

Financial Statements of

COMMUNITY LIVING ALGOMA

Year ended March 31, 2020

COMMUNITY LIVING ALGOMA

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Year ended March 31, 2020

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COMMUNITY LIVING ALGOMA

Statement of Financial Position

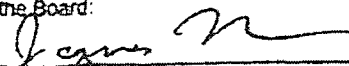
At March 31, 2020

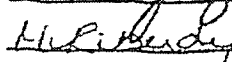
	Operating Fund	Special Purposes Fund	Capital Fund	Total 2020	Total 2019
Assets					
Cash	1,691,333	918,117	143,137	2,752,587	\$2,629,148
Cash - funds held in trust for people supported	—	233,550	—	233,550	226,290
Prepaid expenses	16,861	—	—	16,861	18,972
Due from Ministry of Children, Community and Social Services (Note 16)	46,867	—	—	46,867	—
Accounts receivable	245,004	—	—	245,004	200,011
Net capital assets (Note 3)	—	—	8,523,203	8,523,203	9,014,201
Total Assets	2,000,065	1,151,667	8,666,340	\$11,818,072	\$12,088,222
Liabilities and Fund Balances					
Accounts payable and accrued liabilities (Note 4)	1,998,096	—	64,017	\$2,062,113	\$2,114,475
Vacation pay accrued	1,663,554	—	—	1,663,554	1,621,312
Trust fund - funds held in trust for people supported	—	233,550	—	233,550	226,290
Due to Ministry of Children, Community and Social Services (Note 13)	1,969	—	—	1,969	1,905
Current portion of long term debt (Note 5)	—	—	121,000	121,000	117,000
Total Current Liabilities	3,663,619	233,550	185,017	4,082,186	4,080,982
Long term debt (Note 5)	—	—	893,000	893,000	1,014,000
Total Liabilities	3,663,619	233,550	1,078,017	4,975,186	5,094,982
Fund (deficit) balances (Note 7)	(1,663,554)	918,117	7,588,323	6,842,886	6,993,240
Total Liabilities and Fund Balances	2,000,065	1,151,667	8,666,340	\$11,818,072	\$12,088,222

Commitments (Note 6)

The accompanying notes are an integral part of these financial statements

On behalf of the Board:


 _____ Director


 _____ Director

*Electronic Signatures
 due to Covid 19.*

COMMUNITY LIVING ALGOMA

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended March 31, 2020

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2020	Total 2019
Revenues:					
Ministry of Children, Community, and Social Services	24,500,505		—	\$24,500,505	\$24,672,470
Fees	1,106,485		—	1,106,485	1,120,247
Other	462,483	1,161,954	(12,104)	1,612,333	959,096
Total revenues	26,069,473	1,161,954	(12,104)	\$27,219,323	\$26,751,813
Funded Expenditures:					
Salaries and benefits (Note 15)	19,288,154	504,976		19,793,130	19,067,467
Travel and communication	483,101	78,368		561,469	563,663
Purchased services	4,273,303	265,970		4,539,273	4,331,477
Other services	1,317,364			1,317,364	1,847,290
Supplies and equipment	707,487	15,600		723,087	852,318
Amortization of capital assets			624,790	624,790	581,266
Other				-	-
Total funded expenditures	26,069,409	864,914	624,790	\$27,559,113	\$27,243,481
Total revenues over (under) expenditures for Ministry purposes	64	297,040	(636,894)	(339,790)	(491,668)
Unfunded expenditures and adjustments:					
Capital expenditures in total funded expenditures (Note 8)	265,228	—	—	265,228	819,356
Change in vacation pay accrual	(42,242)	—	—	(42,242)	66,186
Unrealized gain (loss) on interest rate swap agreement (Note 5)	—	—	(33,486)	(33,486)	(18,373)
Total revenues over (under) total expenditures	223,050	297,040	(670,380)	(150,290)	375,501
Fund (deficit) balance, beginning of year	(1,621,312)	621,077	7,993,475	6,993,240	6,619,644
Interfund transfer (Note 8)	(265,228)	—	265,228	—	—
Surplus payable to funding Ministries (Note 13)	(64)	—	—	(64)	(1,905)
Fund (deficit) balance, end of year	(1,663,554)	918,117	7,588,323	\$6,842,886	\$6,993,240

