

COMMUNITY LIVING DURHAM NORTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021



Smith
Chappell
Marsh
Vilander LLP

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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, 2021 and March 31, 2020, and the statements of operations, changes in net assets and cash flows for the years 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, 2021 and March 31, 2020, and the results of its operations and its cash flows for the years 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, 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.

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

Chartered Professional Accountants
Licensed Public Accountants

June 24, 2021
Oshawa, Ontario

COMMUNITY LIVING DURHAM NORTH

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

			<u>2021</u>	<u>2020</u>
<u>ASSETS</u>				
Current				
Cash			\$ 1,658,620	\$ 1,085,027
Accounts receivable (Note 3)			365,099	260,344
Prepaid expenses and deposits			180,703	48,794
			<u>2,204,422</u>	<u>1,394,165</u>
Capital Assets (Note 2(e))				
	<u>Cost</u>	<u>Accumulated Amortization</u>		
Land	\$ 3,159,103	\$ -	3,159,103	2,759,103
Buildings	6,147,266	3,342,513	2,804,753	2,564,460
Equipment and computers	354,999	327,055	27,944	33,907
Furniture and fixtures	216,028	151,722	64,306	40,708
Leasehold improvements	58,657	58,657	-	-
Vehicles	536,149	276,004	260,145	269,747
	<u>\$10,472,202</u>	<u>\$ 4,155,951</u>	<u>6,316,251</u>	<u>5,667,925</u>
			<u>\$ 8,520,673</u>	<u>\$ 7,062,090</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, 2021

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 1,981,634	\$ 1,346,606
Deferred revenue (Note 4)	164,621	53,331
Current portion of long term debt	121,959	104,968
	<u>2,268,214</u>	<u>1,504,905</u>
Long Term		
Mortgages payable (Note 5)	3,194,167	2,832,162
Less: Current portion	(121,959)	(104,968)
	<u>3,072,208</u>	<u>2,727,194</u>
Deferred Contributions Related to Capital Assets (Note 7)	<u>821,011</u>	<u>770,892</u>
Net Assets		
Invested in capital assets (Note 8)	2,301,073	2,064,871
Unrestricted	58,167	(5,772)
	<u>2,359,240</u>	<u>2,059,099</u>
	<u>\$ 8,520,673</u>	<u>\$ 7,062,090</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2021

	Invested in Capital Assets	Unrestricted	2021 Total	2020 Total
Opening balance	\$ 2,064,871	\$ (5,772)	\$ 2,059,099	\$ 1,941,733
Excess of revenues over expenses (expenses over revenues) (Note 8(b))	(189,741)	489,882	300,141	117,366
Net change in invested in capital assets (Note 8(b))	425,943	(425,943)	-	-
Closing Balance	\$ 2,301,073	\$ 58,167	\$ 2,359,240	\$ 2,059,099

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Operating Activities		
Excess of revenue over expenses	\$ 300,141	\$ 117,366
Charges to income not involving cash:		
Amortization	328,873	342,964
(Gain)/Loss on disposal of capital assets	<u>(19,251)</u>	<u>-</u>
	<u>609,763</u>	<u>460,330</u>
Net change in non-cash working capital balances related to operations:		
Account receivable	(104,755)	150,221
Prepaid expenses and deposits	(131,909)	9,958
Accounts payable	635,028	50,085
Deferred revenue	<u>111,290</u>	<u>(5,462)</u>
	<u>509,654</u>	<u>204,802</u>
	<u>1,119,417</u>	<u>665,132</u>
Investing Activities		
Proceeds on disposal of capital assets	47,441	-
Additions to capital assets	<u>(1,005,389)</u>	<u>(806,917)</u>
	<u>(957,948)</u>	<u>(806,917)</u>
Financing Activities		
Increase (decrease) in long term debt	362,005	447,620
Increase (decrease) in deferred contributions related to capital assets net of related amortization	<u>50,119</u>	<u>(15,253)</u>
	<u>412,124</u>	<u>432,367</u>
Change in Cash and Cash Equivalents During the Year	573,593	290,582
Cash and Cash Equivalents, Beginning of Year	<u>1,085,027</u>	<u>794,445</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,658,620</u></u>	<u><u>\$ 1,085,027</u></u>

