

**COMMUNITY LIVING OAKVILLE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2021**

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## 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, 2021, and the statement of changes in net assets, statement of operations - all funds, operating fund - statement of receipts and disbursements and fund position, capital fund - statement of receipts and disbursements and fund position 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, 2021, 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, 2021. This caused us to qualify our opinion on the financial statements as at and for the year ended March 31, 2020.

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.

**COMMUNITY LIVING OAKVILLE**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2021**

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Current  |                     |                     |
| Cash - note 2  | \$ 636,470          | \$ 422,304          |
| Short-term investments - note 3                              | 609,881             | 575,216             |
| Trust Funds  | 49,059              | 48,543              |
| Accounts receivable  | 489,474             | 295,495             |
| HST receivable   | 161,449             | 74,501              |
| Mortgage receivable - note 4                                 | 1,317,500           | 1,309,000           |
| Prepaid expenses and deposits                                | <u>29,646</u>       | <u>27,252</u>       |
|  | 3,293,479           | 2,752,311           |
| Capital assets - note 5                                      | <u>4,149,787</u>    | <u>4,585,989</u>    |
|  | <u>\$ 7,443,266</u> | <u>\$ 7,338,300</u> |
| <b>LIABILITIES</b>   |                     |                     |
| Current  |                     |                     |
| Bank indebtedness - note 6                                   | \$ 69,000           | \$ 153,000          |
| Accounts payable - note 7                                    | 982,658             | 759,726             |
| Due to OARC Corporation - note 13                            | 27,898              | 23,918              |
| Current portion of long-term debt - note 8                   | 151,189             | 145,944             |
| Current portion of obligation under capital leases - note 11 | 16,179              | 15,514              |
| Funds held in Trust  | 49,059              | 48,543              |
| Deferred revenue - note 9                                    | <u>154,335</u>      | <u>90,764</u>       |
|  | 1,450,318           | 1,237,409           |
| Long-term debt - note 8                                      | 1,412,012           | 1,563,549           |
| Obligation under capital leases - note 11                    | 48,689              | 64,867              |
| Deferred funding related to capital assets - note 10         | <u>899,931</u>      | <u>1,106,791</u>    |
|  | 3,810,950           | 3,972,616           |
| <b>NET ASSETS</b>  |                     |                     |
| Net assets invested in capital assets                        | \$ 1,621,788        | \$ 1,689,326        |
| Net assets internally restricted                             | 904,517             | 694,923             |
| Unrestricted net assets                                      | <u>1,106,011</u>    | <u>981,435</u>      |
|  | <u>3,632,316</u>    | <u>3,365,684</u>    |
|  | <u>\$ 7,443,266</u> | <u>\$ 7,338,300</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, 2021**

|   | <u>Invested in<br/>capital assets</u> | <u>Internally<br/>restricted</u> | <u>Unrestricted</u> | <u>2021</u>         | <u>2020</u>         |
|---|---------------------------------------|----------------------------------|---------------------|---------------------|---------------------|
| Net assets - beginning                              | \$ 1,689,326                          | \$ 694,923                       | \$ 981,435          | \$ 3,365,684        | \$ 1,960,580        |
| Excess of receipts over<br>disbursements            |                                       |                                  |                     |                     |                     |
| Operating fund                                      | -                                     | -                                | 14,906              | 14,906              | (53,833)            |
| Capital fund - note 13                              | -                                     | 209,594                          | 36,697              | 246,291             | 1,597,441           |
| Investment in capital assets                        |                                       |                                  |                     |                     |                     |
| Additions - note 13                                 | 46,362                                | -                                | (46,362)            | -                   | -                   |
| Depreciation  | (482,565)                             | -                                | 482,565             | -                   | -                   |
| Decrease in long-term debt                          | 146,292                               | -                                | (146,292)           | -                   |                     |
| Decrease in obligations<br>under capital lease      | 15,513                                | -                                | (15,513)            | -                   | -                   |
| Deferred funding amortized<br>in year               | 206,860                               | -                                | (206,860)           | -                   | -                   |
| Net income (loss) of<br>controlled entity - note 12 | -                                     | -                                | 5,435               | 5,435               | (138,504)           |
| Net assets  | <u>\$ 1,621,788</u>                   | <u>\$ 904,517</u>                | <u>\$ 1,106,011</u> | <u>\$ 3,632,316</u> | <u>\$ 3,365,684</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, 2021**

