

Community Living North Perth

Financial Statements
Year Ended March 31, 2022

- audited -

Community Living North Perth

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Living North Perth:

Qualified Opinion

We have audited the financial statements of Community Living North Perth, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in fund balances and statement of cash flows as at March 31, 2022 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Community Living North Perth as at March 31, 2022, and its results of its operations and its cash flows for the year then ended March 31, 2022 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Community Living North Perth derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Community Living North Perth and we were not able to determine whether any adjustments might have been found necessary with respect to donations, the excess of revenues over expenses, cash flows from operating activities for the years ended March 31, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and fund balances as at April 1 and March 31 for both the 2022 and 2021 year ends. As described in Note 2 to the financial statements, Community Living North Perth does not follow Canadian accounting standards for not-for-profit organizations with respect to the recording of capital assets. The total assets expensed in the year were \$45,565 (2021 - \$23,069) that should have been capitalized. Due to the effects of this departure from Canadian accounting standards for not-for-profit organizations we were not able to determine whether any adjustments might be necessary for recorded capital assets prior to fiscal 2021. As such, the financial effect of this departure from Canadian accounting standards for not-for-profits could not be quantified. Our conclusion on the financial statements as at and for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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 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

Independent Auditor's Report continued on next page...

Independent Auditor's Report continued...

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.

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.

Ward & Uptigrove

Listowel, Ontario

June 20, 2022

Ward & Uptigrove
Chartered Professional Accountants
Licensed Public Accountants



Community Living North Perth

Statement of Financial Position

year ended March 31, 2022

in dollars

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	Unrestricted	Restricted				
<i>The Accompanying Notes are an Integral Part of the Financial Statements</i>	Operating Fund	Board Fund	Capital Asset Fund	Capital Reserve Fund	2022	2021
ASSETS						
Current						
Cash - Note 4	502,440	50,561	-	36,562	589,563	377,566
Investments - Note 5	1,393	187,083	-	21,913	210,389	142,765
Accounts receivable	67,636	-	-	-	67,636	30,165
HST rebate receivable	26,251	-	-	-	26,251	28,602
Prepaid expenses	4,394	-	-	-	4,394	3,252
	602,114	237,644	-	58,475	898,233	582,350
Other Assets						
Investments - Note 5	-	-	-	-	-	65,761
	-	-	-	-	-	65,761
Tangible Capital Assets - Note 6						
Cost	-	-	1,351,363	-	1,351,363	1,263,448
Accumulated amortization	-	-	576,756	-	576,756	537,044
	-	-	774,607	-	774,607	726,404
TOTAL ASSETS	602,114	237,644	774,607	58,475	1,672,840	1,374,515
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable and accruals	343,221	-	984	-	344,205	200,662
Government remittances payable	24,681	-	-	-	24,681	26,092
Deferred revenue - Note 7	59,433	-	37,931	-	97,364	4,725
Current portion of long term debt	-	-	23,813	-	23,813	23,813
Callable portion of long term debt	-	-	21,589	-	21,589	383,496
	427,335	-	84,317	-	511,652	638,788
Long Term Liabilities						
Long term debt - Note 8	-	-	417,090	-	417,090	441,003
Less current portion	-	-	(45,402)	-	(45,402)	(407,309)
	-	-	371,688	-	371,688	33,694
FUND BALANCES						
Unrestricted	174,779	-	-	-	174,779	118,394
Internally restricted	-	237,644	318,602	-	556,246	554,674
Externally restricted	-	-	-	58,475	58,475	28,965
	174,779	237,644	318,602	58,475	789,500	702,033
TOTAL LIABILITIES AND FUND BALANCES	602,114	237,644	774,607	58,475	1,672,840	1,374,515