COMMUNITY LIVING DURHAM NORTH
STATEMENT OF OPERATIONS - GENERAL
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUES:		
Donations and fundraising	\$ 58,409	\$ 6,854
Membership dues	150	160
Miscellaneous	46,178	48,816
Region of Durham (Note 9)	261,527	258,935
	<u>366,264</u>	<u>314,765</u>
EXPENDITURES:		
Supplies	20,060	13,806
Vehicle operation	-	119
Volunteer training	-	1,509
Advertising and promotion	250	-
Purchased services	-	80
Region of Durham (Note 9)	257,971	254,450
	<u>278,281</u>	<u>269,964</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 87,983</u>	<u>\$ 44,801</u>

COMMUNITY LIVING DURHAM NORTH
STATEMENT OF OPERATIONS - CONSOLIDATED PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>BUDGET</u> <u>2021</u>	<u>ACTUAL</u> <u>2021</u>	<u>ACTUAL</u> <u>2020</u>
SUPPORT:			
MCCSS - operating	\$13,930,793	\$14,993,603	\$13,497,658
MCCSS East Region - operating	34,900	34,900	34,900
	<u>13,965,693</u>	<u>15,028,503</u>	<u>13,532,558</u>
REVENUE:			
Rent	1,119,828	1,110,238	1,082,852
Other funding	792,898	779,503	656,765
United Way	-	30,200	33,408
Respite	42,000	8,049	39,674
	<u>1,954,726</u>	<u>1,927,990</u>	<u>1,812,699</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 7)	-	119,881	115,253
	<u>15,920,419</u>	<u>17,076,374</u>	<u>15,460,510</u>
EXPENDITURES:			
Wages and salaries	10,871,862	11,285,940	10,450,079
Employee benefits	1,843,117	1,785,113	1,493,242
Staff travel	102,505	37,878	94,839
Supplies	53,612	253,051	69,028
Vehicle operation	125,004	86,173	111,078
Utilities and taxes	233,939	209,052	190,327
Purchased services	310,596	338,946	308,463
Food	360,108	440,411	356,409
Personal needs	183,979	261,406	241,752
New furnishings and equipment	41,072	104,567	162,783
Advertising and promotion	655	-	-
Repairs and maintenance	259,388	381,684	410,467
Staff training and conferences	21,721	59,330	56,103
Rental	547,563	298,788	260,539
Central administration - general (reallocation)	299,741	220,857	196,802
- staffing	665,557	772,147	643,070
	<u>15,920,419</u>	<u>16,535,343</u>	<u>15,044,981</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	541,031	415,529
Amortization	-	328,873	342,964
EXCESS OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 212,158</u>	<u>\$ 72,565</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT DS COMMUNITY SUPPORT SERVICES

FOR THE YEAR ENDED MARCH 31, 2021

	BUDGET 2021	ACTUAL 2021	ACTUAL 2020
SUPPORT:			
MCCSS - operating	\$ 2,454,848	\$ 2,454,848	\$ 2,454,848
REVENUE:			
United Way	-	30,200	33,408
Other funding	210,364	40,923	146,360
Respite	42,000	8,049	39,674
	<u>252,364</u>	<u>79,172</u>	<u>219,442</u>
Amortization of Deferred Contributions (Note 7)	-	5,000	5,000
	<u>2,707,212</u>	<u>2,539,020</u>	<u>2,679,290</u>
EXPENDITURES:			
Wages and salaries	1,847,214	1,280,581	1,717,316
Employee benefits	314,026	237,183	257,440
Staff travel	28,700	4,958	27,155
Supplies	14,550	17,274	18,226
Vehicle operation	49,356	26,929	42,842
Utilities and taxes	49,085	40,852	38,033
Purchased services	48,895	57,260	64,154
Food	29,520	18,230	27,756
New furnishings and equipment	16,217	22,621	43,626
Advertising and promotion	114	-	-
Repairs and maintenance	47,162	45,655	61,755
Staff training and conferences	3,794	10,756	9,974
Rental	82,223	68,825	72,653
Personal needs	7,729	13,038	39,533
Central administration - general (reallocation)	52,362	40,578	36,323
- staffing	116,265	141,921	118,483
	<u>2,707,212</u>	<u>2,026,661</u>	<u>2,575,269</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION	-	512,359	104,021
Amortization	-	36,052	67,206
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 476,307</u>	<u>\$ 36,815</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT COMMUNITY ACCOMODATION

