

**Community Living Central York
Financial Statements
Year Ended March 31, 2022**

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Independent Auditor's Report

To the Members of Community Living Central York

Qualified Opinion

We have audited the accompanying financial statements of Community Living Central York (the "Association"), which comprise the statement of financial position as at March 31, 2022, 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, except for the possible 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 the Association as at March 31, 2022, 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 Qualified Opinion

In common with many charitable organizations, the Association derives revenue from fundraising and donation activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, deficiency of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1, 2021 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 Association 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 audit 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Chartered Professional Accountants, Licensed Public Accountants

June 29, 2022

Barrie, Ontario

Community Living Central York Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash	\$ 2,473,734	\$ 2,061,973
Short term investments (Note 2)	40,222	106,782
Accounts receivable	400,337	401,619
Prepaid expenses	54,353	196,956
	2,968,646	2,767,330
Long term investments (Note 4)	411,860	308,310
Tangible capital assets (Note 5)	7,752,989	8,245,781
	\$11,133,495	\$ 11,321,421
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 1,084,629	\$ 1,137,775
Deferred revenue (Note 7)	296,800	149,420
Current portion of mortgages payable (Note 8)	44,738	43,636
Due to Archway Community Homes (Note 3)	425,000	425,000
	1,851,167	1,755,831
Mortgages payable (Note 8)	242,004	286,084
Loans payable (Note 3)	3,090,000	3,090,000
Deferred contributions for tangible capital assets (Note 9)	3,903,121	4,084,952
	9,086,292	9,216,867
Commitments and contingencies (Note 10)		
Net Assets		
Internally restricted (Note 11)	998,528	1,009,070
Unrestricted (Note 12)	1,048,675	1,095,484
	2,047,203	2,104,554
	\$11,133,495	\$ 11,321,421

On behalf of the Board:

 Director

 Director

Community Living Central York Statement of Operations

Year ended March 31	2022	2021
Revenue		
Provincial subsidies	\$11,988,310	\$ 12,049,278
Donations, fundraising and other	232,830	251,472
Accommodation and fees	926,687	934,402
Other subsidies	440,780	424,502
Day program	-	(1,158)
United Way	46,307	49,590
Interest income	35,540	82,230
Amortization of deferred contribution related to tangible capital assets	349,498	350,613
	14,019,952	14,140,929
Expenses		
Salaries and benefits	9,555,301	9,764,003
Other (see schedule of expenses - page 7)	2,711,252	2,673,955
Occupancy costs	1,227,761	1,171,744
Amortization of tangible capital assets	582,989	601,149
	14,077,303	14,210,851
Deficiency of revenue over expenses	\$ (57,351)	\$ (69,922)

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

**Community Living Central York
Statement of Changes in Net Assets**

Year ended March 31	Internally Restricted	Unrestricted	2022 Total	2021 Total
	(Note 11)	(Note 12)		
Balance, beginning of the year	\$ 1,009,070	\$ 1,095,484	\$ 2,104,554	\$ 2,174,476
Deficiency of revenue over expenses	(10,542)	(46,809)	(57,351)	(69,922)
Balance, end of the year	\$ 998,528	\$ 1,048,675	\$ 2,047,203	\$ 2,104,554

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

Community Living Central York Statement of Cash Flows

Year ended March 31	2022	2021
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (57,351)	\$ (69,922)
Items not affecting cash:		
Amortization of tangible capital assets	582,989	601,149
Amortization of deferred contributions related to tangible capital assets	(349,498)	(350,613)
	<u>176,140</u>	180,614
Changes in non-cash working capital:		
Accounts receivable	1,282	(79,721)
Prepaid expenses	142,603	(83,390)
Accounts payable and accrued liabilities	(53,146)	96,192
	<u>266,879</u>	113,695
Cash flows from investing activities		
Purchase (sale) of investments	(36,990)	160,166
Purchase of tangible capital assets	(90,197)	(390,500)
Increase in deferred revenue	147,380	67,433
	<u>20,193</u>	(162,901)
Cash flows from financing activities		
Repayment on mortgages payable	(42,978)	(42,308)
Increase in deferred contributions	167,667	554,117
	<u>124,689</u>	511,809
Net increase in cash	411,761	462,603
Cash, beginning of the year	2,061,973	1,599,370
Cash, end of the year	\$ 2,473,734	\$ 2,061,973

