

**COMMUNITY LIVING ALGOMA  
FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

June 22, 2023

To the Members of Community Living Algoma

### Opinion

I have audited the accompanying financial statements of Community Living Algoma, which comprise the statement of financial position as at March 31, 2023, the statements of operations and 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

I have conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

### 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 relating 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**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Chartered Professional Accountant  
Professional Corporation

*Authorized to practice public accounting by The Chartered Professional Accountants of Ontario*

**COMMUNITY LIVING ALGOMA  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31,**

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2023	Total 2022
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 2,558,870	\$ 1,320,669	\$ 147,820	\$ 4,027,359	\$ 4,480,308
Prepaid expenses	161,396	-	-	161,396	21,802
Accounts receivable (sales tax receivable of \$71,950, 2022 - \$60,970)	178,868	-	-	178,868	169,706
	2,899,134	1,320,669	147,820	4,367,623	4,671,816
<b>RESTRICTED CURRENT ASSETS</b>					
Cash - funds held in trust for people supported	-	193,782	-	193,782	186,815
<b>CAPITAL ASSETS (note 2)</b>					
	-	-	7,795,987	7,795,987	8,241,631
	\$ 2,899,134	\$ 1,514,451	\$ 7,943,807	\$ 12,357,392	\$ 13,100,262
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities (note 3)	\$ 1,626,234	\$ -	\$ 18,527	\$ 1,644,761	\$ 2,076,587
Vacation pay accrued	1,500,485	-	-	1,500,485	1,616,536
Trust fund - funds held in trust for people supported	-	193,782	-	193,782	186,815
Deferred contributions (note 8)	-	-	-	-	64,000
Due to Ministry of Children, Community, and Social Services (note 11)	1,272,900	-	-	1,272,900	1,280,966
Current portion of long-term debt (note 4)	-	-	132,000	132,000	128,000
	4,399,619	193,782	150,527	4,743,928	5,352,904
<b>LONG-TERM DEBT (note 4)</b>					
	-	-	508,000	508,000	640,000
<b>TOTAL LIABILITIES</b>	4,399,619	193,782	658,527	5,251,928	5,992,904
<b>NET ASSETS</b>					
Fund surplus (deficit) balances (note 6)	(1,500,485)	1,320,669	7,285,280	7,105,464	7,107,358
	\$ 2,899,134	\$ 1,514,451	\$ 7,943,807	\$ 12,357,392	\$ 13,100,262

Commitments (note 5)

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:  
Linda Headrick Director

DocuSigned by:  
Director

The accompanying notes are an integral part of these financial statements

**COMMUNITY LIVING ALGOMA**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31,**

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2023	Total 2022
<b>REVENUE</b>					
Ministry of Children, Community, and Social Services	\$ 25,398,394	\$ -	\$ -	\$ 25,398,394	\$ 24,769,532
Fees	940,379	-	-	940,379	962,566
Other	879,520	294,275	4,094	1,177,889	1,451,712
	27,218,293	294,275	4,094	27,516,662	27,183,810
<b>FUNDED EXPENDITURES</b>					
Salaries and benefits (note 12)	20,696,728	80,328	-	20,777,056	19,442,067
Travel and communication	465,632	1,959	-	467,591	431,250
Purchased services	3,133,625	-	-	3,133,625	3,442,777
Other services	1,894,746	-	-	1,894,746	1,712,765
Supplies and equipment	971,688	-	-	971,688	726,947
Amortization of capital assets	-	-	581,108	581,108	662,637
Other	-	92	-	92	500
	27,162,419	82,379	581,108	27,825,906	26,418,943
<b>EXCESS OF REVENUE OVER (UNDER) FUNDED EXPENDITURES</b>	55,874	211,896	(577,014)	(309,244)	764,867
<b>UNFUNDED EXPENDITURES AND ADJUSTMENTS</b>					
Capital expenditures in total funded expenditures (note 7)	252,428	-	-	252,428	321,034
Change in vacation pay accrual	116,050	-	-	116,050	127,615
Loss on disposal of capital assets	-	-	(11,507)	(11,507)	-
Proceeds from insurance payout	-	-	22,545	22,545	-
Unrealized gain (loss) on interest rate swap agreement (note 4)	-	-	(16,292)	(16,292)	36,980
	368,478	-	(5,254)	363,224	485,629
<b>EXCESS OF REVENUE OVER (UNDER) TOTAL EXPENDITURES</b>	424,352	211,896	(582,268)	53,980	1,250,496
<b>NET ASSETS, BEGINNING OF YEAR</b>	(1,616,535)	1,108,773	7,615,120	7,107,358	6,710,457
Interfund transfer (note 7)	(252,428)	-	252,428	-	-
Surplus payable to funding Ministries (note 11)	(55,874)	-	-	(55,874)	(853,595)
<b>NET ASSETS, END OF YEAR</b>	\$ (1,500,485)	\$ 1,320,669	\$ 7,285,280	\$ 7,105,464	\$ 7,107,358