|  | <u>2021</u>       | <u>2020</u>         |
|--|-------------------|---------------------|
| Receipts   |                   |                     |
| Operations                                       | \$ 16,576,118     | \$ 15,192,609       |
| Assets   | 649,204           | 700,358             |
| Fundraising                                      | <u>428,213</u>    | <u>471,627</u>      |
|  | 17,653,535        | 16,364,594          |
| <br>   |                   |                     |
| Disbursements                                    |                   |                     |
| Operations                                       | 16,561,212        | 15,246,442          |
| Assets   | 618,107           | 912,019             |
| Fundraising                                      | <u>218,619</u>    | <u>247,052</u>      |
|  | <u>17,397,938</u> | <u>16,405,513</u>   |
| <br>   |                   |                     |
| Income (loss) before other income                | 255,597           | (40,919)            |
| <br>   |                   |                     |
| Gain on sale of capital assets                   | <u>5,600</u>      | <u>1,584,527</u>    |
|  | 261,197           | 1,543,608           |
| <br>   |                   |                     |
| Net income (loss) of controlled entity - note 12 | <u>5,435</u>      | <u>(138,504)</u>    |
| <br>   |                   |                     |
| Excess of receipts over disbursements            | <u>\$ 266,632</u> | <u>\$ 1,405,104</u> |

The accompanying notes are an integral part of these financial statements

**COMMUNITY LIVING OAKVILLE**

**OPERATING FUND**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS  
AND FUND POSITION**

**FOR THE YEAR ENDED MARCH 31, 2021**

|  | <u>2021</u>       | <u>2020</u>        |
|--|-------------------|--------------------|
| <b>Receipts</b>                                    |                   |                    |
| Province of Ontario - annualized funding           | \$ 11,804,057     | \$ 11,385,148      |
| Province of Ontario - COVID-19 funding             | 1,665,108         | 49,030             |
| Residential accommodation                          | 855,854           | 847,194            |
| Fee for service                                    | 815,703           | 1,438,624          |
| Province of Ontario - one-time funding             | 754,747           | 570,324            |
| Province of Ontario - ODSP funding                 | 327,911           | 336,101            |
| Other  | 300,564           | 478,405            |
| United Way of Oakville                             | 40,034            | 40,034             |
| Canada emergency rent subsidies                    | 7,405             | -                  |
| Grants   | 4,735             | -                  |
| Province of Ontario - minor capital                | -                 | 44,749             |
| Donations  | -                 | 3,000              |
|  | <u>16,576,118</u> | <u>15,192,609</u>  |
| <b>Disbursements</b>                               |                   |                    |
| Salaries and benefits                              | 13,841,260        | 12,829,719         |
| Office and household supplies                      | 550,305           | 544,062            |
| Purchase of services                               | 526,336           | 311,214            |
| Rent   | 440,928           | 411,308            |
| Food costs   | 254,560           | 225,050            |
| Repairs and maintenance                            | 183,686           | 243,627            |
| Vehicle operation                                  | 173,220           | 191,432            |
| Utilities  | 120,899           | 102,287            |
| COVID-19   | 119,460           | 49,057             |
| Communications                                     | 104,174           | 77,499             |
| Replacements and new furniture                     | 77,259            | -                  |
| Sundry   | 71,695            | 63,965             |
| Insurance  | 56,673            | 43,897             |
| Staff travel                                       | 36,022            | 93,938             |
| Grant expenses                                     | 4,735             | -                  |
| Minor capital                                      | -                 | 44,749             |
| Accreditation                                      | -                 | 14,638             |
|  | <u>16,561,212</u> | <u>15,246,442</u>  |
| Excess (deficiency) of receipts over disbursements | \$ <u>14,906</u>  | \$ <u>(53,833)</u> |

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

CAPITAL FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS  
AND FUND POSITION

