

COMMUNITY LIVING DURHAM NORTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022



Smith
Chappell
Marsh
Vilander LLP

H. Howard Smith, FCPA (Retired)
Richard A. Chappell, CPA, CA (Retired)
Deborah L. Marsh, CPA, CA
Vesa K. Vilander, CPA, CA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
COMMUNITY LIVING DURHAM NORTH
PORT PERRY, ONTARIO

Qualified Opinion

We have audited the financial statements of Community Living Durham North (the Entity), 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 Entity 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 not-for-profit organizations, the Entity derives revenue from donations and fundraising 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess 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 and March 31 for both the 2022 and 2021 years.

We conducted our audits 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 Entity in accordance with the ethical requirements that are relevant to our audits 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 related 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

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 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 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 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smith Chappell Marsh Veilante LLP

June 20, 2022
Oshawa, Ontario

Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY LIVING DURHAM NORTH

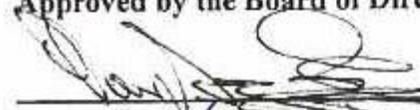
(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

		<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Current			
Cash		\$ 1,882,128	\$ 1,658,620
Accounts receivable (Note 3)		258,323	365,099
Prepaid expenses and deposits		239,508	180,703
		<u>2,379,959</u>	<u>2,204,422</u>
Capital Assets (Note 2(e))			
	<u>Cost</u>	<u>Accumulated Amortization</u>	
Land	\$ 3,559,103	\$ -	3,559,103
Buildings	6,563,105	3,615,624	2,947,481
Equipment and computers	354,999	332,714	22,285
Furniture and fixtures	216,028	161,245	54,783
Leasehold improvements	58,657	58,657	-
Vehicles	512,345	332,041	180,304
	<u>\$11,264,237</u>	<u>\$ 4,500,281</u>	<u>6,763,956</u>
		<u>\$ 9,143,915</u>	<u>\$ 8,520,673</u>

Approved by the Board of Directors:


_____, Director


_____, Director

COMMUNITY LIVING DURHAM NORTH

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 1,829,209	\$ 1,981,630
Deferred revenue (Note 4)	530,507	164,621
Current portion of long term debt	1,086,225	121,959
	<u>3,445,941</u>	<u>2,268,210</u>
Long Term		
Mortgages payable (Note 5)	3,668,568	3,194,167
Less: Current portion	(1,086,225)	(121,959)
	<u>2,582,343</u>	<u>3,072,208</u>
Deferred Contributions Related to Capital Assets (Note 7)	<u>711,905</u>	<u>821,011</u>
Net Assets		
Invested in capital assets (Note 8)	2,383,483	2,301,073
Unrestricted	20,243	58,171
	<u>2,403,726</u>	<u>2,359,244</u>
	<u>\$ 9,143,915</u>	<u>\$ 8,520,673</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2022

	Invested in Capital <u>Assets</u>	<u>Unrestricted</u>	2022 <u>Total</u>	2021 <u>Total</u>
Opening balance	\$ 2,301,073	\$ 58,171	\$ 2,359,244	\$ 2,059,103
Excess of revenues over expenses (expenses over revenues) (Note 8(b))	(249,028)	293,510	44,482	300,141
Net change in invested in capital assets (Note 8(b))	331,438	(331,438)	-	-
Closing Balance	\$ 2,383,483	\$ 20,243	\$ 2,403,726	\$ 2,359,244

