

Community Living North Bay
Financial Statements
For the year ended March 31, 2021

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Financial Statements
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Independent Auditor's Report

To the Members of Community Living North Bay

Qualified Opinion

We have audited the financial statements of Community Living North Bay (the Organization), which comprise the statement of financial position as at March 31, 2021, the statements of operations, the statement of 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 organization as at March 31, 2021, and its results of 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 organization derives revenue from fundraising activities 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 organization. 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was not modified because of the possible effects of this limitation in scope.

We conducted our audit 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 organization in accordance with the ethical requirements that are relevant to our audit 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.



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

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
June 14, 2021

Community Living North Bay Statement of Financial Position

March 31 2021 2020

Assets

Current

Cash and cash equivalents	\$ 2,312,920	\$ 1,599,411
Short-term investments (Note 3)	106,825	83,136
Accounts receivable (Note 4)	411,987	315,111
	<u>2,831,732</u>	<u>1,997,658</u>

Capital assets (Note 5)	<u>9,783,826</u>	<u>9,882,094</u>
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\$12,615,558 \$ 11,879,752

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 6)	\$ 1,980,288	\$ 1,832,927
Deferred revenue (Note 7)	1,063,118	350,909
Current portion of mortgages and loans payable (Note 8)	202,948	104,103
	<u>3,246,354</u>	<u>2,287,939</u>

Mortgages and loans payable (Note 8)	2,503,821	3,037,794
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Deferred capital contributions (Note 10)	2,914,526	3,096,593
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8,664,701 8,422,326

Net Assets

Internally restricted - Perpetual funds	61,000	61,000
Internally restricted - Designated funds - Trust	6,238	6,232
Internally restricted - Designated funds - Donations and fundraising	36,202	36,202

Unrestricted	<u>3,847,417</u>	<u>3,353,992</u>
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3,950,857 3,457,426

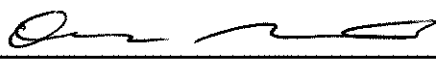
\$12,615,558 \$ 11,879,752

Commitments (Note 13)

Uncertainty due to COVID-19 (Note 14)

On behalf of the Board:

 Director

 Director

Community Living North Bay Statement of Operations

For the year ended March 31	2021	2020
Revenues		
Province of Ontario - core funding	\$14,957,876	\$ 13,768,819
Transfer to deferred revenue	(600,920)	-
Province of Ontario - pandemic funding (Note 14)	1,124,904	-
DNSSAB funding	1,934,774	2,146,765
Transfer to deferred revenue	(308,844)	(269,985)
Resident rent	717,180	653,684
Restaurant sales	67,006	187,709
Other revenue	440,025	869,023
MSN health	244	487
Passport	481,689	1,000,490
Urgent response	-	32,321
Specialized accommodations	28,884	118,031
Donations and fundraising	44,428	67,940
Unrealized gain (loss) on investments	23,689	(9,559)
Amortization of deferred capital contributions (Note 10)	188,647	157,150
	19,099,582	18,722,875
Expenses		
Salaries	12,726,556	12,328,836
Benefits	2,131,753	2,084,756
Building occupancy (Note 8)	1,076,300	1,162,089
Food	739,074	659,345
Parent / provider subsidy	374,367	367,489
Program	301,622	337,151
Professional services	210,509	280,542
Transportation	179,431	236,827
Training	108,517	78,448
Medical and health related	92,512	36,721
Office administration	81,114	72,352
Promotion and publicity	55,434	29,454
Respite subsidy	46,024	48,335
Outcomes Programs	6,788	7,587
Fundraising	1,399	19,921
Donations	700	2,853
Amortization	474,051	421,647
	18,606,151	18,174,353
Excess of revenues over expenses before other items	493,431	548,522
Gain on sale of capital assets	-	8,114
Excess of revenues over expenses for the year	\$ 493,431	\$ 556,636

The accompanying notes are an integral part of these financial statements.

Community Living North Bay Statement of Changes in Net Assets

March 31						2021	2020
	Internally Restricted - Perpetual Fund	Internally Restricted - Designated Funds -Trust	Internally Restricted - Designated Funds - Donations and Fundraising	Unrestricted	Total	Total	
Balance							
- beginning of year	\$ 61,000	\$ 6,232	\$ 36,202	\$ 3,353,992	\$3,457,426	\$ 2,804,790	
Excess of revenues over expenses for the year	-	6	-	493,425	493,431	556,636	
Land contribution received	-	-	-	-	-	96,000	
Balance - end of year	\$ 61,000	\$ 6,238	\$ 36,202	\$ 3,847,417	\$3,950,857	\$ 3,457,426	

The accompanying notes are an integral part of these financial statements.