The accompanying notes are an integral part of these financial statements

**COMMUNITY LIVING ALGOMA  
STATEMENT OF CASH FLOWS**

<b>YEAR ENDED MARCH 31,</b>	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 53,980	\$ 1,250,496
Add charges to income not involving cash:		
Loss on sale of capital assets	11,507	-
Unrealized (gain) loss on interest rate swap activities	16,292	(36,980)
Net change in non-cash working capital	(840,863)	25,116
Amortization of capital assets	581,108	662,637
Donation in-kind	-	(500,000)
	(177,976)	1,401,269
<b>CASH FLOWS FROM FINANCING AND INVESTING ACTIVITIES</b>		
Purchase of capital assets	(146,973)	(196,034)
Decrease in long-term debt	(128,000)	(125,000)
Increase in trust funds	6,967	(14,116)
	(268,006)	(335,150)
<b>INCREASE (DECREASE) IN CASH POSITION</b>	(445,982)	1,066,119
<b>CASH POSITION, BEGINNING OF YEAR</b>	4,667,123	3,601,004
<b>CASH POSITION, END OF YEAR</b>	\$ 4,221,141	\$ 4,667,123
Comprised of:		
Cash	\$ 4,027,359	\$ 4,480,308
Trust funds	193,782	186,815
	\$ 4,221,141	\$ 4,667,123

The accompanying notes are an integral part of these financial statements

## COMMUNITY LIVING ALGOMA NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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Community Living Algoma is incorporated without share capital under the Corporations Act of Ontario. The Association's main objective is to provide services and supports to people with an intellectual disability, and their families, in the District of Algoma. The Association is a registered charity under the Income Tax Act.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Fund accounting: Community Living Algoma maintains its accounts in accordance with the principles of the restricted fund method of accounting for contributions. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The *Operating Fund* accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted government operating grants.

The *Special Purposes Fund* is used to account for funds held on behalf of people supported, donations, and fundraising proceeds, brokering the Ministry's Passport Program, and for multi-year projects funded and approved by the Association's funding Ministries.

The *Capital Fund* accounts for the capital assets of the Association and presents the flow of funds related to their acquisition and disposal.

(b) Revenue recognition: Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Grants related to capital expenditures are deferred and amortized on the same basis of the related capital purchases.

Funds approved but not yet received are reflected as receivable in the period to which they apply. Upon a review process, excess advances are refundable to the Ministry or, upon approval by the Ministry, allocated to operations or the deficit.