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

**Community Living Central York
Schedule of Expenses**

Year ended March 31	2022	2021
Administration and other	\$ 166,530	\$ 177,100
Communications	167,970	159,861
Food	275,533	348,585
Minor equipment	138,786	196,187
Parent relief and per diems	288,294	236,867
Personal needs	202,376	180,091
Professional fees	145,109	169,475
Purchase of services	775,916	610,249
Recreational programs	12,962	35,342
Supplies	153,720	255,410
Training	48,818	11,484
Transportation	335,238	293,304
	<hr/>	
	\$ 2,711,252	\$ 2,673,955

Community Living Central York Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Community Living Central York (the "Association") is a non-profit organization established to enable and support people with developmental disabilities to achieve their fullest potential in partnership with an informed community.</p> <p>The Association provides its support and services in Newmarket, Aurora, East Gwillimbury, parts of King Township and Whitchurch-Stouffville. The Association is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received for tangible capital assets are deferred and recognized as revenue over the estimated useful life of the assets. Provincial subsidies received from the Ministry are recognized as revenue on the basis of legal agreements.</p> <p>Restricted contributions related to subsequent years are deferred until revenue is earned.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and capitalized and amortized over the expected life of the instrument using the straight-line method for those measured at amortized cost.</p> <p>The Association's financial instruments comprise of short term and long term investments which are recorded at fair value and cash, accounts receivable, accounts payable and accrued liabilities, loans payable and mortgage payable which are recorded at amortized cost.</p>

Community Living Central York Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are tangible assets that are held to provide services for the Association and have a useful life greater than one year.

Tangible capital assets are recorded at cost.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Declining balance	5%
Furniture and equipment	Declining balance	20%
Paving	Declining balance	10%
Leasehold improvements	Straight line	20%
Vehicles	Declining balance	30%

Mount Albert Road, Selby Crescent Equal to principal
and April Gardens residences payments on mortgages

Related Party The financial position and results of operations of an entity administered by the Association's executive committee ("Archway") have not been consolidated in the Association's financial statements. Refer to Note 3 for disclosure of Archway's financial information.

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 revenues and expenses during the year. The principal estimates used in the preparation of these financial statements include useful life and valuation of tangible capital assets, deferred revenue, and significant accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Pension Plan The Association's contributions to a defined contribution pension plan are expensed when contributions are made.

**Cash and Cash
Equivalents** Management considers all highly liquid investments with maturity of three months or less to be cash equivalents.

**Community Living Central York
Notes to Financial Statements**

March 31, 2022

2. Short Term Investments

Short term investments are comprised of the following:

	<u>2022</u>	<u>2021</u>
Guaranteed Investment Certificate, interest rate at 1.16% maturing October 7, 2022	\$ 40,222	\$ -
Guaranteed Investment Certificate, interest rate at 2.47% matured April 20, 2021	-	84,624
Guaranteed Investment Certificate, interest rate at 2.21% matured December 2, 2020	-	22,158
	<u>\$ 40,222</u>	<u>\$ 106,782</u>

Community Living Central York Notes to Financial Statements

March 31, 2022

3. Related Party Transactions

The entity administered by the Association's executive committee is a non-profit organization incorporated without share capital under the laws of Ontario and is registered as a charitable organization with Canada Revenue Agency. Archway was formed to acquire, hold and lease land, premises or personal property, to be used in connection with, for the benefit of, or to enhance the services or facilities of the Association.

The financial summary of Archway as at March 31, 2022 and 2021 and for the years then ended is as follows:

	2022	2021
Financial position		
Assets	\$ 6,191,337	\$ 6,228,182
Liabilities	4,416,688	4,549,041
Net assets	1,774,649	1,679,141
Financial activities		
Revenue	389,584	408,519
Expenses	294,076	328,210
Excess of revenue over expenses	95,508	80,309
Cash flows		
Cash from operating activities	180,728	257,667
Cash from/ (used) in financing activities	(166,186)	(138,197)
Increase in cash, end of the year	\$ 14,542	\$ 119,470

The accounting policy of Archway for amortization differs from the policy of the Association. Archway provides for amortization on a straight line basis for its buildings and this policy is reflected in the above summary.

