

COMMUNITY LIVING OAKVILLE

FINANCIAL STATEMENTS

MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Community Living Oakville:

Qualified Opinion

We have audited the financial statements of Community Living Oakville (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statement of changes in net assets, statement of operations - all funds, operating fund - statement of receipts and disbursements, capital fund - statement of receipts and disbursements and statement of 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 Community Living Oakville 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 charitable organizations, Community Living Oakville 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to accounts receivable, donations and fundraising revenue, excess of revenues over expenses, and changes to net assets for the year ended March 31, 2022. This caused us to qualify our opinion on the financial statements as at and for the year ended March 31, 2021.

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 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

INDEPENDENT AUDITOR'S REPORT - continued

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.

Allworth & Associates

COMMUNITY LIVING OAKVILLE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Current		
Cash - note 2	\$ 1,586,978	\$ 636,470
Short-term investments - note 3	1,706,452	609,881
Trust Funds	49,611	49,059
Accounts receivable	488,788	489,474
HST receivable	164,188	161,449
Mortgage receivable - note 4	-	1,317,500
Prepaid expenses and deposits	<u>17,120</u>	<u>29,646</u>
	4,013,137	3,293,479
Capital assets - note 5	<u>3,803,790</u>	<u>4,149,787</u>
	<u>\$ 7,816,927</u>	<u>\$ 7,443,266</u>
LIABILITIES		
Current		
Bank indebtedness - note 6	\$ -	\$ 69,000
Accounts payable - note 7	1,195,920	982,658
Due to OARC Corporation - note 12	115,857	27,898
Current portion of long-term debt - note 8	115,435	151,189
Current portion of obligation under capital leases - note 11	40,642	16,179
Funds held in Trust	49,611	49,059
Deferred revenue - note 9	<u>251,335</u>	<u>154,335</u>
	1,768,800	1,450,318
Long-term debt - note 8	1,296,276	1,412,012
Obligation under capital leases - note 11	90,947	48,689
Deferred funding related to capital assets - note 10	<u>712,121</u>	<u>899,931</u>
	3,868,144	3,810,950
NET ASSETS		
Net assets invested in capital assets	\$ 1,548,371	\$ 1,621,788
Net assets internally restricted	2,515,111	904,517
Unrestricted net assets	<u>(114,699)</u>	<u>1,106,011</u>
	<u>3,948,783</u>	<u>3,632,316</u>
	<u>\$ 7,816,927</u>	<u>\$ 7,443,266</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2022

	<u>Invested in capital assets</u>	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>2022</u>	<u>2021</u>
Net assets - beginning	\$ 1,621,788	\$ 904,517	\$ 1,106,011	\$ 3,632,316	\$ 3,365,684
Excess of receipts over disbursements					
Operating fund	-	-	(2,471)	(2,471)	14,906
Capital fund - note 13	-	335,594	88,075	423,669	246,291
Interfund transfer	-	1,275,000	(1,275,000)	-	-
Investment in capital assets					
Additions - note 13	120,282	-	(120,282)	-	-
Disposals	(2,428)	-	2,428	-	-
Depreciation	(463,850)	-	463,850	-	-
Decrease in long-term debt	151,490	-	(151,490)	-	-
(Increase) in obligations under capital lease	(66,721)	-	66,721	-	-
Deferred funding amortized in year	187,810	-	(187,810)	-	-
Net income (loss) of controlled entity - note 12	-	-	(104,731)	(104,731)	5,435
Net assets	<u>\$ 1,548,371</u>	<u>\$ 2,515,111</u>	<u>\$ (114,699)</u>	<u>\$ 3,948,783</u>	<u>\$ 3,632,316</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE
STATEMENT OF OPERATIONS - ALL FUNDS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Receipts		
Operations	\$ 17,503,881	\$ 16,576,118
Assets	630,154	649,204
Fundraising	<u>376,994</u>	<u>428,213</u>
	18,511,029	17,653,535
Disbursements		
Operations	17,506,352	16,561,212
Assets	553,600	618,107
Fundraising	<u>41,400</u>	<u>218,619</u>
	<u>18,101,352</u>	<u>17,397,938</u>
Income before other income	409,677	255,597
Gain on sale of capital assets	<u>11,521</u>	<u>5,600</u>
	421,198	261,197
Net (loss) income of controlled entity - note 12	<u>(104,731)</u>	<u>5,435</u>
Excess of receipts over disbursements	<u>\$ 316,467</u>	<u>\$ 266,632</u>