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Operating Activities		
Excess of revenue over expenses	\$ 44,482	\$ 300,141
Charges to income not involving cash:		
Amortization	358,614	328,873
(Gain)/Loss on disposal of capital assets	<u>(480)</u>	<u>(19,251)</u>
	<u>402,616</u>	<u>609,763</u>
Net change in non-cash working capital balances related to operations:		
Account receivable	106,776	(104,755)
Prepaid expenses and deposits	(58,805)	(131,909)
Accounts payable	(152,421)	635,028
Deferred revenue	<u>365,886</u>	<u>111,290</u>
	<u>261,436</u>	<u>509,654</u>
	<u>664,052</u>	<u>1,119,417</u>
Investing Activities		
Proceeds on disposal of capital assets	10,000	47,441
Additions to capital assets	<u>(815,839)</u>	<u>(1,005,389)</u>
	<u>(805,839)</u>	<u>(957,948)</u>
Financing Activities		
Increase (decrease) in long term debt	474,401	362,005
Increase (decrease) in deferred contributions related to capital assets net of related amortization	<u>(109,106)</u>	<u>50,119</u>
	<u>365,295</u>	<u>412,124</u>
Change in Cash and Cash Equivalents During the Year	223,508	573,593
Cash and Cash Equivalents, Beginning of Year	<u>1,658,620</u>	<u>1,085,027</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,882,128</u>	<u>\$ 1,658,620</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GENERAL

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES:		
Donations and fundraising	\$ 31,824	\$ 58,409
Membership dues	120	150
Miscellaneous	45,842	46,178
Region of Durham (Note 9)	195,290	261,527
	<hr/>	<hr/>
	273,076	366,264
	<hr/>	<hr/>
EXPENDITURES:		
Supplies	16,160	20,060
Advertising and promotion	250	250
Purchased services	869	-
Region of Durham (Note 9)	193,308	257,971
Central administration - general	123	-
	<hr/>	<hr/>
	210,710	278,281
	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 62,366	\$ 87,983
	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH**STATEMENT OF OPERATIONS - CONSOLIDATED PROGRAMS****FOR THE YEAR ENDED MARCH 31, 2022**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	<u>2022</u>	<u>2022</u>	<u>2021</u>
SUPPORT:			
MCCSS - operating	\$14,425,826	\$15,654,105	\$14,993,603
MCCSS East Region - operating	34,900	34,900	34,900
	<u>14,460,726</u>	<u>15,689,005</u>	<u>15,028,503</u>
REVENUE:			
Rent	1,134,132	1,123,537	1,110,238
Other funding	1,376,894	1,111,886	779,503
United Way	30,000	30,000	30,200
Respite	42,000	13,752	8,049
	<u>2,583,026</u>	<u>2,279,175</u>	<u>1,927,990</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 7)	-	109,106	119,881
	<u>17,043,752</u>	<u>18,077,286</u>	<u>17,076,374</u>
EXPENDITURES:			
Wages and salaries	11,970,374	12,207,740	11,285,940
Employee benefits	2,082,121	1,895,187	1,785,113
Staff travel	95,544	47,001	37,878
Supplies	51,839	88,511	253,051
Vehicle operation	118,043	172,559	86,173
Utilities and taxes	247,039	230,537	209,052
Purchased services	319,851	585,349	338,946
Food	368,556	377,924	440,411
Personal needs	240,719	269,233	261,406
New furnishings and equipment	46,501	71,626	104,567
Advertising and promotion	646	540	-
Repairs and maintenance	155,471	416,900	381,684
Staff training and conferences	19,742	76,111	59,330
Rental	406,112	275,054	298,788
Central administration - general (reallocation)	244,596	283,371	220,857
- staffing	676,598	738,913	772,147
	<u>17,043,752</u>	<u>17,736,556</u>	<u>16,535,343</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	340,730	541,031
Amortization	-	358,614	328,873
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (17,884)</u>	<u>\$ 212,158</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT DS COMMUNITY SUPPORT SERVICES

