

Financial Statements of

COMMUNITY LIVING ALGOMA

Year ended March 31, 2021

COMMUNITY LIVING ALGOMA

Table of Contents

Year ended March 31, 2021

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9



INDEPENDENT AUDITOR'S REPORT

To the Members of
Community Living Algoma

Opinion

I have audited the financial statements of Community Living Algoma, which comprise the statement of financial position as at March 31, 2021 and its financial performance, changes in net assets and its 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 Entity as at March 31, 2021 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 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 Entity 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.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Emphasis of Matter - Effects of COVID-19

Without modifying my opinion, I draw attention to Note 16 of the financial statements which indicates that subsequent to year end, Community Living Algoma's operations may be negatively impacted by the effects of the COVID-19 pandemic.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



Professional Corporation
Authorized to practice public accounting by The Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
June 24, 2021

COMMUNITY LIVING ALGOMA

Statement of Financial Position



At March 31, 2021

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2021	Total 2020
Assets					
Cash	\$ 2,221,481	\$ 1,035,169	\$ 143,423	\$ 3,400,073	\$ 2,752,587
Cash - funds held in trust for people supported	—	200,931	—	200,931	233,550
Prepaid expenses	35,935	—	—	35,935	16,861
Due from Ministry of Children, Community and Social Services (Note 16)	—	—	—	-	46,867
Accounts receivable	226,108	—	—	226,108	245,004
Net capital assets (Note 3)	—	—	8,208,231	8,208,231	8,523,203
Total Assets	\$ 2,483,524	\$ 1,236,100	\$ 8,351,654	\$ 12,071,278	\$ 11,818,072
Liabilities and Fund Balances					
Accounts payable and accrued liabilities (Note 4)	\$ 2,056,154	—	\$ 39,215	\$ 2,095,369	\$ 2,062,112
Vacation pay accrued	1,744,151	—	—	1,744,151	1,663,554
Trust fund - funds held in trust for people supported	—	200,931	—	200,931	233,550
Due to Ministry of Children, Community and Social Services (Note 13)	427,370	—	—	427,370	1,970
Current portion of long term debt (Note 5)	—	—	125,000	125,000	121,000
Total Current Liabilities	4,227,675	200,931	164,215	4,592,821	4,082,186
Long term debt (Note 5)	—	—	768,000	768,000	893,000
Total Liabilities	4,227,675	200,931	932,215	5,360,821	4,975,186
Fund (deficit) balances (Note 7)	(1,744,151)	1,035,169	7,419,439	6,710,457	6,842,886
Total Liabilities and Fund Balances	\$ 2,483,524	\$ 1,236,100	\$ 8,351,654	\$ 12,071,278	\$ 11,818,072

Commitments (Note 6)

The accompanying notes are an integral part of these financial statements

On behalf of the Board

Director

Director

COMMUNITY LIVING ALGOMA

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended March 31, 2021

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2021	Total 2020
Revenues:					
Ministry of Children, Community, and Social Services	\$ 24,701,902		—	\$ 24,701,902	\$ 24,500,505
Fees	999,980		—	999,980	1,106,485
Other	682,547	269,613	287	952,447	1,612,333
Total revenues	26,384,429	269,613	287	26,654,329	27,219,323
Funded Expenditures:					
Salaries and benefits (Note 15)	19,135,395	94,611		19,230,006	19,793,130
Travel and communication	398,836			398,836	561,469
Purchased services	3,807,408	32,457		3,839,865	4,539,273
Other services	1,736,259			1,736,259	1,317,364
Supplies and equipment	881,131	25,493		906,624	723,087
Amortization of capital assets			625,292	625,292	624,790
Other				—	—
Total funded expenditures	25,959,029	152,561	625,292	26,736,882	27,559,113
Total revenues over (under) expenditures for Ministry purposes	425,400	117,052	(625,005)	(82,553)	(339,790)
Unfunded expenditures and adjustments:					
Capital expenditures in total funded expenditures (Note 8)	431,320	—	—	431,320	265,228
Change in vacation pay accrual	(80,597)	—	—	(80,597)	(42,242)
Unrealized gain (loss) on interest rate swap agreement (Note 5)	—	—	24,801	24,801	(33,486)
Total revenues over (under) total expenditures	776,123	117,052	(600,204)	292,971	(150,290)
Fund (deficit) balance, beginning of year	(1,663,554)	918,117	7,588,323	6,842,886	6,993,240
Interfund transfer (Note 8)	(431,320)	—	431,320	—	—
Surplus payable to funding Ministries (Note 13)	(425,400)	—	—	(425,400)	(64)
Fund (deficit) balance, end of year	\$ (1,744,151)	\$ 1,035,169	\$ 7,419,439	\$ 6,710,457	\$ 6,842,886