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COMMUNITY LIVING OAKVILLE

OPERATING FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Receipts		
Province of Ontario - annualized funding	\$ 12,097,077	\$ 11,804,057
Province of Ontario - COVID-19 funding	2,550,509	1,665,108
Fee for service	1,082,258	815,703
Residential accommodation	837,962	855,854
Province of Ontario - ODSP funding	340,000	327,911
Province of Ontario - one-time funding	281,895	754,747
Other	214,254	305,299
United Way of Oakville	99,926	40,034
Canada emergency rent subsidies	-	7,405
	<u>17,503,881</u>	<u>16,576,118</u>
Disbursements		
Salaries and benefits	14,771,257	13,841,260
Office and household supplies	644,923	550,305
Rent	459,702	440,928
Purchase of services	407,775	524,963
Food costs	268,302	254,560
Repairs and maintenance	264,734	183,686
Vehicle operation	173,078	173,220
Utilities	116,165	120,899
Communications	107,614	104,174
Replacements and new furniture	94,068	77,259
Insurance	87,417	56,673
Staff travel	57,870	37,395
Sundry	34,441	71,695
COVID-19	19,006	119,460
Grant expenses	-	4,735
	<u>17,506,352</u>	<u>16,561,212</u>
(Deficiency) excess of receipts over disbursements	\$ <u>(2,471)</u>	\$ <u>14,906</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

CAPITAL FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Receipts		
Fundraising:		
Fundraising and donations	376,994	428,213
Assets:		
Rental - homes and vehicles	442,344	442,344
Province of Ontario - deferred capital funding	<u>187,810</u>	<u>206,860</u>
	<u>630,154</u>	<u>649,204</u>
	1,007,148	1,077,417
Disbursements		
Fundraising:		
Golf tournament	39,572	-
Bank charges	1,568	-
Fundraising administration	260	1,503
Approved projects	<u>-</u>	<u>217,116</u>
	41,400	218,619
Assets:		
Depreciation	463,850	482,565
Interest on long-term debt	58,784	64,404
Property taxes	14,697	28,999
Interest on obligation under capital leases	7,584	3,094
Professional fees	6,390	1,282
Bank charges	2,295	1,763
Administration funding	<u>-</u>	<u>36,000</u>
	<u>553,600</u>	<u>618,107</u>
	<u>595,000</u>	<u>836,726</u>
Excess before other income	412,148	240,691
Other income		
Gain on sale of capital assets	<u>11,521</u>	<u>5,600</u>
Excess of receipts over disbursements	<u>\$ 423,669</u>	<u>\$ 246,291</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Cash from operating activities:		
(Deficiency) excess of receipts over disbursements - operating	\$ (2,471)	\$ 14,906
Excess of receipts over disbursements - capital	423,669	246,291
Gain on sale of capital assets	(11,521)	(5,600)
Accrued interest on mortgage receivable	42,500	(8,500)
Depreciation of capital assets	463,850	482,565
Amortization of deferred funding related to capital assets	(187,810)	(206,860)
Net change in non-cash working capital	<u>320,735</u>	<u>3,181</u>
Net cash generated through operating activities	1,048,952	525,983
Financing activities:		
(Repayments of) long-term debt	(151,490)	(146,292)
(Repayments of) obligation under capital leases	(53,561)	(15,513)
Advances from line of credit	4,010,000	836,000
(Repayments to) line of credit	<u>(4,079,000)</u>	<u>(920,000)</u>
Net cash (used) in financing activities	(274,051)	(245,805)
Investing activities:		
Purchase of capital assets	-	(46,362)
Proceeds on disposal of capital assets	13,949	5,600
Advances from mortgage receivable	1,275,000	-
Advances from controlled company	136,166	9,415
(Payments to) controlled company	(152,937)	-
Purchase of short-term investments	<u>(1,096,571)</u>	<u>(34,665)</u>
Net cash generated (used) in investing activities	<u>175,607</u>	<u>(66,012)</u>
Net increase in cash	950,508	214,166
Cash - beginning	<u>636,470</u>	<u>422,304</u>
Cash	<u>\$ 1,586,978</u>	<u>\$ 636,470</u>
Supplemental cash flow information:		
Interest received	<u>\$ 66,368</u>	<u>\$ 57,714</u>
Interest paid	<u>\$ 66,368</u>	<u>\$ 67,498</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Community Living Oakville was incorporated under the Ontario Corporations Act as a charitable organization. The objective of the organization is to improve the quality of life for developmentally disabled individuals through the developmental, residential, and vocational services and programs which it offers to the people they support.

