

COMMUNITY LIVING OAKVILLE

FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023, 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, 2023, 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, 2023. This caused us to qualify our opinion on the financial statements as at and for the year ended March 31, 2022.

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
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Oakville, Ontario
September 15, 2023

COMMUNITY LIVING OAKVILLE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current		
Cash - note 2	\$ 480,542	\$ 1,586,978
Short-term investments - note 3	2,476,321	1,706,452
Trust Funds	50,323	49,611
Accounts receivable	313,340	488,788
HST receivable	174,995	164,188
Prepaid expenses and deposits	<u>23,757</u>	<u>17,120</u>
	3,519,278	4,013,137
Investment in OARC Corporation - note 11	14,576	-
Capital assets - note 4	<u>3,521,239</u>	<u>3,803,790</u>
	<u>\$ 7,055,093</u>	<u>\$ 7,816,927</u>
LIABILITIES		
Current		
Accounts payable - note 6	\$ 1,349,615	\$ 1,195,920
Due to OARC Corporation - note 11	-	115,857
Current portion of long-term debt - note 7	576,854	115,435
Current portion of obligation under capital leases - note 10	51,273	40,642
Funds held in Trust	50,323	49,611
Deferred revenue - note 8	<u>207,364</u>	<u>251,335</u>
	2,235,429	1,768,800
Long-term debt - note 7	719,228	1,296,276
Obligation under capital leases - note 10	82,571	90,947
Deferred funding related to capital assets - note 9	<u>550,406</u>	<u>712,121</u>
	3,587,634	3,868,144
NET ASSETS		
Net assets invested in capital assets	\$ 1,540,907	\$ 1,548,371
Net assets internally restricted	2,464,554	2,515,111
Unrestricted net assets	<u>(538,002)</u>	<u>(114,699)</u>
	<u>3,467,459</u>	<u>3,948,783</u>
	<u>\$ 7,055,093</u>	<u>\$ 7,816,927</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, 2023

	<u>Invested in capital assets</u>	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>2023</u>	<u>2022</u>
Net assets - beginning (Deficiency) excess of receipts over disbursements	\$ 1,548,371	\$ 2,515,111	\$ (114,699)	\$ 3,948,783	\$ 3,632,316
Operating fund	-	-	(997,738)	(997,738)	(2,471)
Capital fund - note 12	-	422,406	94,808	517,214	423,669
Interfund transfer - note 15	-	(472,963)	472,963	-	-
Investment in capital assets					
Additions - note 12	185,653	-	(185,653)	-	-
Depreciation	(468,206)	-	468,206	-	-
Decrease in long-term debt	115,629	-	(115,629)	-	-
(Increase) in obligations under capital lease	(2,255)	-	2,255	-	-
Deferred funding amortized in year	161,715	-	(161,715)	-	-
Net (loss) of controlled entity - note 11	-	-	(800)	(800)	(104,731)
Net assets	<u>\$ 1,540,907</u>	<u>\$ 2,464,554</u>	<u>\$ (538,002)</u>	<u>\$ 3,467,459</u>	<u>\$ 3,948,783</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, 2023

	<u>2023</u>	<u>2022</u>
Receipts		
Operations	\$ 17,848,994	\$ 17,503,881
Assets	626,679	630,154
Fundraising	<u>485,234</u>	<u>376,994</u>
	18,960,907	18,511,029
Disbursements		
Operations	18,846,732	17,506,352
Assets	531,871	555,171
Fundraising	<u>62,828</u>	<u>39,832</u>
	<u>19,441,431</u>	<u>18,101,355</u>
(Loss) income before other income	(480,524)	409,674
Gain on sale of capital assets	<u>-</u>	<u>11,521</u>
	(480,524)	421,195
Net (loss) of controlled entity - note 11	<u>(800)</u>	<u>(104,731)</u>
(Deficiency) excess of receipts over disbursements	<u>\$ (481,324)</u>	<u>\$ 316,464</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