FOR THE YEAR ENDED MARCH 31, 2022

	<u>BUDGET</u> <u>2022</u>	<u>ACTUAL</u> <u>2022</u>	<u>ACTUAL</u> <u>2021</u>
SUPPORT:			
MCCSS - operating	\$ 2,454,848	\$ 2,454,848	\$ 2,454,848
REVENUE:			
United Way	30,000	30,000	30,200
Other funding	66,217	86,546	40,923
Respite	42,000	13,752	8,049
	<u>138,217</u>	<u>130,298</u>	<u>79,172</u>
Amortization of Deferred Contributions (Note 7)	-	5,000	5,000
	<u>2,593,065</u>	<u>2,590,146</u>	<u>2,539,020</u>
EXPENDITURES:			
Wages and salaries	1,804,662	1,155,479	1,280,581
Employee benefits	295,250	193,390	237,183
Staff travel	25,254	6,028	4,958
Supplies	15,000	13,753	17,274
Vehicle operation	55,782	69,111	26,929
Utilities and taxes	50,487	46,146	40,852
Purchased services	44,766	88,185	57,260
Food	29,520	23,550	18,230
New furnishings and equipment	8,000	5,558	22,621
Advertising and promotion	95	99	-
Repairs and maintenance	25,912	20,316	45,655
Staff training and conferences	2,900	13,367	10,756
Rental	86,039	73,002	68,825
Personal needs	9,175	6,677	13,038
Central administration - general (reallocation)	40,823	52,199	40,578
- staffing	99,400	135,812	141,921
	<u>2,593,065</u>	<u>1,902,672</u>	<u>2,026,661</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	687,474	512,359
Amortization	-	38,226	36,052
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ 649,248	\$ 476,307

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT COMMUNITY ACCOMODATION

FOR THE YEAR ENDED MARCH 31, 2022

	<u>BUDGET</u> <u>2022</u>	<u>ACTUAL</u> <u>2022</u>	<u>ACTUAL</u> <u>2021</u>
SUPPORT:			
MCCSS - operating	\$11,970,978	\$11,970,978	\$11,305,945
REVENUE:			
Rent	1,134,132	1,123,537	1,110,238
Other funding	1,310,677	1,025,340	738,580
	<u>2,444,809</u>	<u>2,148,877</u>	<u>1,848,818</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 7)	-	99,036	109,811
	<u>14,415,787</u>	<u>14,218,891</u>	<u>13,264,574</u>
EXPENDITURES:			
Wages and salaries	10,165,712	9,970,837	9,016,164
Employee benefits	1,786,871	1,594,635	1,449,829
Staff travel	70,290	40,973	32,920
Supplies	36,839	61,258	90,262
Vehicle operation	62,261	103,448	59,244
Utilities and taxes	192,516	180,355	164,164
Purchased services	275,085	497,164	281,686
Food	339,036	354,374	422,181
Personal needs	231,544	262,556	248,368
New furnishings and equipment	38,501	39,875	81,946
Advertising and promotion	551	441	-
Repairs and maintenance	129,559	396,584	336,028
Staff training and conferences	16,842	62,744	48,574
Rental	289,209	188,598	215,548
Central administration - general (reallocation)	203,773	231,172	180,279
- staffing	577,198	603,101	630,227
	<u>14,415,787</u>	<u>14,588,115</u>	<u>13,257,420</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	(369,224)	7,154
Amortization	-	307,898	280,332
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (677,122)</u>	<u>\$ (273,178)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - CRRF

FOR THE YEAR ENDED MARCH 31, 2022

	BUDGET	ACTUAL	ACTUAL
	<u>2022</u>	<u>2022</u>	<u>2021</u>
SUPPORT:			
MCCSS - operating	\$ -	\$ 13,500	\$ 145,514
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Supplies	-	13,500	145,514
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUE			
OVER EXPENDITURES	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - PANDEMIC PAY

FOR THE YEAR ENDED MARCH 31, 2022

	<u>BUDGET</u> <u>2022</u>	<u>ACTUAL</u> <u>2022</u>	<u>ACTUAL</u> <u>2021</u>
SUPPORT:			
MCCSS - operating	\$ -	\$ -	\$ 560,071
EXPENDITURES:			
Wages and salaries	-	-	509,494
Employee benefits	-	-	50,577
	-	-	560,071
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - TEMPORARY WAGE ENHANCEMENT

FOR THE YEAR ENDED MARCH 31, 2022

	<u>BUDGET</u> <u>2022</u>	<u>ACTUAL</u> <u>2022</u>	<u>ACTUAL</u> <u>2021</u>
SUPPORT:			
MCCSS - operating	\$ -	\$ 1,188,586	\$ 527,225
EXPENDITURES:			
Wages and salaries	-	1,081,424	479,701
Employee benefits	-	107,162	47,524
	-	1,188,586	527,225
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - REPAIRS AND MAINTENANCE