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING ALGOMA

Statement of Cash Flows

Year ended March 31, 2020

	2020	2019
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	(\$150,290)	\$375,501
Loss (gain) on sale of capital assets	14,436	(4,034)
Unrealized loss on interest rate swap activities	33,486	18,373
Net changes in non-cash working capital	(129,755)	282,013
Amortization of capital assets	624,790	581,266
Net cash generated through operating activities	\$392,667	\$1,253,119

Cash flows from financing and investing activities:

Purchase of capital assets	(148,228)	(719,957)
Proceeds from sale of capital assets	-	13,618
Decrease in long term debt	(121,000)	(117,000)
Increase in trust funds	7,260	9,287
Net cash used in financing and investing activities	(\$261,968)	(814,052)

Net increase in cash	\$130,699	\$439,067
Cash, beginning of year	\$2,855,438	\$2,416,371
Cash, end of year	\$2,986,137	\$2,855,438

Cash, end of year Balance sheet	\$2,752,587	\$2,629,148
Cash, funds held in trust from Balance sheet	233,550	226,290
	\$2,986,137	\$2,855,438

COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2020

1. Purpose of the Organization

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. These Financial Statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

2. Significant accounting policies:

Use of Estimates

The preparation of the 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.

Funding - Ministry of Children, Community and Social Services :

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.

Revenues and Expenses / Assets and Liabilities:

Revenues and expenses / assets and liabilities are recorded on the accrual basis of accounting.

Contributed services:

Volunteers contribute a significant amount of hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining the fair value, these are not recognized in the financial statements.

Capital Assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value. Amortization is provided on a straight-line basis over the assets' estimated useful lives. Note 3 provides further disclosure on the Association's capital policies.

Fund Accounting:

Community Living Algoma maintains its accounts in accordance with the principles of restricted fund accounting. 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 fund-raising proceeds, brokering the Ministry's Passport Program, and for multi-year projects funded and approved by our 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.

Financial Instruments:

The Association's financial instruments consist of cash, accounts receivable, accounts payable, amounts due to related parties and long term debt. Cash is designated as held-for-trading which is measured at fair value. Accounts receivable is classified as loans and receivables which is measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities which are measured at amortized cost. All transaction costs for financial assets and financial 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.

COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2020

3. Net Capital Assets:

	Depreciable Life	Cost		Accumulated Amortization		Net Book Value	
		2020	2019	2020	2019	2020	2019
Land	na	\$879,030	\$879,030	—	—	\$879,030	\$879,030
Buildings, Betterments	40	\$10,620,382	\$10,590,556	\$4,337,980	\$4,099,001	\$6,282,402	\$6,491,555
Land Improvements	15	\$466,834	\$466,833	\$234,313	\$204,927	\$232,521	\$261,906
Machinery	10	\$104,124	\$104,124	\$100,080	\$97,142	\$4,044	\$6,982
Vehicles	8	\$1,800,282	\$1,727,394	\$998,972	\$832,496	\$801,310	\$894,898
Furnishings, Equipment	5	\$919,007	\$1,059,122	\$737,845	\$808,495	\$181,162	\$250,627
Leasehold Improvements	3	\$420,938	\$425,044	\$278,204	\$195,841	\$142,734	\$229,203
		<u>\$15,210,597</u>	<u>\$15,252,103</u>	<u>\$6,687,394</u>	<u>\$6,237,902</u>	<u>\$8,523,203</u>	<u>\$9,014,201</u>

4. Accounts payable and accrued liabilities:

Included in accounts payables and accrued liabilities are government remittances payable of \$201,024 (2019 - \$226,930), which includes amounts payable for WSIB and payroll related taxes.

5. Long term debt :

	2020	2019
Royal Bank of Canada, SWAP mortgage, 3.04% rate, payable up to \$13,420 monthly, due October 2027	\$1,014,000	1,131,000
	<u>\$1,014,000</u>	<u>1,131,000</u>
Current portion of long term debt	121,000	\$117,000
Long term debt	<u>\$893,000</u>	<u>\$1,014,000</u>

The above mortgages are secured by land and buildings.