Under the provisions of the Income Tax Act, the organization is classified as a registered charity and, as such, is exempt from income tax.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

Fund accounting

The organization uses the deferral method of accounting and reports on a fund accounting basis. The funds maintained are as follows:

- (i) Unrestricted fund - includes results of day-to-day operating transactions and all unrestricted contributions;
- (ii) Capital asset fund - includes the organization's assets, liabilities, revenue, and expenditures related to the capital assets
- (iii) Internally restricted funds - includes fundraising revenues and expenses internally restricted by the Board of Directors to fund various projects

Capital assets and depreciation

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Depreciation is calculated based on the estimated useful life of the asset on a straight line basis over the following periods:

Automotive	- 5 years
Automotive under capital leases	- 5 years
Buildings	- 25 years
Computer equipment and software	- 4 years
Furniture and equipment	- 5 years

In the year of acquisition of an asset, depreciation is calculated at 50% of the normal rate.

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Summary of significant accounting policies - continued

Investment in OARC Corporation

The investment in the not-for-profit company controlled by Community Living Oakville is accounted for using the equity method.

Capital leases

Leases that transfer substantially all of the benefits and risks of ownership related to the leased property to the lessor are accounted for as capital leases. Assets held under capital leases are recognized as assets and a corresponding liability is recognized as an obligation under capital lease. Lease payments are apportioned between interest expense and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Deferred funding related to capital assets is recognized as revenue in the year in which the related depreciation expense is incurred. Residential accommodation and rental income are recognized on a monthly basis in accordance with the terms of the tenant's agreement.

Designated and non-designated donations and fundraising revenues are recognized as received by the organization regardless of when the fundraising event takes place.

Estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) requires that management make estimates and assumptions that affect the amounts reported and the disclosures in the notes. 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.

The valuation of accounts receivable is based on management's best estimate of the provision for bad debts.

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for depreciation of the capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Summary of significant accounting policies - continued

Contributed services

Volunteers contribute time each year to assist the organization in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Financial assets and liabilities initiated with related parties are initially measured at the exchange value agreed to between the two related parties. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments, trust funds, accounts receivable, and mortgage receivable. Financial liabilities measured at amortized cost include bank indebtedness, accounts payable, due to OARC Corporation, funds held in trust, obligation under capital leases, and long-term debt.

2. Cash

	<u>2022</u>	<u>2021</u>
Internally restricted	\$ 458,078	\$ 524,803
Bank overdraft	-	(313,168)
Other	<u>1,128,900</u>	<u>424,835</u>
	<u>\$ 1,586,978</u>	<u>\$ 636,470</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