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING ALGOMA

Statement of Cash Flows

Year ended March 31, 2021

	2021	2020
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 292,971	\$ (150,290)
Loss on sale of capital assets	-	14,436
Unrealized (gain) loss on interest rate swap activities	(24,801)	33,486
Net changes in non-cash working capital	189,343	(129,755)
Amortization of capital assets	625,292	624,790
Net cash generated through operating activities	1,082,805	392,667
Cash flows from financing and investing activities:		
Purchase of capital assets	(310,320)	(148,228)
Proceeds from sale of capital assets	-	-
Decrease in long term debt	(125,000)	(121,000)
Increase (decrease) in trust funds	(32,618)	7,260
Net cash used in financing and investing activities	(467,938)	(261,968)
Net increase in cash	614,867	130,699
Cash, beginning of year	2,986,137	2,855,438
Cash, end of year	\$3,601,004	\$2,986,137
Cash, end of year from Statement of Financial Position	\$3,400,073	\$2,752,587
Cash, funds held in trust from Statement of Financial Position	200,931	233,550
	\$3,601,004	\$2,986,137

COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2021

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, 2021

3. Net Capital Assets

	Depreciable Life In Years	Cost		Accumulated Amortization		Net Book Value	
		2021	2020	2021	2020	2021	2020
Land	n/a	\$ 879,030	\$ 879,030	—	—	\$ 879,030	\$ 879,030
Buildings, Betterments	40	10,665,801	10,620,382	4,589,777	4,337,980	6,076,024	6,282,402
Land Improvements	15	466,834	466,834	262,751	234,313	204,083	232,521
Machinery	10	104,124	104,124	102,645	100,080	1,479	4,044
Vehicles	8	1,801,027	1,800,282	1,142,265	998,972	658,762	801,310
Furnishings, Equipment	5	835,103	919,007	712,315	737,845	122,788	181,162
Leasehold Improvements	3	636,584	420,938	370,519	278,204	266,065	142,734
		<u>\$ 15,388,503</u>	<u>\$ 15,210,597</u>	<u>\$ 7,180,272</u>	<u>\$ 6,687,394</u>	<u>\$ 8,208,231</u>	<u>\$ 8,523,203</u>

4. Accounts Payable and Accrued Liabilities

Included in accounts payables and accrued liabilities are government remittances payable of \$167,808 (2020 - \$201,024), which includes amounts payable for WSIB and payroll related taxes.

5. Long Term Debt

	2021	2020
Royal Bank of Canada, SWAP mortgage, 3.04% rate, payable up to \$13,420 monthly, due October 2027	\$ 893,000	\$ 1,014,000
	893,000	1,014,000
Current portion of long term debt	125,000	121,000
<u>Long term debt</u>	<u>\$ 768,000</u>	<u>\$ 893,000</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 31, 2021, there would have been a gain of \$24,801 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:

2022	\$ 125,000
2023	\$ 128,000
2024	\$ 132,000
2025	\$ 136,000
2026	\$ 145,000

6. Commitments

Rentals under operating leases of buildings amounted to \$130,249 in 2021.

Future minimum lease payments are as follows:

2022	\$ 200,706
2023	\$ 189,624
2024	\$ 189,624
2025	\$ 189,804
2026	\$ 189,804

7. 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).

	2021	2020
Accrued Vacation Pay	\$1,744,151	\$1,663,554
Accumulated Operating Deficits	—	—
<u>Total Fund Deficit</u>	<u>\$1,744,151</u>	<u>\$1,663,554</u>

COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2021

8. Interfund Transfers

\$456,408 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, 2021

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, 2021:

<u>Detail Code - Description</u>	<u>Surplus(Deficit)</u>
Code F660 / 8847 - Adult Group Living Supports	(\$1,349)
Code F667 / 9110 - Adult Intensive Group Living Support	(97,397)
Code F668 / 9111 - Adult Associate Living Support	(15,403)
Code F669 / 9112 - Adult Individualized Living Supports	149,626
Code F703 / 9130 - Adult Respite Supports	14,326
Code F705 / 9132 - Adult Assessment and Counselling	(4,200)
Code F704 / 9131 - Adult Community Access Supports (note 16)	194,576
Code F714 / 8871 - Adult Employment Support Transition	16,386
Code F702 / 8888 - Adult DS Specialized Services	102,241
Subtotal Adult Project Codes	<u>\$358,806</u>
Code 9250 - Children's Group Living Supports	
Code F672 / 9251 - Children's Associate Living Support	\$118
Code F719 / 9256 - Children's Assessment and Counselling	53,080
Code F240 / A545 - Children's CSN	13,397
Code F241 / A546 Community Enhancement	0
Code F205 / A595 - Other ASD supports	0
Subtotal Children's Project Codes	<u>66,595</u>
	<u>\$425,401</u>

The above surplus of \$425,401 is reflected on the balance sheet in the Due to the Ministry account (Cumulative total being \$427,370).

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, 2020 the contributions were \$628,728 for 241 employees in MSPP and \$136,142 for 32 management employees in the defined contribution plan. 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.

16. Effects of COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Association's operations and financial position is not known at this time. These impacts could lead to a decline in future cash flows, as well as changes to the value of assets and liabilities. An estimate of the financial effect of the pandemic on the Corporation is not predictable at this time.

The Ministry of Children, Community and Social Services has advised agencies to recognize all expenses within the residential codes that relate to COVID-19. The prior year receivable from the COVID-19 Residential Relief Fund (CRRF) was received in the current fiscal. Additional funding and surplus of \$112,624 was received.