

*Community Living North Perth*

Financial Statements  
Year Ended March 31, 2023

- 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, 2023, and the statements of operations, changes in fund balances and statement of cash flows as at March 31, 2023 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, 2023, and its results of its operations and its cash flows for the year then ended March 31, 2023 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 expenditures, cash flows from operating activities for the years ended March 31, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and fund balances as at April 1 and March 31 for both the 2023 and 2022 year ends. As described in Note 2 to the financial statements, in prior years Community Living North Perth did not follow Canadian accounting standards for not-for-profit organizations with respect to the recording of tangible capital assets. The net book value of total assets expensed in previous years is \$54,954 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, 2023 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

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

*Independent Auditor's Report continued...*

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.

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 29, 2023

**Ward & Uptigrove**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**



# Community Living North Perth

## Statement of Financial Position

year ended March 31, 2023

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	2023	2022
ASSETS						
Current						
Cash - Note 4	416,661	50,964	-	44,272	511,897	589,563
Investments - Note 5	2,458	192,824	-	21,949	217,231	210,389
Accounts receivable	75,825	-	-	-	75,825	67,636
Deposit on assets - Note 6	-	-	135,704	-	135,704	-
HST rebate receivable	52,474	-	-	-	52,474	26,251
Prepaid expenses	4,369	-	-	-	4,369	4,394
	551,787	243,788	135,704	66,221	997,500	898,233
Tangible Capital Assets - Note 6						
Cost	-	-	1,527,830	-	1,527,830	1,351,363
Accumulated amortization	-	-	631,385	-	631,385	576,756
	-	-	896,445	-	896,445	774,607
TOTAL ASSETS	551,787	243,788	1,032,149	66,221	1,893,945	1,672,840
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current Liabilities						
Accounts payable and accruals	229,176	-	984	-	230,160	344,205
Government remittances payable	39,935	-	-	-	39,935	24,681
Deferred revenue - Note 7	4,530	-	37,931	-	42,461	97,364
Current portion of long term debt	-	-	25,106	-	25,106	23,813
Callable portion of long term debt	-	-	359,593	-	359,593	21,589
	273,641	-	423,614	-	697,255	511,652
Long Term Liabilities						
Long term debt - Note 8	-	-	392,657	-	392,657	417,090
Less current portion	-	-	(384,699)	-	(384,699)	(45,402)
	-	-	7,958	-	7,958	371,688
FUND BALANCES						
Unrestricted	278,146	-	-	-	278,146	174,779
Internally restricted	-	243,788	600,577	-	844,365	556,246
Externally restricted	-	-	-	66,221	66,221	58,475
	278,146	243,788	600,577	66,221	1,188,732	789,500
TOTAL LIABILITIES AND FUND BALANCES	551,787	243,788	1,032,149	66,221	1,893,945	1,672,840

# Community Living North Perth

## Statement of Changes in Fund Balances

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements	Unrestricted	Restricted			2023	2022
	Operating Fund	Board Fund	Capital Asset Fund	Capital Reserve Fund		
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>438,950</b>	<b>18,760</b>	<b>(66,142)</b>	<b>7,664</b>	<b>399,232</b>	<b>87,467</b>
Fund transfer - Note 9	(335,583)	(12,616)	348,117	82	-	-
Fund balances, beginning of year	174,779	237,644	318,602	58,475	789,500	702,033
<b>FUND BALANCES, END OF YEAR</b>	<b>278,146</b>	<b>243,788</b>	<b>600,577</b>	<b>66,221</b>	<b>1,188,732</b>	<b>789,500</b>

# Community Living North Perth

## Statement of Operations

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements	Unrestricted	Restricted			2023	2022
	Operating Fund	Board Fund	Capital Asset Fund	Capital Reserve Fund		
<b>REVENUE</b>						
Capital reserve - Note 10	-	-	-	7,664	7,664	7,664
Community Services Coordination Network (CSCN) Passport	415,811	-	-	-	415,811	361,962
Donations and fundraising	-	10,834	-	-	10,834	20,487
Fees from people supported	119,065	-	-	-	119,065	110,401
Investment income	-	12,519	-	-	12,519	3,423
Ministry of Children Community and Social Service Funding (MCCSS):						
Annualized	2,360,133	-	-	-	2,360,133	2,086,268
Rent subsidy	21,905	-	-	-	21,905	22,332
COVID-19 Residential Relief Fund (CRRF)	485,711	-	-	-	485,711	272,617
Compensation enhancement	413,387	-	-	-	413,387	129,601
Other	30,550	-	-	-	30,550	8,300
	<b>3,846,562</b>	<b>23,353</b>	<b>-</b>	<b>7,664</b>	<b>3,877,579</b>	<b>3,023,055</b>
<b>EXPENDITURES</b>						
Amortization	-	-	54,630	-	54,630	39,713
Corporate supplies	191,537	-	-	-	191,537	138,195
Funding reallocation - Note 11	350,000	-	-	-	350,000	-
Fundraising expenses	-	4,593	-	-	4,593	8,485
IT supplies and equipment	15,239	-	-	-	15,239	38,020
Mortgage interest and bank charges	-	-	11,512	-	11,512	11,677
Occupancy expenses	141,238	-	-	-	141,238	107,770
Office supplies	30,965	-	-	-	30,965	15,595
Other staff costs	87,552	-	-	-	87,552	11,508
Program expenses	69,652	-	-	-	69,652	66,158
Staff salaries and benefits	2,477,979	-	-	-	2,477,979	2,457,706
Transportation and vehicle operation	43,450	-	-	-	43,450	40,761
	<b>3,407,612</b>	<b>4,593</b>	<b>66,142</b>	<b>-</b>	<b>3,478,347</b>	<b>2,935,588</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>438,950</b>	<b>18,760</b>	<b>(66,142)</b>	<b>7,664</b>	<b>399,232</b>	<b>87,467</b>