Community Living North Perth

Statement of Changes in Fund Balances

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements	Unrestricted	Restricted			2022	2021
	Operating Fund	Board Fund	Capital Asset Fund	Capital Reserve Fund		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	115,768	15,425	(51,390)	7,664	87,467	259,669
Fund transfer - Note 9	(59,383)	(48,060)	85,597	21,846	-	-
Fund balances, beginning of year	118,394	270,279	284,395	28,965	702,033	442,364
FUND BALANCES, END OF YEAR	174,779	237,644	318,602	58,475	789,500	702,033

Community Living North Perth

Statement of Operations

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements	Unrestricted	Restricted			2022	2021
	Operating Fund	Board Fund	Capital Asset Fund	Capital Reserve Fund		
REVENUE						
Capital reserve - Note 10	-	-	-	7,664	7,664	7,664
Community Services Coordination Network (CSCN) Passport	361,962	-	-	-	361,962	372,573
Donations and fundraising	-	20,487	-	-	20,487	1,269
Fees from people supported	110,401	-	-	-	110,401	61,718
Investment income	-	3,423	-	-	3,423	1,380
Ministry of Children, Community and Social Service Funding (MCCSS):						
Annualized	2,086,268	-	-	-	2,086,268	1,951,301
Rent subsidy	22,332	-	-	-	22,332	22,328
Other	8,300	-	-	-	8,300	11,326
Other government funding	402,218	-	-	-	402,218	386,554
	2,991,481	23,910	-	7,664	3,023,055	2,816,113
EXPENDITURES						
Amortization	-	-	39,713	-	39,713	21,987
Corporate supplies	138,195	-	-	-	138,195	76,271
Fundraising expenses	-	8,485	-	-	8,485	-
IT supplies and equipment	38,020	-	-	-	38,020	21,445
Mortgage interest and bank charges	-	-	11,677	-	11,677	3,257
Occupancy expenses	107,770	-	-	-	107,770	131,081
Office supplies	15,595	-	-	-	15,595	79,122
Other staff costs	11,508	-	-	-	11,508	94,101
Program expenses	66,158	-	-	-	66,158	32,398
Staff salaries and benefits	2,457,706	-	-	-	2,457,706	2,054,717
Transportation and vehicle operation	40,761	-	-	-	40,761	42,065
	2,875,713	8,485	51,390	-	2,935,588	2,556,444
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	115,768	15,425	(51,390)	7,664	87,467	259,669

Community Living North Perth

Statement of Cash Flows year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2022

2021

CASH PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenue over expenditures for the year	87,467	259,669
Items not affecting cash		
Amortization	39,713	21,987
	127,180	281,656
Changes in non-cash working capital related to operations - Note 11	198,510	8,403
	325,690	290,059

FINANCING ACTIVITIES

Repayment of long-term debt	(23,913)	(65,886)
Advances of long-term debt	-	400,000
Proceeds on disposal of investments	-	64,378
Purchase of investments	(1,863)	(66,432)
	(25,776)	332,060

INVESTING ACTIVITIES

Purchase of tangible capital assets	(87,917)	(478,882)
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CHANGE IN CASH AND CASH EQUIVALENTS

211,997

143,237

Cash and cash equivalents, beginning of year	377,566	234,329
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Cash and cash equivalents, end of year

589,563

377,566

Represented by:

Cash	589,563	377,566
	589,563	377,566

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

1 PURPOSE OF ORGANIZATION

Community Living North Perth ("the Organization") is a not-for-profit corporation and is a registered charity under the Income Tax Act. The purpose of the organization is to provide housing, independent living, training and support to adults with developmental disabilities living in North Perth and area.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

2.1 Basis of Accounting

These financial statements of the Organization are the representation of management prepared in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO), which is one of the financial reporting frameworks in Canadian generally accepted accounting principles, except as noted:

The Organization reports amounts transferred between the operating fund and the capital reserve fund in the statement of operations rather than the statement of changes in fund balances.

The building at 360 Nichol Street is amortized based on the principal amount of the mortgage paid during the year. The buildings at 621 & 623 Elma Street West are amortized on a straight line basis over the loan amortization period.

The Organization only capitalizes land and buildings. Equipment, furniture, computers are expensed as incurred.