3. Short-term investments

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>
Royal Bank of Canada GIC	September 21, 2022	0.10%	\$ 51,044
B2B Bank GIC	November 18, 2022	1.10%	95,000
Cdn Western Bank GIC	November 18, 2022	0.80%	95,000
Cdn Western Trust GIC	November 18, 2022	0.80%	60,000
Equitable Bank GIC	November 18, 2022	1.32%	95,000
General Bank of Canada GIC	November 18, 2022	1.37%	95,000
HomeEquity Bank GIC	November 18, 2022	0.99%	95,000
Home Trust Company GIC	November 18, 2022	1.39%	95,000
ICICI Bank Canada GIC	November 18, 2022	1.25%	95,000
Laurentian Bank GIC	November 18, 2022	1.10%	95,000
LBC Trust GIC	November 18, 2022	1.10%	95,000
Peoples Trust GIC	November 18, 2022	1.27%	95,000
Versabank GIC	November 18, 2022	1.28%	95,000
SBI Canada Bank GIC	November 18, 2022	1.10%	95,000
RBC Investment Savings			<u>450,336</u>
			1,701,380
Accrued interest earned to date			<u>5,072</u>
Total carrying value of short-term investments			<u>\$ 1,706,452</u>

The balance of short-term investments is allocated as follows:

	<u>2022</u>	<u>2021</u>
Internally restricted	\$ 1,706,452	\$ 156,679
Unrestricted	<u>-</u>	<u>453,202</u>
	<u>\$ 1,706,452</u>	<u>\$ 609,881</u>

4. Mortgage receivable

The mortgage receivable bears interest at the rate of 4% per annum and is repayable in full at the end of the term. The mortgage matured July 31, 2021 and was secured by the property located at 147 Church Street in Oakville, Ontario. The organization received payment of the mortgage receivable in the year.

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

5. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2022</u>	<u>2021</u>
Land	\$ 2,213,853	\$ -	\$ 2,213,853	\$ 2,213,853
Buildings	8,003,526	6,595,109	1,408,417	1,765,063
Automotive	357,828	336,180	21,648	62,022
Automotive under capital leases	204,026	77,956	126,070	58,621
Computer equipment and software	87,180	66,396	20,784	29,413
Furniture and equipment	<u>645,722</u>	<u>632,704</u>	<u>13,018</u>	<u>20,815</u>
	<u>\$ 11,512,135</u>	<u>\$ 7,708,345</u>	<u>\$ 3,803,790</u>	<u>\$ 4,149,787</u>

The Ministry of Community and Social Services has an ownership interest in certain of the land and buildings. As a result of these ownership interests, the sale or alteration of these assets may be subject to the Ministry's approval.

6. Bank Indebtedness

The organization has available a line of credit of \$900,000 which is due on demand and bears interest at the Royal Bank of Canada prime rate. As at March 31, 2022, the balance drawn on the line of credit was \$nil.

The line of credit is secured by a General Security Agreement, Guarantee and Postponement of Claim in the amount of \$400,000 by OARC Corporation, a collateral mortgage in the amount of \$1,460,416 on specific properties owned by Community Living Oakville, a collateral second mortgage in the amount of \$1,000,000 on the lands and improvements of a specific property owned by Community Living Oakville, and a collateral second mortgage in the amount of \$400,000 on a specific property owned by Community Living Oakville. The specific properties have a carrying amount of \$2,005,030.

7. Accounts payable

	<u>2022</u>	<u>2021</u>
Trade payables and accrued liabilities	\$ 1,195,920	\$ 982,658
Government remittances	<u>-</u>	<u>-</u>
	<u>\$ 1,195,920</u>	<u>\$ 982,658</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

8. Long-term debt

	<u>2022</u>	<u>2021</u>
Mortgages payable		
Royal Bank of Canada #1 - Sutton House	\$ -	\$ 40,283
Royal Bank of Canada - 1083 Pinegrove	251,205	261,796
Royal Bank of Canada - Sherin Drive	251,197	261,787
Term loans payable		
Royal Bank of Canada term loan payable	898,808	983,487
Royal Bank of Canada term loan payable #8	<u>10,501</u>	<u>15,848</u>
	1,411,711	1,563,201
Less: amounts due in the current year	<u>115,435</u>	<u>151,189</u>
	<u>\$ 1,296,276</u>	<u>\$ 1,412,012</u>

The Royal Bank of Canada #1 mortgage bears interest at the rate of 3.24% per annum and is repayable in blended monthly payments of principal and interest in the amount of \$3,450. The mortgage matured September 8, 2022 and was secured by a specific asset of Community Living Oakville with a carrying value of \$128,000.