The Association leases six of its premises for Community Living Supports from Archway. The rent in the current year amounted to \$387,123 (2021 - \$385,920).

Included in accounts receivable is \$11,403 (2021 - \$11,403) due from Archway.

The loans payable of \$3,515,000 (2021 - \$3,515,000) represents loans due to Archway. In 2019 Archway extended an interest-free loan to the Association in the amount of \$425,000 which was due on August 26, 2021. It is expected the Association will repay this amount during the 2023 fiscal year end with the remaining \$3,090,000 to be repaid on October 3, 2024.

The Association has a corporate guarantee and postponement of claim in favour of the bank up to \$4,800,000 and there is a postponement of all related party loans.

These transactions, except for loans payable, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Loans payable are measured at the carrying amount.

**Community Living Central York
Notes to Financial Statements**

March 31, 2022

4. Long Term Investments

	2022	2021
Guaranteed Investment Certificates, bearing interest from 1.66% to 2.26% maturing from 2023 to 2026	\$ 161,503	\$ -
Public company shares held in domestic securities	140,782	127,908
Savings held in mutual funds	109,575	180,402
	\$ 411,860	\$ 308,310

5. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 7,247,637	\$ 317,531	\$ 6,930,108	\$ 7,294,689
Furniture and equipment	340,584	173,896	166,688	148,228
Leasehold improvements	1,055,925	783,779	272,145	375,552
Vehicles	132,034	131,579	455	798
Residences	1,017,722	634,128	383,594	426,514
	\$ 9,793,902	\$ 2,040,913	\$ 7,752,989	\$ 8,245,781

Community Living Central York Notes to Financial Statements

March 31, 2022

6. Accounts Payable and Accrued Liabilities

	<u>2022</u>	<u>2021</u>
Trade accounts payable	\$ 242,130	\$ 375,266
Accrued liabilities	188,589	117,818
Pay equity accrual	39,343	39,343
Salaries and benefits payable	614,567	605,348
	<u>\$ 1,084,629</u>	<u>\$ 1,137,775</u>

7. Deferred Revenue

Deferred revenue represents unspent resources restricted for specific purposes that relate to subsequent years.

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 149,420	\$ 81,987
Contributions received	200,000	67,433
Amounts recognized	<u>(52,620)</u>	<u>-</u>
Balance, end of the year	<u>\$ 296,800</u>	<u>\$ 149,420</u>

Community Living Central York Notes to Financial Statements

March 31, 2022

8. Mortgages Payable

	2022	2021
First mortgage at 3.028% secured by land and buildings at Mount Albert Road, Sharon, Ontario, repayable monthly at \$1,680, including principal and interest, due September 1, 2023	\$ 118,911	\$ 135,230
First mortgage at 3.028% secured by land and buildings at Selby Crescent, Newmarket, Ontario, repayable monthly at \$1,231 including principal and interest, due September 1, 2023	86,111	98,098
First mortgage at 2.1% secured by land and buildings at April Gardens, Aurora, Ontario, repayable bi-weekly at \$657, including principal and interest, due March 30, 2027	81,720	96,392
	286,742	329,720
Less: current portion	44,738	43,636
	\$ 242,004	\$ 286,084

The carrying value of the land and buildings that are secured is \$383,594 (2021 - \$426,514).

Interest expense of \$9,507 (2021 - \$10,196) is included in other expenses.

Principal repayments of the mortgages over the next five years are as follows:

2023	\$	44,738
2024		191,885
2025		17,153
2026		17,082
2027		15,884

Community Living Central York Notes to Financial Statements

March 31, 2022

9. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represent grants restricted for the purchase of specific tangible capital assets. Each year, a portion of the grant is recognized in revenue equal to the related asset amortization charged to other expenses. The changes in the deferred contributions balance for the year are as follows:

	2022	2021
Balance, beginning of the year	\$ 4,084,952	\$ 3,881,448
Contributions received	164,500	554,117
Amount amortized in the statement of operations	(346,331)	(350,613)
Balance, end of the year	\$ 3,903,121	\$ 4,084,952

10. Commitments and Contingencies

The Association is committed to total payments of \$1,751,987 for premises, vehicle and copier operating leases with approximate annual payments as follows:

2023	\$ 665,538
2024	496,860
2025	221,214
2026	106,877
2027	76,536
Thereafter	184,962

The Association has been named as a defendant in a legal claim in which damages have been sought. The ultimate outcome of this claim is not determinable however management believes the resolution of this matter will not have a material adverse effect on their financial position.