2.2 Fund Accounting

In order to ensure observance of the limitations and restrictions on the use of resources available to the organization, the accounts of the organization are maintained in accordance with the principles of fund accounting. These funds are held in accordance with the objectives specified by the members, or in accordance with the directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds.

The following funds have been established:

- i) **Operating Fund** - accounts for the Organization's program delivery and administration activities. This fund reports unrestricted resources and restricted operating grants.
- ii) **Board Fund** - reports the assets, liabilities, revenues and expenditures related to the Organization's fundraising and investment activities. Internally restricted amounts are determined by the board where to be used by the organization.
- iii) **Capital Asset Fund** - reports the assets, liabilities, revenues and expenditures related to the Organization's capital assets. Fundraising dollars designated for future use are also accumulated here.
- iv) **Capital Reserve Fund** - reports the resources restricted by the MCCSS - Dedicated Supportive Non-Profit Housing Program to fund future repairs and maintenance to the housing unit.

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2.3 Portfolio Investments

Short term investments consist of investments with maturities of between three months and one year at the date of acquisition. Long term investments consist of investments with maturities in excess of one year at the date of acquisition. The Organization does not exercise significant influence with respect to any of these investments.

2.4 Tangible Capital assets

For the purposes of the MCCSS, subsidizable purchases of tangible capital assets are recorded as an expense in the Statement of Operations. Only land and buildings are capitalized. Buildings are amortized on a straight line basis as indicated below, which will fully amortize the assets over their estimated useful lives.

Modular home	25 years
Office	25 years

The buildings at 360 Nichol Street, 623 Elma Street West and 621 Elma Street West are amortized over the life of the mortgage on the properties.

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

2.5 Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably measured and collections is reasonably assured.

Investment revenue is recognized as revenue in the year in which the income was earned and realized and collections is reasonably assured.

Fees from people supported is recognized as revenue in the year in which the income was earned and realized and collections are reasonably assured.

2.6 Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for any investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at amortized cost include cash and accounts receivable.

2.7 Use of estimates

The preparation of these financial statements in conformity with accounting principles noted above, which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

3 FINANCIAL INSTRUMENTS

The Organization is exposed to various financial risks through transactions in financial instruments.

(a) 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 Organization's main credit risk relates to its trade accounts receivable. At year-end, MCCSS accounted for 89% (2021 - 65%) of accounts receivable.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not exposed to currency risk.

(c) 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 Organization is exposed to interest rate risk on its guaranteed investment certificates, high interest savings account and long term debt.

(d) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is not exposed to liquidity risk.

(e) Other price 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. The Organization is not exposed to other price risk.

4 CASH

The Organization has overall approved credit line facilities available in the amount of \$50,000, bearing interest at bank prime plus 1.25%. At the year-end date, the credit facility was not utilized (2021 - \$NIL).

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

5 INVESTMENTS

	2022	2021
Short Term		
Guaranteed investment certificates, non-redeemable, interest at 1.40%, matures November 2022	65,380	-
High interest savings account	142,911	141,624
Libro profit shares	2,098	1,141
	210,389	142,765
Long Term		
Guaranteed investment certificates	-	65,761
	-	65,761

6 TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net book value	2021 Net book value
Buildings	822,217	285,612	536,605	541,389
Building - 820 Main Street (leased property)	344,338	249,020	95,318	39,738
Modular home	64,808	42,124	22,684	25,277
Land	120,000	-	120,000	120,000
	1,351,363	576,756	774,607	726,404

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

7 DEFERRED REVENUE

	2022	2021
MCCSS - collective agreement negotiations	55,000	-
Employment and Social Development Canada (ESDC) - building renovations	37,931	-
Deferred rental income - 360 Nichol Property	3,890	2,562
MCCSS - emergency fund	543	2,163
	97,364	4,725

Deferred revenue represents unspent grants for various initiatives, unearned rental revenue and a reserve for emergencies.