FOR THE YEAR ENDED MARCH 31, 2021

|  | <u>2021</u>       | <u>2020</u>         |
|--|-------------------|---------------------|
| Receipts                                       |                   |                     |
| Fundraising:                                   |                   |                     |
| Fundraising and donations                      | 428,213           | 471,627             |
| Assets:  |                   |                     |
| Rental - homes and vehicles                    | 442,344           | 474,865             |
| Province of Ontario - deferred capital funding | <u>206,860</u>    | <u>225,493</u>      |
|  | <u>649,204</u>    | <u>700,358</u>      |
|  | 1,077,417         | 1,171,985           |
| Disbursements                                  |                   |                     |
| Fundraising:                                   |                   |                     |
| Approved projects                              | 217,116           | 140,697             |
| Fundraising administration                     | 1,503             | 65,180              |
| Golf tournament                                | -                 | 35,760              |
| Special events                                 | -                 | 5,415               |
|  | <u>218,619</u>    | <u>247,052</u>      |
| Assets:  |                   |                     |
| Depreciation                                   | 482,565           | 484,248             |
| Interest on long-term debt                     | 64,404            | 63,822              |
| Administration funding                         | 36,000            | 207,600             |
| Property taxes                                 | 28,999            | 18,162              |
| Interest on obligation under capital leases    | 3,094             | 771                 |
| Bank charges                                   | 1,763             | 4,044               |
| Professional fees                              | 1,282             | 5,080               |
| Approved projects                              | -                 | 96,110              |
| New furnishings                                | -                 | 28,400              |
| Interest on loan payable                       | -                 | 3,782               |
|  | <u>618,107</u>    | <u>912,019</u>      |
|  | <u>836,726</u>    | <u>1,159,071</u>    |
| Excess before other income                     | 240,691           | 12,914              |
| Other income                                   |                   |                     |
| Gain on sale of capital assets                 | <u>5,600</u>      | <u>1,584,527</u>    |
| Excess of receipts over disbursements          | <u>\$ 246,291</u> | <u>\$ 1,597,441</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, 2021

|  | <u>2021</u>       | <u>2020</u>        |
|--|-------------------|--------------------|
| Cash from operating activities:                                |                   |                    |
| Excess (deficiency) of receipts over disbursements - operating | \$ 14,906         | \$ (53,833)        |
| Excess of receipts over disbursements - capital                | 246,291           | 1,597,441          |
| Gain on sale of capital assets                                 | (5,600)           | (1,584,527)        |
| Accrued interest on mortgage receivable                        | (8,500)           | (34,000)           |
| Depreciation of capital assets                                 | 482,565           | 484,248            |
| Amortization of deferred funding related to capital assets     | (206,860)         | (225,493)          |
| Net change in non-cash working capital                         | <u>3,181</u>      | <u>(179,822)</u>   |
| Net cash generated through operating activities                | 525,983           | 4,014              |
| Financing activities:  |                   |                    |
| (Repayments of) long-term debt                                 | (146,292)         | (174,077)          |
| (Repayments of) loan payable                                   | -                 | (250,000)          |
| (Repayments of) obligation under capital leases                | (15,513)          | (3,364)            |
| Advances from line of credit                                   | 836,000           | 1,702,500          |
| (Repayments to) line of credit                                 | <u>(920,000)</u>  | <u>(1,549,500)</u> |
| Net cash (used) in financing activities                        | (245,805)         | (274,441)          |
| Investing activities:  |                   |                    |
| Purchase of capital assets                                     | (46,362)          | (32,375)           |
| Proceeds on disposal of capital assets                         | 5,600             | 371,666            |
| Advances from (payments to) controlled company                 | 9,415             | (77,226)           |
| Purchase of short-term investments                             | <u>(34,665)</u>   | <u>(273,016)</u>   |
| Net cash (used) in investing activities                        | <u>(66,012)</u>   | <u>(10,951)</u>    |
| Net (decrease) in cash   | 214,166           | (281,378)          |
| Cash - beginning   | <u>422,304</u>    | <u>703,682</u>     |
| Cash   | <u>\$ 636,470</u> | <u>\$ 422,304</u>  |
| Supplemental cash flow information:                            |                   |                    |
| Interest received  | <u>\$ 57,714</u>  | <u>\$ 15,745</u>   |
| Interest paid  | <u>\$ 67,498</u>  | <u>\$ 68,375</u>   |

The accompanying notes are an integral part of these financial statements

# COMMUNITY LIVING OAKVILLE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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, 2021**

**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, 2021**

**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>2021</u>       | <u>2020</u>       |
|-----------------------|-------------------|-------------------|
| Internally restricted | \$ 524,803        | \$ 467,262        |
| Bank overdraft        | (313,168)         | (96,842)          |
| Other                 | 424,835           | 51,884            |
|                       | <u>\$ 636,470</u> | <u>\$ 422,304</u> |