(c) Contributed services: Volunteers contribute a significant amount of hours per year to assist the Association in carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

(d) Capital assets: Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value. Amortization is provided on the straight-line basis as follows:

Buildings	-	40 years
Land Improvements	-	15 years
Machinery	-	10 years
Vehicles	-	8 years
Furnishings and Equipment	-	5 years
Leasehold Improvements	-	3 years

**COMMUNITY LIVING ALGOMA  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (e) Use of estimates: The preparation of these financial statements in conformity with generally accepted accounting principles 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 changes in net assets during the year. Actual results could differ from these estimates, the impact of which would be recorded in future periods.
- (f) Financial instruments: The Association's financial instruments consist of cash, accounts receivable, accounts payable, amounts due to related parties and long-term debt. The Association designated its cash and deposit receipts as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

All transaction costs for financial assets and liabilities are expensed as incurred. The Association entered into an interest rate swap agreement in order to reduce the impact of fluctuating interest rates on its mortgage payable. This swap agreement requires the monthly exchange of payments without the exchange of the notional principal amount on which the payments are based. The Association records this derivative at fair value with the changes in the fair value recorded in the Capital Fund.

**2. CAPITAL ASSETS**

**MARCH 31, 2023**

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 939,031	\$ -	\$ 939,031
Buildings	11,264,519	5,109,874	6,154,645
Land Improvements	466,834	318,861	147,973
Machinery	36,216	36,216	-
Vehicles	1,506,256	1,115,780	390,476
Furnishings and Equipment	789,425	723,568	65,857
Leasehold Improvements	288,011	190,006	98,005
	<b>\$ 15,290,292</b>	<b>\$ 7,494,305</b>	<b>\$ 7,795,987</b>



**COMMUNITY LIVING ALGOMA  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

**2. CAPITAL ASSETS (continued)**

**MARCH 31, 2022**

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 939,031	\$ -	\$ 939,031
Building	11,242,914	4,849,783	6,393,131
Land Improvements	466,834	290,849	175,985
Machinery	104,124	104,002	122
Vehicles	1,763,049	1,290,983	472,066
Furnishings and Equipment	820,862	749,342	71,520
Leasehold Improvements	288,011	98,235	189,776
	<b>\$ 15,624,825</b>	<b>\$ 7,383,194</b>	<b>\$ 8,241,631</b>

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in account payables and accrued liabilities are government remittances payable of \$276,948 (2022 - \$447,638), which includes amounts payable for WSIB and payroll related taxes.

**4. LONG-TERM DEBT**

	2023	2022
Royal Bank of Canada, Swap mortgage, 3.04% rate, payable up to \$13,420 monthly, due October 2027	\$ 640,000	\$ 768,000
Current portion of long-term debt	132,000	128,000
Long-term debt	<b>\$ 508,000</b>	<b>\$ 640,000</b>

The above mortgages are secured by land and buildings. The swap mortgage carries interest rate risk if it is liquidated. The intention is to hold the swap to maturity as a hedge against future interest rate increases. If the swap was broken at March 31, 2023, there would have been a loss of \$(16,292) due to the existence of a higher interest rate.

Principal due on long-term debt within each of the next five fiscal years is as follows:

2024 - \$132,000  
2025 - \$136,000  
2026 - \$141,000  
2027 - \$145,000  
2028 - \$86,000

**COMMUNITY LIVING ALGOMA  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

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**5. COMMITMENTS**

The rentals under operating leases of buildings amounted to \$236,292 in fiscal 2023. Future minimum lease payments over the next five fiscal years are as follows:

2024 - \$236,292  
2025 - \$236,292  
2026 - \$236,292  
2027 - \$236,495  
2028 - \$236,495

**6. OPERATING FUND DEFICIT**

The Operating Fund Deficit is comprised of accrued vacation pay, which is not funded by the Ministry as it is paid to employees, and accumulated deficits (surpluses).

	<b>2023</b>	<b>2022</b>
Accrued Vacation Pay	\$ 1,500,485	\$ 1,616,536
Accumulated Operating Deficits (Surpluses)	-	-
<b>Total Operating Fund Deficit</b>	<b>\$ 1,500,485</b>	<b>\$ 1,616,536</b>

**7. INTERFUND TRANSFERS**

\$252,428 was transferred from the Operating Fund to the Capital Asset Fund in order to fund capital acquisitions, and for the repayment of principal on mortgage.