FOR THE YEAR ENDED MARCH 31, 2022

	<u>BUDGET</u> <u>2022</u>	<u>ACTUAL</u> <u>2022</u>	<u>ACTUAL</u> <u>2021</u>
SUPPORT:			
OMCSS - operating	\$ -	\$ 26,193	\$ -
SUPPORT:			
Amortization of Deferred Contributions (Note 7)	-	5,070	5,070
	-	31,263	5,070
EXPENDITURES:			
New furnishings and equipment	-	26,193	-
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	5,070	5,070
Amortization	-	5,070	5,070
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ -	\$ -

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - DEDICATED SUPPORTIVE HOUSING

FOR THE YEAR ENDED MARCH 31, 2022

	BUDGET	ACTUAL	ACTUAL
	<u>2022</u>	<u>2022</u>	<u>2021</u>
SUPPORT:			
MCCSS East Region - operating	\$ 34,900	\$ 34,900	\$ 34,900
EXPENDITURES:			
Utilities	4,036	4,036	4,036
Rental	30,864	13,454	14,415
	<u>34,900</u>	<u>17,490</u>	<u>18,451</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	17,410	16,449
Amortization	-	7,420	7,420
EXCESS OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 9,990</u>	<u>\$ 9,029</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

1. Status and Nature of Activities

Community Living Durham North is a registered charity which provides services, accommodation and education to individuals who have intellectual disabilities in the Scugog, Brock and Uxbridge Townships.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Basis of Presentation

These financial statements present the financial position and results of operations of Community Living Durham North.

The statements have been departmentalized in accordance with the funding and budgeting requirements prescribed by the Ontario Ministry of Children, Community and Social Services (MCCSS).

(b) Donated Materials and Services

The organization does not record the value of donated materials and services as it is felt to be impracticable from a record keeping and valuation point of view.

(c) Pledges

The organization does not account for the value of pledges. Accordingly, donations are recorded on a cash basis.

(d) Tax Status

The organization is a registered charity under the provisions of the Income Tax Act.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

2. Summary of Significant Accounting Policies - continued

(e) Capital Assets

Capital assets are stated at cost. Amortization charges are calculated on a straight-line basis at the following rates:

Buildings	5%
Equipment	10%
Computers	15%
Furniture and fixtures	10%
Vehicles	15%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(f) Revenue Recognition

Community Living Durham North follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

(g) Use of Estimates

The preparation of financial statements in conformity 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 reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

2. Summary of Significant Accounting Policies - continued

(h) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges, mortgages payable and term loans payable.

Impairment

Financial assets measured at cost are reviewed annually to determine whether there are indicators of possible impairment. When there is an indication of impairment the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

2. Summary of Significant Accounting Policies - continued

(i) Allocation of Expenses

The organization provides various programs on behalf of the Ontario Ministry of Children, Community and Social Services (MCCSS). The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component. The organization allocates these expenses to the departments in accordance with the approved budgets.

3. Accounts Receivable

Accounts receivable are represented by taxes recoverable, community supports, Ontario Ministry of Children, Community and Social Services and rent receivables.

4. Deferred Revenue

Revenues earned are recognized as the expenses relating to these funds are incurred. The unearned portion of these funds are recorded on the Statement of Financial Position as deferred revenue.