# Community Living North Perth

## Statement of Cash Flows year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2023

2022

### CASH PROVIDED BY (USED IN):

#### OPERATING ACTIVITIES

Excess of revenue over expenditures for the year	399,232	87,467
Items not affecting cash		
Amortization	54,630	39,713
	453,862	127,180
Changes in non-cash working capital related to operations - Note 12	(323,785)	198,510
	<b>130,077</b>	<b>325,690</b>

#### FINANCING ACTIVITIES

Repayment of long-term debt	(24,433)	(23,913)
Proceeds on disposal of investments	65,420	-
Purchase of investments	(72,263)	(1,863)
	<b>(31,276)</b>	<b>(25,776)</b>

#### INVESTING ACTIVITIES

Purchase of tangible capital assets	(176,467)	(87,917)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(77,666)</b>	<b>211,997</b>

Cash and cash equivalents, beginning of year	589,563	377,566
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<b>Cash and cash equivalents, end of year</b>	<b>511,897</b>	<b>589,563</b>
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#### Represented by:

Cash	511,897	589,563
	<b>511,897</b>	<b>589,563</b>



# Community Living North Perth

## Notes to the Financial Statements

year ended March 31, 2023

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 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.

Prior to the 2023 year end, the Organization only capitalized land and buildings. Equipment, furniture, computers were expensed as incurred. In the current year, the Organization capitalized land, buildings, equipment, furniture, and computers.

#### 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, 2023

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. Buildings are amortized on a straight line basis as indicated below, which will fully amortize the assets over their estimated useful lives.

Building - 820 Main Street (leased property)	25 years
Modular home	25 years
Furniture and equipment	20%
Vehicles	30%

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. Restricted contributions received where expenses are not yet incurred, are recorded as deferred revenue. 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.

# Community Living North Perth

## Notes to the Financial Statements

year ended March 31, 2023

in dollars

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*The Accompanying Notes are an Integral Part of the Financial Statements*

### 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.

## 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 99% (2022 - 89%) 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 (2022 - \$NIL).

# Community Living North Perth

## Notes to the Financial Statements

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

### 5 INVESTMENTS

	2023	2022
Guaranteed investment certificates, matured during the year	-	65,380
High interest savings account	213,977	142,911
Libro profit shares	3,254	2,098
	217,231	210,389

### 6 TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net book value	2022 Net book value
Buildings	825,968	318,083	507,885	536,603
Building - 820 Main Street (leased property)	415,100	255,663	159,437	95,318
Modular home	64,808	44,716	20,092	22,684
Land	120,000	-	120,000	120,000
Furniture and equipment	47,392	4,739	42,653	-
Vehicles	54,562	8,184	46,378	-
	1,527,830	631,385	896,445	774,605

During the year, the Organization paid \$109,214 deposit on vehicles and \$26,490 deposit on a new sign for the 820 Main Street building for a total cost of \$135,704. The assets were not received before year-end and has been recorded as a deposit on assets.

### 7 DEFERRED REVENUE

	2023	2022
MCCSS - collective agreement negotiations	-	55,000
Employment and Social Development Canada (ESDC) - building renovations	37,931	37,931
Deferred rental income - 360 Nichol Property	3,987	3,890
MCCSS - emergency fund	543	543
	42,461	97,364

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, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

### 8 LONG TERM DEBT

	2023	2022
Mortgage payable - Scotiabank, interest bearing 5.12%, repayable in blended monthly payments of principal and interest of \$1,153, due October 2024	21,029	33,694
Mortgage payable - Libro Credit Union, interest bearing 2.75%, repayable in blended monthly payments of \$1,842, due October 2025	371,628	383,396
	392,657	417,090

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:

2024	25,106
2025	20,329
2026	12,715
2027	13,070
2028	13,434
Thereafter	308,003
	392,657

### 9 INTERFUND TRANSFERS

During the year, the Board of Directors authorized transfers of \$335,583 from the Operating Fund and \$12,616 from the Board Fund to the Capital Reserve Fund for \$82 and to the Capital Asset Fund for \$348,117.

### 10 CAPITAL RESERVE FUND

Under the terms of the agreement with the Ministry of Children, 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 (2022 - \$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, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

### 11 FUNDING REALLOCATION

The Ministry of Children, Community and Social Services enables the transfer of funding from transfer payment agencies that are experiencing a funding surplus to other transfer payment agencies that are experiencing financial pressures as a means of ensuring optimal use of Ministry funding across Organizations. During the year, \$350,000 was approved by the Ministry to be reallocated to another Organization.

### 12 STATEMENT OF CASH FLOWS

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

	2023	2022
Accounts receivable	(8,189)	(37,471)
Deposit on assets	(135,704)	-
HST rebate receivable	(26,223)	2,351
Prepaid expenses	25	(1,142)
Accounts payable and accruals	(114,045)	143,543
Government remittances payable	15,254	(1,410)
Deferred revenue	(54,903)	92,639
	(323,785)	198,510

### 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 2024.

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

2024	4,020
2025	2,330
2026	1,480
2027	490
	<u>8,320</u>

### 14 ECONOMIC DEPENDENCE

The Organization derives substantially all of its revenue from the Ministry of Children, 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.