**3. Short-term investments**

|  | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Cost</u>       |
|--|----------------------|----------------------|-------------------|
| Internally restricted:                         |                      |                      |                   |
| Royal Bank of Canada GIC                       | August 12, 2021      | 0.10%                | \$ 156,580        |
| Accrued interest earned to date                |                      |                      | <u>99</u>         |
|  |                      |                      | 156,679           |
| Unrestricted:                                  |                      |                      |                   |
| Royal Bank of Canada GIC                       | August 4, 2021       | 0.52%                | 350,800           |
| Royal Bank of Canada GIC                       | June 29, 2021        | 0.50%                | 50,000            |
| Royal Bank of Canada GIC                       | September 21, 2021   | 0.10%                | <u>50,993</u>     |
| Accrued interest earned to date                |                      |                      | <u>1,409</u>      |
|  |                      |                      | <u>453,202</u>    |
| Total carrying value of short-term investments |                      |                      | <u>\$ 609,881</u> |

**COMMUNITY LIVING OAKVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**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 matures July 31, 2021 and is secured by the property located at 147 Church Street in Oakville, Ontario.

**5. Capital assets**

|                                    | <u>Cost</u>          | <u>Accumulated<br/>Depreciation</u> | <u>2021</u>         | <u>2020</u>         |
|------------------------------------|----------------------|-------------------------------------|---------------------|---------------------|
| Land                               | \$ 2,213,853         | \$ -                                | \$ 2,213,853        | \$ 2,213,853        |
| Buildings                          | 8,003,526            | 6,238,463                           | 1,765,063           | 2,153,836           |
| Automotive                         | 444,692              | 382,670                             | 62,022              | 110,625             |
| Automotive under<br>capital leases | 83,744               | 25,123                              | 58,621              | 75,370              |
| Computer equipment<br>and software | 87,180               | 57,767                              | 29,413              | 2,760               |
| Furniture<br>and equipment         | <u>645,722</u>       | <u>624,907</u>                      | <u>20,815</u>       | <u>29,545</u>       |
|                                    | <u>\$ 11,478,717</u> | <u>\$ 7,328,930</u>                 | <u>\$ 4,149,787</u> | <u>\$ 4,585,989</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, 2021, the balance drawn on the line of credit was \$69,000.

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.

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

7. Accounts payable

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| Trade payables and accrued liabilities | \$ 982,658        | \$ 759,726        |
| Government remittances                 | -                 | -                 |
|  | <u>\$ 982,658</u> | <u>\$ 759,726</u> |

8. Long-term debt

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Mortgages payable                         |                     |                     |
| Royal Bank of Canada #1 - Sutton House    | \$ 40,283           | \$ 79,699           |
| Royal Bank of Canada - 1083 Pinegrove     | 261,796             | 271,978             |
| Royal Bank of Canada - Sherin Drive       | 261,787             | 271,987             |
| Term loans payable                        |                     |                     |
| Royal Bank of Canada term loan payable    | 983,487             | 1,064,878           |
| Royal Bank of Canada term loan payable #8 | <u>15,848</u>       | <u>20,951</u>       |
|   | 1,563,201           | 1,709,493           |
| Less: amounts due in the current year     | <u>151,189</u>      | <u>145,944</u>      |
|   | <u>\$ 1,412,012</u> | <u>\$ 1,563,549</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 matures September 8, 2022 and is 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 \$683,753.

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.

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

Long-term debt - continued

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 \$2,005,030.

Future long-term debt principal payments are as follows:

|      |    |                  |
|------|----|------------------|
| 2022 | \$ | 151,189          |
| 2023 |    | 115,435          |
| 2024 |    | 577,222          |
| 2025 |    | <u>719,355</u>   |
|      | \$ | <u>1,563,201</u> |

9. Deferred revenue

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

|                          | <u>2021</u>       | <u>2020</u>      |
|--------------------------|-------------------|------------------|
| Minor capital            | \$ -              | \$ 18,356        |
| New Horizons for Seniors | 20,265            | 25,000           |
| Project Search           | 89,910            | 47,408           |
| Golf tournament          | 12,700            | -                |
| Day services             | <u>31,460</u>     | <u>-</u>         |
|                          | <u>\$ 154,335</u> | <u>\$ 90,764</u> |

**COMMUNITY LIVING OAKVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**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>2021</u>       | <u>2020</u>         |
|---|-------------------|---------------------|
| Balance, beginning of year                          | \$ 1,106,791      | \$ 1,332,284        |
| Funding used or committed to acquire capital assets | -                 | -                   |
| Amounts amortized to revenue                        | <u>(206,860)</u>  | <u>(225,493)</u>    |
| Balance, end of year                                | <u>\$ 899,931</u> | <u>\$ 1,106,791</u> |