The Swap mortgage carries some 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 had been broken at March 31st, 2020 there would have been a loss of \$64,016 due to the existence of a lower interest rate.

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

2021	121,000
2022	125,000
2023	128,000
2024	132,000
2025	136,000

6. Commitments:

Rentals under operating leases of buildings amounted to \$48,483 in 2020.

Future minimum lease payments are as follows:

2021	121,866
2022	96,236
2023	85,370

7. Operating Fund Deficit:

The Operating Fund Deficit is comprised of accrued vacation pay, which is funded by the Ministry as it is paid to employees, and accumulated deficits/(surpluses).

	2020	2019
Accrued Vacation Pay	1,663,554	1,621,312
Accumulated Operating Deficits	—	—
<u>Total Fund Deficit</u>	<u>\$1,663,554</u>	<u>\$1,687,498</u>

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Notes to Financial Statements

Year ended March 31, 2020

8. Interfund transfers

\$265,228 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.

9. 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 is in the process of dissolving the corporation and donating the assets to the association.

10. Financial risks and concentration of risk:

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The association is subject to credit risk through their receivables. Account monitoring procedures are used to minimize risk of loss and no individual customer is significant to association.

Liquidity risk is the risk that the association will be unable to fulfill 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.

Interest rate risk arises because of fluctuation in interest rates. The association is exposed to interest rate risk through their loans and mortgages payable. The association monitors the current interest rate to ensure that their 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.

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 conducts no investment activities at this time.

11. 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 organization is economically dependent upon the Ontario government.

12. 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.

COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2020

13. Contracts with the 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 agency 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. These reports show the following surplus (deficit) positions by detail code for the year ended March 31, 2020:

<u>Detail Code - Description</u>	<u>Surplus(Deficit)</u>
Code F660 / 8847 - Adult Group Living Supports	(\$98,367)
Code F667 / 9110 - Adult Intensive Group Living Support	(\$43,926)
Code F668 / 9111 - Adult Associate Living Support	\$8,856
Code F669 / 9112 - Adult Individualized Living Supports	(\$63,924)
Code F703 / 9130 - Adult Respite Supports	\$33,328
Code F705 / 9132 - Adult Assessment and Counselling	\$4,696
Code F704 / 9131 - Adult Community Access Supports	\$124,328
Code F714 / 8871 - Adult Employment Support Transition	(\$13,178)
Code F702 / 8888 - Adult DS Specialized Services	\$19,349
Subtotal Adult Project Codes	<u>(\$28,838)</u>
Code 9250 - Children's Group Living Supports	
Code F672 / 9251 - Children's Associate Living Support	\$23,272
Code F719 / 9256 - Children's Assessment and Counselling	\$137,463
Code F240 / A545 - Children's CSN	(\$131,662)
Code F241 / A546 Community Enhancement	(\$168)
Code F205 / A595 - Other ASD supports	(\$3)
Subtotal Children's Project Codes	<u>\$28,902</u>
	<u>\$64</u>

The above surplus of \$64 is reflected on the balance sheet in the Due to the Ministry account. (Cumulative total being \$1,970) See also Note 16 for Due From MCCSS

14. Asset Management

The Association considers its assets to be its unrestricted net assets which consist of amounts for future operations. The Association's objectives when managing its assets are 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 the organization's assets are maintained to meet these objectives.

15. 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, 2019 the contributions were \$595,781 for 268 employees in MSPP and \$128,549 for 30 management employees in the defined contribution plan. For the year ended March 31, 2020 the contributions were \$628,728 for 241 employees in MSPP and \$136,142 for 32 management employees in the defined contribution plan.

16. COVID-19 Residential Relief Fund (CRRF)

The Ministry of Children, Community and Social Services has advised agencies to recognize all expenses within the residential codes that relate to Covid 19. There remains some discrepancies in what will be covered, therefore the amount is listed separately on the Balance Sheet.