FOR THE YEAR ENDED MARCH 31, 2021

	BUDGET	ACTUAL	ACTUAL
	<u>2021</u>	<u>2021</u>	<u>2020</u>
SUPPORT:			
MCCSS - operating	\$11,475,945	\$11,305,945	\$11,042,810
REVENUE:			
Rent	1,119,828	1,110,238	1,082,853
Other funding	582,534	738,580	510,405
	<u>1,702,362</u>	<u>1,848,818</u>	<u>1,593,258</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 7)	-	109,811	105,183
	<u>13,178,307</u>	<u>13,264,574</u>	<u>12,741,251</u>
EXPENDITURES:			
Wages and salaries	9,024,648	9,016,164	8,732,763
Employee benefits	1,529,090	1,449,829	1,235,801
Staff travel	73,805	32,920	67,683
Supplies	39,062	90,262	50,802
Vehicle operation	75,647	59,244	68,236
Utilities and taxes	180,819	164,164	148,257
Purchased services	261,701	281,686	244,309
Food	330,588	422,181	328,653
Personal needs	176,250	248,368	202,218
New furnishings and equipment	24,855	81,946	119,157
Advertising and promotion	541	-	-
Repairs and maintenance	212,227	336,028	348,712
Staff training and conferences	17,926	48,574	46,129
Rental	434,476	215,548	157,021
Central administration - general (reallocation)	247,380	180,279	160,480
- staffing	549,292	630,227	524,586
	<u>13,178,307</u>	<u>13,257,420</u>	<u>12,434,807</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	7,154	306,444
Amortization	-	280,332	270,688
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (273,178)</u>	<u>\$ 35,756</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - CRRF

FOR THE YEAR ENDED MARCH 31, 2021

	BUDGET <u>2021</u>	ACTUAL <u>2021</u>	ACTUAL <u>2020</u>
SUPPORT:			
MCCSS - operating	\$ -	\$ 145,514	\$ -
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Supplies	-	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, 2021

	<u>BUDGET</u> <u>2021</u>	<u>ACTUAL</u> <u>2021</u>	<u>ACTUAL</u> <u>2020</u>
SUPPORT:			
MCCSS - operating	\$ -	\$ 560,071	\$ -
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Wages and salaries	-	509,494	-
Employee benefits	-	50,577	-
	<hr/>	<hr/>	<hr/>
	-	560,071	-
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - TEMPORARY WAGE ENHANCEMENT

FOR THE YEAR ENDED MARCH 31, 2021

	<u>BUDGET</u> <u>2021</u>	<u>ACTUAL</u> <u>2021</u>	<u>ACTUAL</u> <u>2020</u>
SUPPORT:			
MCCSS - operating	\$ -	\$ 527,225	\$ -
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Wages and salaries	-	479,701	-
Employee benefits	-	47,524	-
	<hr/>	<hr/>	<hr/>
	-	527,225	-
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - REPAIRS AND MAINTENANCE

FOR THE YEAR ENDED MARCH 31, 2021

	<u>BUDGET</u> <u>2021</u>	<u>ACTUAL</u> <u>2021</u>	<u>ACTUAL</u> <u>2020</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 7)	-	5,070	5,070
EXPENDITURES:			
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, 2021

	BUDGET <u>2021</u>	ACTUAL <u>2021</u>	ACTUAL <u>2020</u>
SUPPORT:			
MCCSS East Region - operating	\$ 34,900	\$ 34,900	\$ 34,900
EXPENDITURES:			
Utilities	4,036	4,036	4,036
Rental	30,864	14,415	30,864
	<u>34,900</u>	<u>18,451</u>	<u>34,900</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION	-	16,449	-
Amortization	-	7,420	-
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 9,029</u>	<u>\$ -</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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, 2021

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, 2021

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 tested for impairment when there are indicators 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, 2021

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.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