The Royal Bank of Canada 1083 Pinegrove mortgage bears interest at the rate of 3.89% per annum and is repayable in blended monthly payments of principal and interest in the amount of \$1,709. The mortgage matures December 2, 2023 and is secured by a specific asset of Community Living Oakville with a carrying value of \$667,851.

The Royal Bank of Canada Sherin Drive mortgage bears interest at the rate of 3.89% per annum and is repayable in blended monthly payments of principal and interest in the amount of \$1,709. The mortgage matures December 2, 2023 and is secured by a specific asset of Community Living Oakville with a carrying value of \$87,000.

The Royal Bank of Canada term loan bears interest at the rate of 3.99% per annum and is repayable in blended monthly payments of principal and interest in the amount of \$10,191. The loan matures March 28, 2025.

The Royal Bank of Canada term loan #8 bears interest at the rate of 4.76% per annum and is repayable in blended monthly payments of principal and interest in the amount of \$499. The loan matures January 8, 2024.

The term loan borrowings are secured by a General Security Agreement, Guarantee and Postponement of Claim in the amount of \$400,000 by OARC Corporation, a collateral mortgage in the amount of \$1,460,416 on specific properties owned by Community Living Oakville, a collateral second mortgage in the amount of \$1,000,000 on the lands and improvements of a specific property owned by Community Living Oakville, and a collateral second mortgage in the amount of \$400,000 on a specific property owned by Community Living Oakville. The specific properties have a carrying amount of \$1,789,716.

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Long-term debt - continued

Future long-term debt principal payments are as follows:

2023		\$ 115,435
2024		577,038
2025		<u>719,238</u>
		<u>\$ 1,411,711</u>

9. Deferred revenue

Deferred revenues represent restricted subsidies, donations or grants designated for future programs or expenditures and consist of the following:

	<u>2022</u>	<u>2021</u>
Project Search	\$ 83,288	\$ 89,910
Recruiters	74,612	-
Job Launch	34,575	-
New Horizons for Seniors	24,860	20,265
COVID Emergency Response	24,000	-
Xcel programming	10,000	-
Day services	-	31,460
Golf tournament	-	12,700
	<u>\$ 251,335</u>	<u>\$ 154,335</u>

10. Deferred funding related to capital assets

Deferred funding related to capital assets represents restricted subsidies received from the Province of Ontario to acquire or committed to acquire specific capital assets in the year of receipt. The changes in the deferred funding related to capital assets for the year are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 899,931	\$ 1,106,791
Funding used or committed to acquire capital assets	-	-
Amounts amortized to revenue	<u>(187,810)</u>	<u>(206,860)</u>
Balance, end of year	<u>\$ 712,121</u>	<u>\$ 899,931</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

11. Obligation under capital leases

	<u>2022</u>	<u>2021</u>
ARI Fleet lease #219644, repayable in monthly instalments of \$516 plus HST with an annual interest rate of 4.58% maturing on January 1, 2025	\$ 19,819	\$ 26,814
ARI Fleet lease #219639, repayable in monthly instalments of \$513 plus HST with an annual interest rate of 4.32% maturing on December 1, 2024	19,123	26,077
ARI Fleet lease #219640, repayable in monthly instalments of \$513 plus HST with an annual interest rate of 4.32% maturing on December 1, 2024	19,142	26,103
ARI Fleet lease #220175, repayable in monthly instalments of \$466 plus HST with an annual interest rate of 3.20% maturing on July 1, 2025	\$ 21,048	\$ -
ARI Fleet lease #220176, repayable in monthly instalments of \$465 plus HST with an annual interest rate of 3.20% maturing on July 1, 2025	\$ 21,011	\$ -
ARI Fleet lease #220177, repayable in monthly instalments of \$466 plus HST with an annual interest rate of 3.20% maturing on July 1, 2025	\$ 21,048	\$ -
ARI Fleet lease #220178, repayable in monthly instalments of \$759 plus HST with an annual interest rate of 3.20% maturing on August 1, 2025	\$ 35,150	\$ -
	156,341	78,994
Less: amount representing reclaimable HST	(12,532)	(6,332)
Less: amount representing admin fees	(4,757)	(2,361)
Less: amount representing interest	(7,463)	(5,433)
	131,589	64,868
Less: current portion	(40,642)	(16,179)
	<u>\$ 90,947</u>	<u>\$ 48,689</u>

