

**COMMUNITY LIVING ALGOMA
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

June 23, 2022

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, 2022, 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, 2022 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
June 23, 2022

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

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2022	Total 2021
ASSETS					
CURRENT ASSETS					
Cash	\$ 3,227,808	\$ 1,108,774	\$ 143,726	\$ 4,480,308	\$ 3,400,073
Prepaid expenses	21,802	-	-	21,802	35,935
Accounts receivable (sales tax receivable of \$60,970, 2021, \$77,980)	169,706	-	-	169,706	226,108
	3,419,316	1,108,774	143,726	4,671,816	3,662,116
RESTRICTED CURRENT ASSETS					
Cash - funds held in trust for people supported	-	186,815	-	186,815	200,931
CAPITAL ASSETS (note 2)					
	-	-	8,241,631	8,241,631	8,208,231
	\$ 3,419,316	\$ 1,295,589	\$ 8,385,357	\$ 13,100,262	\$ 12,071,278
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 3)	\$ 2,074,350	\$ -	\$ 2,237	\$ 2,076,587	\$ 2,095,369
Vacation pay accrued	1,616,536	-	-	1,616,536	1,744,151
Trust fund - funds held in trust for people supported	-	186,815	-	186,815	200,931
Deferred contributions (Note 9)	64,000	-	-	64,000	-
Due to Ministry of Children, Community, and Social Services (note 12)	1,280,966	-	-	1,280,966	427,370
Current portion of long-term debt (note 4)	-	-	128,000	128,000	125,000
	5,035,852	186,815	130,237	5,352,904	4,592,821
LONG-TERM DEBT (note 4)					
	-	-	640,000	640,000	768,000
TOTAL LIABILITIES	5,035,852	186,815	770,237	5,992,904	5,360,821
NET ASSETS					
Fund surplus (deficit) balances (note 6)	(1,616,536)	1,108,774	7,615,120	7,107,358	6,710,457
	\$ 3,419,316	\$ 1,295,589	\$ 8,385,357	\$ 13,100,262	\$ 12,071,278

Commitments (note 5)

APPROVED ON BEHALF OF THE BOARD:

 Director
 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 2022	Total 2021
REVENUES					
Ministry of Children, Community, and Social Services	\$ 24,769,532	\$ -	\$ -	\$ 24,769,532	\$ 24,701,902
Fees	962,566	-	-	962,566	999,980
Other	653,322	798,087	303	1,451,712	952,447
	26,385,420	798,087	303	27,183,810	26,654,329
FUNDED EXPENDITURES					
Salaries and benefits (note 13)	19,256,654	185,413	-	19,442,067	19,230,006
Travel and communication	429,360	1,890	-	431,250	398,836
Purchased services	3,406,174	36,603	-	3,442,777	3,839,865
Other services	1,712,765	-	-	1,712,765	1,736,259
Supplies and equipment	726,872	75	-	726,947	906,624
Amortization of capital assets	-	-	662,637	662,637	625,292
Other	-	500	-	500	-
	25,531,825	224,481	662,637	26,418,943	26,736,882
EXCESS OF REVENUES OVER (UNDER) FUNDED EXPENDITURES	853,595	573,606	(662,334)	764,867	(82,553)
UNFUNDED EXPENDITURES AND ADJUSTMENTS					
Capital expenditures in total funded expenditures (note 7)	321,034	-	-	321,034	431,320
Change in vacation pay accrual	127,615	-	-	127,615	(80,597)
Unrealized gain on interest rate swap agreement (note 4)	-	-	36,980	36,980	24,801
	448,649	-	36,980	485,629	375,524
EXCESS OF REVENUES OVER (UNDER) TOTAL EXPENDITURES	1,302,244	573,606	(625,354)	1,250,496	292,971
NET ASSETS, BEGINNING OF YEAR	(1,744,151)	1,035,168	7,419,440	6,710,457	6,842,886
Interfund transfer (note 7)	(321,034)	(500,000)	821,034	-	-
Surplus payable to funding Ministries (note 12)	(853,595)	-	-	(853,595)	(425,400)
NET ASSETS, END OF YEAR	\$ (1,616,536)	\$ 1,108,774	\$ 7,615,120	\$ 7,107,358	\$ 6,710,457

The accompanying notes are an integral part of these financial statements

**COMMUNITY LIVING ALGOMA
STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,250,496	\$ 292,971
Add charges to income not involving cash:		
Unrealized gain on interest rate swap activities	(36,980)	(24,801)
Net change in non-cash working capital	25,116	189,343
Amortization of capital assets	662,637	625,292
Donation in-kind	(500,000)	-
	<u>1,401,269</u>	<u>1,082,805</u>
CASH FLOWS FROM FINANCING AND INVESTING ACTIVITIES		
Purchase of capital assets	(196,034)	(310,320)
Decrease in long-term debt	(125,000)	(125,000)
Decrease in trust funds	(14,116)	(32,618)
	<u>(335,150)</u>	<u>(467,938)</u>
INCREASE IN CASH POSITION	1,066,119	614,867
CASH POSITION, BEGINNING OF YEAR	3,601,004	2,986,137
CASH POSITION, END OF YEAR	\$ 4,667,123	\$ 3,601,004
Comprised of:		
Cash	\$ 4,480,308	\$ 3,400,073
Trust funds	186,815	200,931
	<u>\$ 4,667,123</u>	<u>\$ 3,601,004</u>