Community Living North Bay Statement of Cash Flows

For the year ended March 31	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 493,431	\$ 556,636
Items not involving cash		
Amortization of capital assets	474,051	421,647
Amortization of deferred contributions	(188,647)	(157,150)
Gain on sale of capital assets	-	(8,114)
	<u>778,835</u>	<u>813,019</u>
Changes in non-cash working capital balances		
Accounts receivable	(96,876)	24,976
Accounts payable and accrued liabilities	147,361	564,512
Deferred revenue	712,209	100,818
	<u>1,541,529</u>	<u>1,503,325</u>
Investing activities		
(Increase) decrease in short-term investments	(23,689)	9,559
Purchase of capital assets	(375,783)	(1,161,690)
Proceeds on disposal of capital assets	-	8,114
	<u>(399,472)</u>	<u>(1,144,017)</u>
Financing activities		
Principal payments on mortgage and loans payable	(435,128)	(521,649)
Contributions received for capital purposes	6,580	806,723
	<u>(428,548)</u>	<u>285,074</u>
Increase in cash and cash equivalents during the year	713,509	644,382
Cash and cash equivalents, beginning of year	1,599,411	955,029
Cash and cash equivalents, end of year	\$ 2,312,920	\$ 1,599,411

The accompanying notes are an integral part of these financial statements.

Community Living North Bay Notes to Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies

Nature of Business	The organization is a non-profit organization created by Letters Patent on June 2, 1976 in the jurisdiction of the Province of Ontario. Its principal activities consist of providing support to citizens with a developmental challenge and their families.												
Income Taxes	The organization is a registered charity under the Income Tax Act and as such is not subject to Canadian Income Taxes.												
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.												
Cash and cash equivalents	Management considers all highly liquid investments with maturity of three months or less and acquisition to be cash equivalents.												
Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value with any unrealized gains and losses reported in statement of remeasurement gains and losses. All other financial instruments are reported at cost or amortized cost less impairment if applicable.</p> <p>Financial instruments are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.</p>												
Capital Assets	<p>Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows using the straight-line method:</p> <table><tr><td>Land</td><td>No amortization</td></tr><tr><td>Buildings</td><td>15-40 years</td></tr><tr><td>Paving</td><td>10 years</td></tr><tr><td>Septic systems</td><td>10 years</td></tr><tr><td>Furniture and equipment</td><td>5 years</td></tr><tr><td>Vehicles</td><td>4 years</td></tr></table>	Land	No amortization	Buildings	15-40 years	Paving	10 years	Septic systems	10 years	Furniture and equipment	5 years	Vehicles	4 years
Land	No amortization												
Buildings	15-40 years												
Paving	10 years												
Septic systems	10 years												
Furniture and equipment	5 years												
Vehicles	4 years												

Community Living North Bay Notes to Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Subsidy revenue is based on amounts approved by the Ministry of Children, Community and Social Services and the District of Nipissing Social Services Administration Board. Funding received which pertains to prior periods as well as any repayment of excess funding is recorded to the statement of operations under Other items as a prior period subsidy settlement.

Contributions restricted for the purchase of capital assets are deferred and amortized to revenue at rates corresponding to the related capital assets.

Deferred revenue results from funding received during the year from agreements which cover more than one fiscal year and represents the unexpended portion of that funding.

Donations are recognized as revenue when received. Restricted donations are recognized as revenue in the year in which the related expenses are incurred.

Resident rent, MSN health, Passport, Urgent response, Specialized Accommodations, and Restaurant sales revenue are recognized when products are delivered or services are provided.

Other revenue includes fees collected for services provided and are recognized as revenue when services are provided.

Use of Estimates

The preparation of financial statements in accordance 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 reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions and are based on management's best estimates include due from Ministry, accounts receivable, accounts payable and accrued liabilities, amounts due to MCSS, deferred revenue and estimated future principal repayment of mortgages and loans payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

Community Living North Bay Notes to Financial Statements

March 31, 2021

2. Financial Instruments

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2021		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 2,312,920	\$ -	\$ 2,312,920
Short-term investments	106,825	-	106,825
Accounts receivable	-	411,987	411,987
Accounts payable and accrued liabilities	-	1,980,288	1,980,288
Mortgages and loan payable	-	\$ 2,706,769	\$ 2,706,769
	\$ 2,419,745	\$ 5,099,044	\$ 7,518,789

3. Short-term Investments

	2021	2020
Mutual Fund - Balanced (cost \$26,230)	\$ 53,798	\$ 43,586
Mutual Fund - Canadian Dividend (cost \$34,770)	53,027	39,550
	\$ 106,825	\$ 83,136

4. Accounts Receivable

	2021	2020
Coughlin and Associates	\$ 45,000	\$ 45,000
Hands - The Family Help Network	-	22,308
HST rebate	55,959	67,260
Family Service Toronto	260,407	114,050
All other receivables	50,621	66,493
	\$ 411,987	\$ 315,111

Community Living North Bay Notes to Financial Statements

March 31, 2021

5. Capital Assets

	2021			2020		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	796,152	-	796,152	796,152	-	796,152
Buildings	12,006,034	3,491,358	8,514,676	11,777,215	3,190,706	8,586,509
Paving	97,563	83,469	14,094	97,563	78,109	19,454
Septic System	157,372	154,439	2,933	157,372	152,179	5,193
Furniture and equipment	2,958,276	2,760,821	197,455	2,852,291	2,695,508	156,783
Vehicles	1,056,843	798,327	258,516	982,083	697,861	284,222
Work in progress	-	-	-	33,781	-	33,781
	<u>\$ 17,072,240</u>	<u>\$ 7,288,414</u>	<u>\$ 9,783,826</u>	<u>\$ 16,696,457</u>	<u>\$ 6,814,363</u>	<u>\$ 9,882,094</u>

The Province of Ontario has a lien on the above noted land and buildings.