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 164,621	\$ 53,331
Earned	151,733	37,661
Received	517,619	148,951
	<hr/>	<hr/>
Closing balance	\$ 530,507	\$ 164,621
	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

5. Mortgages Payable

	<u>2022</u>	<u>2021</u>
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,215, due August 15, 2022	\$ 325,604	\$ 339,262
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,671, due November 15, 2022	395,862	412,206
Royal Bank of Canada, bearing interest at 4.46%, repayable in monthly payments of principal and interest of \$2,187, due July 15, 2023	304,091	316,465
Royal Bank of Canada, bearing interest at 3.22%, repayable in monthly payments of principal and interest of \$1,003, due November 16, 2024	123,729	131,636
Royal Bank of Canada, bearing interest at 3.74%, repayable in monthly payments of principal and interest of \$2,425, due March 1, 2024	432,428	445,093
Royal Bank of Canada, bearing interest at 3.93%, repayable in monthly payments of principal and interest of \$1,908, due October 22, 2022	266,380	278,546
Royal Bank of Canada, bearing interest at 3.11%, repayable in monthly payments of principal and interest of \$2,814, due July 30, 2024	542,891	559,489
Royal Bank of Canada, bearing interest at 3.10%, repayable in monthly payments of principal and interest of \$2,239, due March 31, 2028	454,393	467,000
Royal Bank of Canada, bearing interest at 3.40%, repayable in monthly payments of principal and interest of \$2,964, due December 21, 2026	596,128	-
Great-West Life Assurance, bearing interest at 5.755% repayable in monthly payments of principal and interest of \$2,572, due May 1, 2024	227,062	244,471
	<u>\$ 3,668,568</u>	<u>\$ 3,194,168</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

5. Mortgages Payable (continued)

Principal repayments over the next five years are as follows:

2023	\$ 1,086,225
2024	\$ 785,528
2025	\$ 835,381
2026	\$ 31,671
2027	\$ 544,866

6. Bank Credit Facility

The organization has entered into an agreement with the Royal Bank of Canada. The agreement is a demand operating loan in the amount of \$750,000. This loan bears interest at the Royal Bank Prime rate. As at March 31, 2022, there was no balance outstanding on this loan.

Security pledged with the Royal Bank consists of a general security agreement constituting a first ranking security interest in all the assets of the organization except real property. In addition, the Royal Bank has collateral mortgages on 89 Victoria Drive, Uxbridge, Ontario in the amount of \$245,000, 49 South Balsam Street, Uxbridge, Ontario in the amount of \$261,000, 18500 Island Road, Port Perry, Ontario in the amount of \$200,000, 163 Maple Street, Uxbridge, Ontario for the amount of \$197,229, 3 Low Boulevard, Uxbridge, Ontario for the amount of \$370,000, 1040 Concession Road 13, Cannington, Ontario for the amount of \$395,000, 22351 Lake Ridge Road, Uxbridge, Ontario for the amount of \$423,750, 1355 Highway 7A, Port Perry, Ontario for the amount of \$425,000, 101 Alva Street, Port Perry, Ontario for the amount of \$469,000, 15583 Old Simcoe Road, Port Perry, Ontario for the amount of \$586,000, 14438 Old Simcoe Road, Port Perry, Ontario for the amount of \$537,000 and on 158 Reach Street, Uxbridge, Ontario for the amount of \$600,000.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

7. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to capital assets.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 821,011	\$ 770,892
Additional contributions received - net	-	170,000
	<hr/>	<hr/>
	821,011	940,892
Less: Amounts amortized to revenue	109,106	119,881
	<hr/>	<hr/>
Balance, end of year	\$ 711,905	\$ 821,011
	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

8. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 6,763,956	\$ 6,316,251
Less: Amount financed by deferred contributions	(711,905)	(821,011)
Mortgages payable	(3,668,568)	(3,194,167)
	<u> </u>	<u> </u>
	\$ 2,383,483	\$ 2,301,073
	<u> </u>	<u> </u>

(b) Change in net assets invested in capital assets is calculated as follows:

	<u>2022</u>	<u>2021</u>
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions	\$ 109,106	\$ 119,881
Gain on sale of capital assets	480	19,251
Less: Amortization of capital assets	(358,614)	(328,873)
	<u> </u>	<u> </u>
	(249,028)	(189,741)
	<u> </u>	<u> </u>
Net change in invested in capital assets		
Purchase of capital assets	815,839	1,005,389
Amounts funded by deferred contributions	-	(170,000)
Mortgages payable	(474,401)	(362,005)
Proceeds on sale of capital assets	(10,000)	(47,441)
	<u> </u>	<u> </u>
	331,438	425,943
	<u> </u>	<u> </u>
	\$ 82,410	\$ 236,202
	<u> </u>	<u> </u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