5. Mortgages Payable

	<u>2021</u>	<u>2020</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	\$ 339,262	\$ 352,439
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,671, due November 15, 2022	412,206	427,977
Royal Bank of Canada, bearing interest at 4.46%, repayable in monthly payments of principal and interest of \$2,187, due July 15, 2023	316,464	328,340
Royal Bank of Canada, bearing interest at 3.22%, repayable in monthly payments of principal and interest of \$1,003, due November 16, 2024	131,636	139,293
Royal Bank of Canada, bearing interest at 3.74%, repayable in monthly payments of principal and interest of \$2,425, due March 1, 2024	445,093	457,340
Royal Bank of Canada, bearing interest at 3.93%, repayable in monthly payments of principal and interest of \$1,908, due October 22, 2022	278,546	290,275
Royal Bank of Canada, bearing interest at 3.11%, repayable in monthly payments of principal and interest of \$2,814, due July 30, 2024	559,489	575,580
Royal Bank of Canada, bearing interest at 3.10%, repayable in monthly payments of principal and interest of \$2,239, due March 31, 2028	467,000	-
Great-West Life Assurance, bearing interest at 5.755% repayable in monthly payments of principal and interest of \$2,572, due May 1, 2024	244,471	260,920
	<u>\$ 3,194,167</u>	<u>\$ 2,832,164</u>
Principal repayments over the next five years are as follows:		
2022	\$ 121,959	
2023	\$ 1,069,989	
2024	\$ 769,363	
2025	\$ 818,956	
2026	\$ 14,320	

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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, 2021, 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 and on 14438 Old Simcoe Road, Port Perry, Ontario for the amount of \$537,000.

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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 770,892	\$ 786,145
Additional contributions received - net	170,000	100,000
	<hr/>	<hr/>
	940,892	886,145
Less: Amounts amortized to revenue	119,881	115,253
	<hr/>	<hr/>
Balance, end of year	<u>\$ 821,011</u>	<u>\$ 770,892</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

8. Investment in Capital Assets

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

	<u>2021</u>	<u>2020</u>
Capital assets	\$ 6,316,251	\$ 5,667,925
Less: Amount financed by deferred contributions	(821,011)	(770,892)
Mortgages payable	(3,194,167)	(2,832,162)
	<u>\$ 2,301,073</u>	<u>\$ 2,064,871</u>

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

	<u>2021</u>	<u>2020</u>
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions	\$ 119,881	\$ 115,253
Gain on sale of capital assets	19,251	-
Less: Amortization of capital assets	(328,873)	(342,964)
	<u>(189,741)</u>	<u>(227,711)</u>
 Net change in invested in capital assets		
Purchase of capital assets	1,005,389	806,917
Amounts funded by deferred contributions	(170,000)	(100,000)
Mortgages payable	(362,005)	(491,088)
Proceeds on sale of capital assets	(47,441)	-
Term loans payable	-	43,468
	<u>425,943</u>	<u>259,297</u>
	<u>\$ 236,202</u>	<u>\$ 31,586</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

9. Region of Durham

	<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>
	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2020 Total</u>
Revenue	\$ <u>94,185</u>	\$ <u>164,750</u>	\$ <u>258,935</u>
Expenses			
Affordable Housing Reimbursements	89,700	-	89,700
Wages and salaries	-	103,142	103,142
Employee Benefits	-	17,387	17,387
New furnishings and equipment	-	108	108
Staff travel	-	5,618	5,618
Purchased services	-	5,149	5,149
Personal needs	-	16	16
Staff training	-	596	596
Rental	-	9,979	9,979
Supplies	-	2,149	2,149
Central administration - general	-	20,606	20,606
	<u>89,700</u>	<u>164,750</u>	<u>254,450</u>
	\$ <u>4,485</u>	\$ <u>-</u>	\$ <u>4,485</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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, 2020 and March 31, 2021 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, 2021 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 \$209,464 plus applicable taxes and include the following payments over the next 5 years:

2022	\$	102,864
2023	\$	31,200
2024	\$	31,200
2025	\$	31,200
2026	\$	13,000

The organization committed to various vehicle leases during the year. The leases are 48 to 60 months each with total monthly commitment of \$7,468 including taxes. The leases expire at various times from October, 2022 to August, 2025. Future minimum lease payments over the next 5 years are as follows:

2022	\$	89,610
2023	\$	64,220
2024	\$	31,258
2025	\$	6,442
2026	\$	1,785

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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, 2021.

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 24, 2021, 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.

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted in the current period.