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

8 LONG TERM DEBT

	2022	2021
Mortgage payable - Scotiabank, interest bearing 2.62%, repayable in blended monthly payments of principal and interest of \$1,125, due October 2022	33,694	46,132
Mortgage payable - Libro Credit Union, interest bearing 2.75%, repayable in blended monthly payments of \$1,842, due October 2025	383,396	394,871
	417,090	441,003

Long term debt with Scotiabank is secured by the land and building at 360 Nichol Ave. South, Listowel. Long term debt with Libro Credit Union is secured by the land and buildings located at 621 & 623 Elma St., Listowel. Libro also has a GSA providing a first charge over all present and after acquired assets.

The banking agreement includes a minimum debt service ratio of not less than 1.1:1 that must be maintained by the Organization.

Although the Libro mortgage is callable on demand, the repayment schedule below assumes the continued repayment of the loans.

Long term debt payable in each of the next five years is as follows:

2023	23,813
2024	25,141
2025	20,188
2026	12,714
2027	13,068
Thereafter	322,166
	417,090

9 INTERFUND TRANSFERS

During the year, the Board of Directors authorized transfers totalling \$21,846 (2021 - nil\$) from the Board Fund (\$21,846) to the Capital Reserve Fund (\$21,846) during the year. In addition, the Board of Directors authorized transfers of \$85,597 (2021 - \$146,983) from the Operating Fund (\$59,383) and the Board Fund (\$26,214) to the Capital Asset Fund (\$85,597).

10 CAPITAL RESERVE FUND

Under the terms of the agreement with the Ministry of Community and Social Services - Dedicated Supportive Non-Profit Housing Program, the Capital Reserve Fund must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the Ministry from time to time. The funds in the account may be used only as approved by the Ministry. During the year, \$7,664 (2021 - \$7,664) was transferred to the Capital Reserve Fund as approved by the Ministry.

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

11 STATEMENT OF CASH FLOWS

The net change in non-cash working capital consists of:

	2022	2021
Accounts receivable	(37,471)	4,389
HST rebate receivable	2,351	(14,074)
Prepaid expenses	(1,142)	1,244
Accounts payable and accruals	143,543	1,442
Government remittances payable	(1,410)	14,120
Deferred revenue	92,639	1,282
	198,510	8,403

12 CONTRACTS WITH MINISTRY OF COMMUNITY AND SOCIAL SERVICES

The Organization has a service contract with the Ministry of Community and Social Services. One requirement of the contract is the production by management of a transfer payment annual reconciliation which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit.

The transfer payment annual reconciliation for the year ended March 31, 2022 has yet to be completed as at the audit report date. The amount the Ministry will recover has not been determined.

13 COMMITMENTS

The Organization has an operating lease for its printing equipment at \$123 per month and expires July, 2026.

The Organization has an operating lease for its office at \$2,540 per year. The lease expires July 31, 2022.

The Organization also has four operating leases for vehicles. All four vehicles are leased between \$335 and \$506 per month and expire between May and July 2023.

The annual lease payments for the next five years are as follows:

2023	24,570
2024	8,220
2025	1,480
2026	1,480
2027	490
	36,240

Community Living North Perth

Notes to the Financial Statements

year ended March 31, 2022

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

14 ECONOMIC DEPENDENCE

The Organization derives substantially all of its revenue from the Ministry of Community and Social Services, without which it would be unable to continue operating in its current form.

15 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

16 IMPACT OF THE COVID-19 PANDEMIC

The economic impacts of the coronavirus disease (COVID-19) outbreak, and related government measures have been widespread affecting almost all businesses and organizations. At the date of issue of these financial statements, the financial effect of the pandemic on the subsequent year's overall operating results can not be substantiated.

Due to the COVID-19 pandemic, the operations cash flows have been negatively affected due to increased cleaning and personal protective equipment costs of \$18,056. Wages expense increased as front line workers received \$3/hour temporary wage enhancement from April 1, 2021 to March 31, 2022. These additional expenses were off-set by \$402,218 government funding received.