6. Accounts Payable and Accrued Liabilities

	2021	2020
Trade payables	\$ 417,526	\$ 328,827
Accrued salaries, vacation pay and benefits	876,096	857,729
Accrued liabilities	14,242	273,312
Due to funding agencies	<u>672,424</u>	<u>373,059</u>
	<u>\$ 1,980,288</u>	<u>\$ 1,832,927</u>

Accounts payable and accrued liabilities include \$191,296 (2020 - \$35,082) of government remittances.

Community Living North Bay Notes to Financial Statements

March 31, 2021

7. Deferred Revenue

The organization receives funding from the Ministry, the DNSSAB and other agencies. The agreements which extend into the next fiscal year are deferred and recognized when spent.

	<u>2021</u>	<u>2020</u>
DNSSAB - operating	\$ 308,844	\$ 269,985
DNSSAB - Best Start	19,633	19,633
Other	133,721	61,291
MCCSS Subsidy (i)	350,300	-
MCCSS Safe Return to School	<u>250,620</u>	<u>-</u>
	<u>\$ 1,063,118</u>	<u>\$ 350,909</u>

(i) The organization has received approval from the Ministry to carryover \$350,300 of unspent funding from 2020/21 to 2021/22 expenditure for the purpose of client and agency service requirements.

Community Living North Bay Notes to Financial Statements

March 31, 2021

8. Mortgages and Loans Payable

	<u>2021</u>	<u>2020</u>
Loan payable - 2.82% repayable at blended payments of \$1,030 per month, repaid in March 2021.	-	183,484
Loan payable - 3.79% repayable at blended payments of \$896 per month, due January 18, 2024, secured by real property with a net book value of \$224,462.	164,614	169,034
Loan payable - 1.70% repayable at blended payments of \$20,000 per month, due March 2022, secured by real property with a net book value of \$3,819,871.	<u>2,542,155</u>	<u>2,789,379</u>
	2,706,769	3,141,897
Less amounts due within one year	<u>202,948</u>	<u>104,103</u>
	<u>\$ 2,503,821</u>	<u>\$ 3,037,794</u>

The estimated principal repayments for the next four years and thereafter are as follows:

2021	\$ 202,948
2022	206,524
2023	210,165
2024	213,873
Thereafter	<u>1,873,259</u>
	<u>\$ 2,706,769</u>

Estimated principal repayment is based on assumption that loans will be renewed at similar terms and conditions.

Included in building occupancy is interest on long-term debt of \$88,708 (2020 - \$109,712).

Community Living North Bay Notes to Financial Statements

March 31, 2021

9. Bank Loan/Credit Facilities

The organization has an operating line of credit of \$300,000 (2020 - \$300,000). The loan is secured by a general security agreement on various properties and bears interest at the bank's prime lending rate plus 0%. At year-end, \$Nil was drawn on this facility.

10. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions towards the purchase of buildings, equipment and vehicles, which are recognized as revenue to the same extent that the related capital asset is amortized.

	2021	2020
Balance at beginning of year	\$ 3,096,593	\$ 2,447,020
Add: Capital contributions received during the year	6,580	806,723
Less: Amounts amortized to revenue	(188,647)	(157,150)
	<u>\$ 2,914,526</u>	<u>\$ 3,096,593</u>

11. Economic Dependence

The organization receives a substantial portion of its revenue from the Ministry of Children, Community and Social Services and the District of Nipissing Social Services Administration Board and is dependent on those government organizations to deliver its programs.

Community Living North Bay Notes to Financial Statements

March 31, 2021

12. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to the accounts receivable and cash and cash equivalents. The organization holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The organization's accounts receivable is made up of 63% amount from one organization (Note 4).

Market Risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to fluctuations in equity markets on its short term investments which are invested in mutual fund units which are based in part in shares of various Canadian publicly traded corporations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to this risk through its loans payable. Certain of the organizations loans payable have variable interest rates which involves risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable, mortgages and loans payable and commitments.

Community Living North Bay Notes to Financial Statements

March 31, 2021

13. Commitments

The organization has entered in various operating leases for premises and office equipment.

The minimum annual lease payments for the next three years are as follows:

2022	\$	93,377
2023		92,520
2024		5,720

14. Uncertainty due to COVID-19

During the year, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its essential fundraisers. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

During the year, the organization has received pandemic funding to provide extra pay to the front-line staff of \$1,124,904. In addition, they have approval to defer MCCSS funding totaling \$600,920 to the next fiscal year to be used for the purpose of client and agency service requirements and safe return to school expenditures. .