**8. DEFERRED CONTRIBUTIONS**

Deferred contributions represents restricted contributions from funders for specific purposes with which the Association has not incurred any expenditures. The deferred contribution balance at March 31, 2023 is as follows:

	<b>2023</b>	<b>2022</b>
Ministry of Children, Community and Social Services	\$ -	\$ 64,000

**COMMUNITY LIVING ALGOMA  
NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

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**9. ECONOMIC DEPENDENCE**

The Association's major source of revenue is in the form of subsidies from the Ontario Ministry of Children, Community and Social Services. The nature and extent of this revenue is of such significance as to affect the viability of the Association and, accordingly, it can be said that the Association is economically dependent upon the Ontario government.

**10. ASSET MANAGEMENT**

The Association considers its assets to be unrestricted net assets which consist of amounts for future operations. The Association's objective when managing assets is to safeguard its ability to continue as a going concern so it can continue to provide supports to people. An annual budget is developed and monitored to ensure assets are maintained to meet these objectives.

**11. CONTRACTS WITH MINISTRY OF CHILDREN, COMMUNITY, AND SOCIAL SERVICES**

The Association has a service contract with the Ministry of Children, Community and Social Services to provide supports and services. The Association is required to provide summaries to the Ministry on each of the detail codes they are funded for. These summaries show the budget and actual of the current year, and the prior year actuals. The following shows the following surplus (deficit) positions by detail code for the year ended March 31, 2023:

Code F660 / 8847 - Adult Group Living Supports	\$ (306,136)
Code F667 / 9110 - Adult Intensive Group Living Support	(641,658)
Code F668 / 9111 - Adult Associate Living Support	392,654
Code F669 / 9112 - Adult Individualized Living Supports	264,052
Code F703 / 9130 - Adult Respite Supports	55,014
Code F705 / 9132 - Adult Assessment and Counselling	13,137
Code F704 / 9131 - Adult Community Access Supports	187,608
Code F714 / 8871 - Adult Employment Support Transition	6,353
Code F702 / 8888 - Adult DS Specialized Services	73,743
Adult Project Codes	\$ 44,767
Code F719 / 9256 - Children's Assessment and Counselling	\$ 11,107
Children Project Codes	\$ 11,107
Total Surplus	\$ 55,874

The above surplus of \$55,874 is reflected on the Statement of Financial Position in the Due to Ministry account (Cumulative total being \$1,272,900).

## **COMMUNITY LIVING ALGOMA NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2023**

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### **12. PENSION PLANS**

Until March 31, 2010, the Association had a voluntary defined contribution pension plan for fulltime employees. Commencing April 1, 2010 bargaining unit employees contribute to a mandatory defined benefit Multi-Sector Pension Plan (MSPP). The Association's obligation is limited strictly to the contributions specified in the collective agreement. For the year ended March 31, 2022 the contributions were \$543,140 for 266 employees in MSPP and \$120,661 for 37 management employees in the defined contribution plan. For the year ended March 31, 2023 the contributions were \$574,841 for 293 employees in MSPP and \$107,419 for 37 management employees in the defined contribution plan.

### **13. FINANCIAL INSTRUMENTS**

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short-term to maturity of these instruments. The carrying value of long term debt approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

### **14. FINANCIAL RISKS**

(a) Credit risk: the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is subject to credit risk through its receivables. Account monitoring procedures are used to minimize risk of loss and no individual customer is significant to the Association.

(b) Liquidity risk: the risk that the Association will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to meet obligations.

(c) Interest rate risk: the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The Association is exposed to interest rate risk through its loans and mortgages payable. The Association monitors the current interest rate to ensure that its interest rates do not vary much from market rates. The Association entered into an interest rate swap to manage the cash flow risk of its mortgage on 99 Northern Avenue. The intention is to hold the swap to maturity as a hedge against future interest rate increases.

(d) Market risk: arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the association to a risk of loss. There is no market risk as the Association does not conduct any investment activities at this time.