The accompanying notes are an integral part of these financial statements

**COMMUNITY LIVING ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2022

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, 2022

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, 2022

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 939,031	\$ -	\$ 939,031
Buildings	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
	\$15,624,825	\$7,383,194	\$8,241,631

**COMMUNITY LIVING ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2022

2. CAPITAL ASSETS (continued)

MARCH 31, 2021

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 879,030	\$ -	\$ 879,030
Building	10,665,801	4,589,777	6,076,024
Land Improvements	466,834	262,751	204,083
Machinery	104,124	102,645	1,479
Vehicles	1,801,027	1,142,265	658,762
Furnishings and Equipment	835,103	712,315	122,788
Leasehold Improvements	636,584	370,519	266,065
	\$15,388,503	\$7,180,272	\$8,208,231

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in account payables and accrued liabilities are government remittances payable of \$447,638 (2021 - \$167,808), which includes amounts payable for WSIB and payroll related taxes.

4. LONG-TERM DEBT

	2022	2021
Royal Bank of Canada, Swap mortgage, 3.04% rate, payable up to \$13,420 monthly, due October 2027	\$ 768,000	\$ 893,000
Current portion of long-term debt	128,000	125,000
Long-term debt	\$ 640,000	\$ 768,000

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, 2022, there would have been a gain of \$36,980 due to the existence of a lower interest rate.

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

2023 - \$128,000
2024 - \$132,000
2025 - \$136,000
2026 - \$141,000
2027 - \$145,000

**COMMUNITY LIVING ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2022

5. COMMITMENTS

The rentals under operating leases of buildings amounted to \$175,157 in 2022. Future minimum lease payments are as follows:

2023 - \$236,292
2024 - \$236,292
2025 - \$236,292
2026 - \$236,495
2027 - \$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).

	2022	2021
Accrued Vacation Pay	\$ 1,616,536	\$ 1,744,151
Accumulated Operating Deficits	-	-
Total Operating Fund Deficit	\$ 1,616,536	\$ 1,744,151

7. INTERFUND TRANSFERS

\$321,034 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. \$500,000 was transferred from the Special Purpose Fund to the Capital Asset Fund in connection with the donation of 113 Breton Road.

8. RELATED PARTY TRANSACTIONS

SACOR Handicapped Accommodations (SACOR) was incorporated without share capital in 1983 as a non-profit organization to assist in the accommodation aspects of the Association. The Association historically leased two group homes from SACOR that were mortgaged through CMHC. SACOR sold one of the homes in 2013 and donated the proceeds to Community Living Algoma. SACOR dissolved the corporation and donated the remaining assets to the Association in the current year.

9. 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, 2022 is as follows:

	2022	2021
Ministry of Children, Community and Social Services	\$ 64,000	\$ -

**COMMUNITY LIVING ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2022

10. 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.

11. 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.

12. 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, 2022:

Code F660 / 8847 - Adult Group Living Supports	\$ (27,080)
Code F667 / 9110 - Adult Intensive Group Living Support	(58,799)
Code F668 / 9111 - Adult Associate Living Support	62,195
Code F669 / 9112 - Adult Individualized Living Supports	295,380
Code F703 / 9130 - Adult Respite Supports	22,935
Code F705 / 9132 - Adult Assessment and Counselling	(22,830)
Code F704 / 9131 - Adult Community Access Supports	206,203
Code F714 / 8871 - Adult Employment Support Transition	35,960
Code PSW/TWE - Enhanced Funding	61,270
Code F702 / 8888 - Adult DS Specialized Services	110,300
Adult Project Codes	\$ 685,534
Code F719 / 9256 - Children's Assessment and Counselling	\$ 144,368
Code F240 / A545 - Children's CSN	29,788
Code F241 / A546 - Community Enhancement	(6,074)
Code F205 / A595 - Other ASD Supports	(21)
Children's Project Codes	\$ 168,061
Total Surplus	\$ 853,595

The above surplus of \$853,595 is reflected on the Statement of Financial Position in the Due to Ministry account (Cumulative total being \$1,280,966).

**COMMUNITY LIVING ALGOMA
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2022

13. 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, 2021 the contributions were \$637,648 for 269 employees in MSPP and \$122,784 for 37 management employees in the defined contribution plan. 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.

14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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.

15. 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.