11. Internally Restricted Net Assets

The internally restricted net assets consist of:

	2022	2021
Replacement reserve	\$ 26,254	\$ 28,406
Working capital reserve	956,190	956,190
Designated and other purposes	16,084	24,474
	\$ 998,528	\$ 1,009,070

These internally restricted amounts are not available for other purposes without approval from the Board of Directors.

Community Living Central York Notes to Financial Statements

March 31, 2022

12. Unrestricted Net Assets

Unrestricted net assets comprise the following:

	<u>2022</u>	<u>2021</u>
Operations	<u>\$ 1,048,675</u>	<u>\$ 1,095,484</u>

13. Pension Plan

Substantially all of the full time employees of the Association are members of a Pension Plan (the "Plan") handled by Desjardins Financial Security, which is a defined contribution pension plan available to all eligible employees of the Association.

Contributions to the Plan made during the year by the Association on behalf of employees amounted to \$84,727 (2021 - \$91,448) and are included in salaries and benefits in the statement of operations.

14. Economic Dependence

In 2022 the Association received approximately 96% or \$11,929,408 (2021 - \$12,361,750 or 87%) of its funding from the Ministry of Children, Community and Social Services. Annual funding is based on the approved budget.

Community Living Central York Notes to Financial Statements

March 31, 2022

15. Indemnification of Officers and Directors

The Association has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments, and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of the Association. The nature of the indemnity prevents the Association from reasonably estimating the maximum exposure. The Association has purchased directors and officers liability insurance with respect to this indemnification.

16. Financial Instruments

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 Association is exposed to interest rate risk arising from the possibility that changes on interest rates will affect the value of fixed income denominated investments and the value of its operating and term loans. The risk has not changed from the previous year.

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 Association is also exposed to credit risk arising from its accounts receivable. The majority of the Association's receivables are from tenants and government sources. The risk has not changed from the previous year. The Association is also exposed to credit risk as its cash and investments are all held at major financial institutions and are in excess of the amount insured by agencies of the federal government.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities and mortgages payable. The risk has not changed from the previous year.

Market risk

The Association is exposed to fluctuations in equity markets on its investments.

The Association has an investment policy that is reviewed annually to ensure that the Association is managing its financial risk on its investments in accordance with this policy and that the policy is still appropriate.

**Community Living Central York
Schedule of United Way Revenue and Expenses
Literacy and Promoting Wellness Programs
(Unaudited)**

Year ended March 31	2022	2021
Revenues		
United Way funding	\$ 46,307	\$ 49,590
Expenses		
Salaries and benefits	34,630	37,630
Others	11,960	11,960
	<u>46,590</u>	<u>49,590</u>
Excess (deficiency) of revenue over expenses	\$ (283)	\$ -

**Community Living Central York
Recreational Programs
Schedule of Operations
(Unaudited)**

Year ended March 31	2022	2021
Revenues	\$ 20,622	\$ 14,796
Expenses		
Bank charges	1,630	1,402
Recreational programs	17,982	15,729
	<u>19,612</u>	<u>17,131</u>
Excess (deficiency) of revenue over expenses	\$ 1,010	\$ (2,335)

**Community Living Central York
Dedicated Supported Housing
Schedule of Operations
(Unaudited)**

Year ended March 31	2022	2021
Revenues		
Provincial subsidies	\$ 58,902	\$ 58,902
Other revenue	16,440	16,440
	<u>75,342</u>	<u>75,342</u>
Expenses		
Salaries and benefits	7,344	7,344
Other expenses	65,846	65,846
Administration	2,152	2,152
	<u>75,342</u>	<u>75,342</u>
Excess (deficiency) of revenue over expenses	\$ -	\$ -