**11. Obligation under capital leases**

|  | <u>2021</u>      | <u>2020</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  | \$ 26,814        | \$ 33,809        |
| 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 | 26,103           | 33,064           |
| 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 | <u>26,077</u>    | <u>33,031</u>    |
|  | 78,994           | 99,904           |
| Less: amount representing reclaimable HST  | (6,332)          | (8,010)          |
| Less: amount representing admin fees   | (2,361)          | (2,985)          |
| Less: amount representing interest   | <u>(5,433)</u>   | <u>(8,528)</u>   |
|  | 64,868           | 80,381           |
| Less: current portion  | <u>(16,179)</u>  | <u>(15,514)</u>  |
|  | <u>\$ 48,689</u> | <u>\$ 64,867</u> |

Future minimum lease payments are as follows:

|      |                  |
|------|------------------|
| 2022 | \$ 20,910        |
| 2023 | 20,910           |
| 2024 | 20,910           |
| 2025 | <u>16,264</u>    |
|      | <u>\$ 78,994</u> |

**COMMUNITY LIVING OAKVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**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, 2021 and 2020 and for the years then ended is as follows:

|                                | <b>OARC Corporation</b>    |                            |
|--------------------------------|----------------------------|----------------------------|
|                                | <u><b>2021</b></u>         | <u><b>2020</b></u>         |
| <b>Financial position</b>      |                            |                            |
| Total assets                   | \$ 202,209                 | \$ 235,617                 |
| Total liabilities              | <u>331,568</u>             | <u>370,411</u>             |
| Total net assets               | <u><u>\$ (129,359)</u></u> | <u><u>\$ (134,794)</u></u> |
| <b>Results of operations</b>   |                            |                            |
| Total revenues                 | \$ 705,636                 | \$ 833,708                 |
| Total other income             | 102,680                    | -                          |
| Total expenses                 | <u>802,881</u>             | <u>972,212</u>             |
| Net income (loss)              | <u><u>\$ 5,435</u></u>     | <u><u>\$ (138,504)</u></u> |
| <b>Cash flows</b>              |                            |                            |
| Cash from operating activities | \$ 67,296                  | \$ (106,015)               |
| Cash from financing activities | (55,552)                   | 102,070                    |
| Cash from investing activities | <u>(18,000)</u>            | <u>-</u>                   |
| Net (decrease) in cash         | <u><u>\$ (6,256)</u></u>   | <u><u>\$ (3,945)</u></u>   |

# COMMUNITY LIVING OAKVILLE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

### 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 (2020 - \$75,757) |
| Administrative services (included in other receipts)    | \$ 9,996 (2020 - \$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      | \$ 428,213        |
| Fundraising disbursements | <u>(218,619)</u>  |
|                           | <u>\$ 209,594</u> |

The unrestricted excess of receipts over disbursements was comprised of:

|                                |                  |
|--------------------------------|------------------|
| Asset-driven receipts          | \$ 649,204       |
| Asset-driven disbursements     | (135,542)        |
| Asset-driven depreciation      | (482,565)        |
| Gain on sale of capital assets | <u>5,600</u>     |
|                                | <u>\$ 36,697</u> |

The unrestricted investment in capital additions was comprised of:

|                                 |                  |
|---------------------------------|------------------|
| Buildings                       | \$ 15,001        |
| Computer equipment and software | <u>31,361</u>    |
|                                 | <u>\$ 46,362</u> |

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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:

|      |                   |
|------|-------------------|
| 2022 | \$ 180,803        |
| 2023 | 89,198            |
| 2024 | 86,997            |
| 2025 | <u>57,654</u>     |
|      | <u>\$ 414,652</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, 2021 is \$58,000. 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, 2021

### 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 \$2,756,684 (2020 - \$2,775,061). 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, and 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 \$1,806,974 (2020 - \$1,604,495). 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 \$636,470 (2020 - \$422,304), short-term investments carrying value is \$609,881 (2020 - \$575,216) and funds held in trust carrying value is \$49,059 (2020 - \$48,543), 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, 2021

### 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) continues to spread throughout areas in which the organization operates, precautionary measures have been taken to avoid the spread of COVID-19. These measures include 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 are no longer permitted to work at multiple locations or agencies. The organization will incur significantly increased costs for caring for the residents and in all likelihood, a reduced occupancy will occur. 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 due to the postponement of events that are designed to solicit donations and raise funds. 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 our residents, employees, 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 2022 year. Management is carefully monitoring the situation as developments occur.