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Equipment	$ 15,948	$ 11,024	$ 4,924	$ 2,728
Furniture and fixtures	5,812	4,901	911	1,139
	$ 21,760	$ 15,925	$ 5,835	$ 3,867

5. Website and application development costs

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Website and application development costs	$ 278,321	$ 168,345	$ 109,976	$ 116,469

6. Due to related party

The amount due to related party, a Director of the Foundation, is non-interest bearing and is unsecured with no specific terms of repayment at the end of fiscal 2025 the balance was nil (2024 - $15,244.)

7. Financial instruments

(a) Liquidity risk

Liquidity risk is the risk that the Foundation encounters difficulty meeting its obligations associated with the financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the accounts payable and accrued liabilities and amounts due to related party. The Foundation continues to focus on maintaining adequate liquidity to meet operating working capital requirements.

There have not been any changes in the risk from the prior year.

(b) 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 Foundation is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligation; if there is a concentration of transactions carried out with the same counterparty or financial obligation which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Foundation is exposed to credit risk arising from its accounts receivable.

There have not been any changes in the risk from the prior year.

(c) Market risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.