Future minimum lease payments are as follows:

2023	\$ 50,130
2024	50,130
2025	45,485
2026	10,596
	<u>\$ 156,341</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

12. Controlled entity and related party

Community Living Oakville controls OARC Corporation which operates under the name Bestpack Packaging and Assembling Services as a packaging business providing employment for qualified people supported by Community Living Oakville. The profits from the business are used to fund Community Living Oakville to provide assistance and training facilities and to purchase and maintain housing accommodation for people they support. The corporation was incorporated by Letters Patent under the Ontario Corporations Act without share capital as a not-for-profit organization. For Canadian income tax purposes the corporation qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

OARC Corporation has not been consolidated in Community Living Oakville's financial statements. The financial summary of OARC Corporation as at March 31, 2022 and 2021 and for the years then ended is as follows:

	OARC Corporation	
	<u>2022</u>	<u>2021</u>
Financial position		
Total assets	\$ 223,821	\$ 202,209
Total liabilities	<u>457,911</u>	<u>331,568</u>
Total net assets	<u>\$ (234,090)</u>	<u>\$ (129,359)</u>
Results of operations		
Total revenues	\$ 725,296	\$ 705,636
Total other income	-	102,680
Total expenses	<u>830,027</u>	<u>802,881</u>
Net (loss) income	<u>\$ (104,731)</u>	<u>\$ 5,435</u>
Cash flows		
Cash from operating activities	\$ (67,395)	\$ 67,296
Cash from financing activities	73,618	(55,552)
Cash from investing activities	<u>(1,210)</u>	<u>(18,000)</u>
Net increase (decrease) in cash	<u>\$ 5,013</u>	<u>\$ (6,256)</u>

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Controlled entity and related party - continued

Total expenses of OARC Corporation include the following amounts paid to Community Living Oakville, a related party:

Rent (included in rental - homes and vehicles receipts)	\$82,644 (2021 - \$82,644)
Administrative services (included in other receipts)	\$ 9,996 (2021 - \$9,996)

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

13. Net assets internally restricted

The Board of Directors approved that net assets internally restricted will be comprised of the income from donations and fundraising activities net of all related expenses that have been received by Community Living Oakville. The internally restricted funds are to be used for special projects as approved by the Board of Directors.

The internally restricted excess of receipts over disbursements was comprised of:

Fundraising receipts	\$ 376,994
Fundraising disbursements	<u>(41,400)</u>
	<u>\$ 335,594</u>

The unrestricted excess of receipts over disbursements was comprised of:

Asset-driven receipts	\$ 630,154
Asset-driven disbursements	(89,750)
Asset-driven depreciation	(463,850)
Gain on sale of capital assets	<u>11,521</u>
	<u>\$ 88,075</u>

The unrestricted investment in capital additions was comprised of:

Automotive under capital leases	<u>\$ 120,282</u>
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COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

14. Contractual obligations

The organization leases certain homes, office spaces, and services. Future minimum lease payments required over the next five years are as follows:

2023	\$ 250,640
2024	153,788
2025	<u>57,564</u>
	<u>\$ 461,992</u>

15. Loan guarantee

Community Living Oakville has provided a Guarantee and Postponement of Claim in the amount of \$350,000 to the Royal Bank of Canada as security for borrowings in the name of OARC Corporation. The loan guarantee arose when OARC Corporation renegotiated its line of credit. The line of credit is secured by a General Security Agreement constituting a first charge on all assets of the corporation other than real property, and a guarantee and Postponement of Claim in the amount of \$350,000 by Community Living Oakville. The carrying value of the line of credit at March 31, 2022 is \$141,000. Community Living Oakville would be responsible for up to \$350,000 of the outstanding balance plus interest at the Royal Bank of Canada prime rate plus 5% if OARC Corporation defaults on payment and the balance cannot be recovered by the liquidation of other assets.