9. Region of Durham

	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2022 Total</u>
Revenue	\$ <u>31,290</u>	\$ <u>164,000</u>	\$ <u>195,290</u>
Expenses			
Affordable Housing Reimbursements	29,800	-	29,800
Wages and salaries	-	106,345	106,345
Employee Benefits	-	18,848	18,848
Staff travel	-	8,773	8,773
Utilities and taxes	-	3,386	3,386
Purchased services	-	3,176	3,176
Personal needs	-	1,049	1,049
Staff training	-	3,389	3,389
Rental	-	4,117	4,117
Supplies	-	9,273	9,273
Central administration - general	-	5,152	5,152
	<u>29,800</u>	<u>163,508</u>	<u>193,308</u>
	\$ <u>1,490</u>	\$ <u>492</u>	\$ <u>1,982</u>
	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2021 Total</u>
Revenue	\$ <u>84,420</u>	\$ <u>177,107</u>	\$ <u>261,527</u>
Expenses			
Affordable Housing Reimbursements	80,000	-	80,000
Wages and salaries	-	102,978	102,978
Employee Benefits	-	18,111	18,111
New furnishings and equipment	-	2,291	2,291
Staff travel	-	9,392	9,392
Utilities and taxes	-	3,300	3,300
Purchased services	-	5,472	5,472
Personal needs	-	18	18
Staff training	-	3,437	3,437
Rental	-	5,613	5,613
Supplies	-	6,753	6,753
Central administration - general	-	20,606	20,606
	<u>80,000</u>	<u>177,971</u>	<u>257,971</u>
	\$ <u>4,420</u>	\$ <u>(864)</u>	\$ <u>3,556</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

10. Prior Year Adjustment

Each fiscal year, the organization is required to perform a year-end reconciliation to determine any amounts repayable to, or recoverable from, Ministry of Children, Community and Social Services (MCCSS) in accordance with the organization's operating agreements. As at the Auditor's Report date, the fiscal year ending March 31, 2022 have not been reviewed by MCCSS, and as a result, future adjustments may be required as a result of this review. Due to the particular requirements of MCCSS, comparative figures are not restated when these adjustments are made.

11. Budget Figures

The budget figures presented for comparison purposes represent the annual budget approved by the organization's Board of Directors for the year ended March 31, 2022 which have not been audited or reviewed.

12. Economic Dependence

In common with other publicly funded agencies, the organization derives the majority of its revenue from the Province of Ontario. Further, the Province of Ontario through the Ministry of Children, Community and Social Services, have an encumbrance on specific real properties held in the name of the organization.

13. Lease Commitments

The organization is committed to annual amounts under lease obligations for facilities with respect to several premises. Each location is under a separate lease. The leases expire at various times with varying terms for renewal. Future payments will total \$505,390 plus applicable taxes and include the following payments over the next 5 years:

2023	\$	128,910
2024	\$	106,470
2025	\$	106,470
2026	\$	88,270
2027	\$	75,270

The organization committed to various vehicle leases during the year. The leases are 48 to 60 months each with total monthly commitment of \$8,338 including taxes. The leases expire at various times from October, 2022 to July, 2026. Future minimum lease payments over the next 4 years are as follows:

2023	\$	73,460
2024	\$	40,498
2025	\$	15,682
2026	\$	4,095

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

14. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2022.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their mortgages payable and term loans payable. The organization monitors the current interest rate to ensure that their interest rates do not vary much from market rate.

15. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at June 20, 2022, the organization is aware of changes in its operations as a result of the COVID-19 crisis. The organization is continuing to deliver services. The delivery of services has been modified to meet the requirements as prescribed by the government. The health and safety of clients, staff and the community are a priority.

Management is uncertain of the effects of these changes on its financial statements and believe that the disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operation as at the date of these financial statements.