16. Financial Instruments

The organization's financial instruments consist of cash, short-term investments, trust funds, accounts receivable, mortgage receivable, bank indebtedness, accounts payable, funds held in trust, due to OARC Corporation, obligation under capital leases, and long-term debt. The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short term to maturity. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the organization is a going concern and thus expects to fully repay the outstanding amount.

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Financial instruments - continued

Liquidity risk

The organization does have liquidity risk in the bank indebtedness, accounts payable, due to OARC Corporation, funds held in trust, obligation under capital leases, and long-term debt of \$2,904,688 (2021 - \$2,756,684). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains a sufficient cash balance to repay trade creditors, capital lease payments and long-term debt interest and principal as it becomes due. In the opinion of management, the liquidity risk exposure to the organization is low. This risk is unchanged from the prior year.

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's long-term debts are fixed rate debts. Therefore, changes in market interest rates do not impact interest payments on these instruments and the organization is not subject to interest rate risk with respect to these debts. The line of credit bears interest at the bank prime rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The organization does not use derivative financial instruments to alter the effects of this risk. In the opinion of management, the interest rate risk exposure to the organization is low. This risk is unchanged from the prior year.

Credit risk

The organization does have credit risk in the accounts receivable and mortgage receivable of \$488,788 (2021 - \$1,806,974). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by following up overdue accounts on a timely basis and creating an allowance for bad debts when applicable. In the opinion of management, the credit risk exposure to the organization is low. This risk is unchanged from the prior year.

The organization also has a credit risk relating to cash, short-term investments and trust funds, which it manages by dealing with large chartered banks in Canada and investing in highly liquid investments. The organization's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its investments in highly liquid investments that are insurable by the Canadian Investor Protection Fund (CIPF). The organization's cash carrying value is \$1,586,978 (2021 - \$636,470), short-term investments carrying value is \$1,706,452 (2021 - \$609,881) and funds held in trust carrying value is \$49,611 (2021 - \$49,059), representing the maximum exposure to credit risk of these financial assets. This risk is unchanged from the prior year.

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

17. Economic dependence

Community Living Oakville receives the majority of its funding for operating and capital activities from the Province of Ontario. Community Living Oakville depends upon sufficient funding from the Ontario Ministries to support the programs and services that it offers to its clients.

18. Contingency

The Organization has sued a purchaser who failed to close for forfeit of deposit and damages arising from the failed agreement to purchase. The individual has brought a counterclaim for damages for loss of profits and recovery of architectural fees claiming that it was the Organization that in fact breached the Agreement, and for return of the deposit. Neither the possible outcome of the claims nor the amount of possible settlement can be foreseen. The deposit is being held in trust by the real estate brokerage for the organization and no amount will be recorded in the books and records of the organization until the matter has been resolved.

19. Impact of COVID-19 pandemic

As the outbreak of the coronavirus (COVID-19) has continued to spread throughout areas in which the organization operates, precautionary measures have been taken to avoid the spread of COVID-19. These measures had previously included the closure of in-person day programs with redeployment of staff to residential locations to assist with support as well as the strict enforcement of no visiting policies. Further, staff were no longer permitted to work at multiple locations or agencies. The organization has been able to relax some of these precautionary measures in the current year based on government guidelines. The organization has incurred significantly increased costs for caring for its residents and, at times, a reduced occupancy has occurred. Further, COVID-19 has impacted operations by causing staffing and supply shortages. The Organization's operations are heavily dependent on government funding, grants, donations and fundraising revenues. There is uncertainty as to the extent of additional funding that may be available from government sources as well as the extent of revenues that can be raised through donations and fundraising activities. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on residents, employees, donors and vendors, all of which are uncertain and cannot be predicted. Given these uncertainties, we cannot reasonably estimate the related impact to our organization, operating results, and financial condition. While expected to be temporary, these disruptions may negatively impact the organization's revenue, results of operations, financial condition, and liquidity in the fiscal 2023 year. Management is carefully monitoring the situation as developments occur.