OPERATING FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
Receipts		
Province of Ontario - annualized funding	\$ 13,301,113	\$ 12,097,077
Fee for service	1,413,697	1,082,258
Residential accommodation	872,925	837,962
Other	735,347	211,506
Province of Ontario - one-time funding	582,655	281,895
Province of Ontario - COVID-19 funding	477,861	2,550,509
Province of Ontario - ODSP funding	365,396	340,000
United Way of Oakville	100,000	99,926
Canada emergency rent subsidies	-	<u>2,748</u>
	<u>17,848,994</u>	<u>17,503,881</u>
Disbursements		
Salaries and benefits	15,616,594	14,771,257
Office and household supplies	866,351	644,923
Purchase of services	559,179	407,775
Rent	528,823	459,702
Food costs	295,501	268,302
Vehicle operation	252,012	173,078
Repairs and maintenance	200,435	264,734
Utilities	140,721	116,165
Insurance	129,047	87,417
Communications	110,332	107,614
Staff travel	75,609	57,870
Sundry	39,764	34,441
Replacements and new furniture	18,299	94,068
COVID-19	<u>14,065</u>	<u>19,006</u>
	<u>18,846,732</u>	<u>17,506,352</u>
(Deficiency) of receipts over disbursements	\$ <u>(997,738)</u>	\$ <u>(2,471)</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, 2023

	<u>2023</u>	<u>2022</u>
Receipts		
Fundraising:		
Fundraising and donations	485,234	376,994
Assets:		
Rental - homes and vehicles	464,964	442,344
Province of Ontario - deferred capital funding	<u>161,715</u>	<u>187,810</u>
	<u>626,679</u>	<u>630,154</u>
	1,111,913	1,007,148
Disbursements		
Fundraising:		
Golf tournament	51,679	39,572
Fundraising administration	9,608	260
Bank charges	<u>1,541</u>	<u>-</u>
	62,828	39,832
Assets:		
Depreciation	468,206	463,850
Interest on long-term debt	53,664	58,784
Interest on obligation under capital leases	5,972	7,584
Professional fees	2,066	6,390
Bank charges	1,963	3,866
Property taxes	<u>-</u>	<u>14,697</u>
	<u>531,871</u>	<u>555,171</u>
	<u>594,699</u>	<u>595,003</u>
Excess before other income	517,214	412,145
Other income		
Gain on sale of capital assets	<u>-</u>	<u>11,521</u>
Excess of receipts over disbursements	<u>\$ 517,214</u>	<u>\$ 423,666</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, 2023

	<u>2023</u>	<u>2022</u>
Cash from operating activities:		
(Deficiency) of receipts over disbursements - operating	\$ (997,738)	\$ (2,471)
Excess of receipts over disbursements - capital	517,214	423,669
Gain on sale of capital assets	-	(11,521)
Accrued interest on mortgage receivable	-	42,500
Depreciation of capital assets	468,206	463,850
Amortization of deferred funding related to capital assets	(161,715)	(187,810)
Net change in non-cash working capital	<u>267,728</u>	<u>320,735</u>
Net cash generated through operating activities	93,695	1,048,952
Financing activities:		
(Repayments of) long-term debt	(115,629)	(151,490)
(Repayments of) obligation under capital leases	(47,179)	(53,561)
Advances from line of credit	-	4,010,000
(Repayments to) line of credit	<u>-</u>	<u>(4,079,000)</u>
Net cash (used) in financing activities	(162,808)	(274,051)
Investing activities:		
Purchase of capital assets	(136,221)	-
Proceeds on disposal of capital assets	-	13,949
Advances from mortgage receivable	-	1,275,000
Advances from controlled company	587,806	136,166
(Payments to) controlled company	(719,039)	(152,937)
Purchase of short-term investments	<u>(769,869)</u>	<u>(1,096,571)</u>
Net cash (used) generated in investing activities	<u>(1,037,323)</u>	<u>175,607</u>
Net increase in cash	(1,106,436)	950,508
Cash - beginning	<u>1,586,978</u>	<u>636,470</u>
Cash	<u>\$ 480,542</u>	<u>\$ 1,586,978</u>
Supplemental cash flow information:		
Interest received	<u>\$ 19,488</u>	<u>\$ 82,457</u>
Interest paid	<u>\$ 59,635</u>	<u>\$ 66,368</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023

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 lessee 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 (ASNFP) 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, 2023

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>2023</u>	<u>2022</u>
Internally restricted	\$ 252,645	\$ 458,078
Other	<u>227,897</u>	<u>1,128,900</u>
	<u>\$ 480,542</u>	<u>\$ 1,586,978</u>

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

3. Short-term investments

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>
Royal Bank of Canada GIC	December 12, 2023	5.15%	\$ 1,213,853
Royal Bank of Canada GIC	December 21, 2023	5.15%	455,145
Royal Bank of Canada GIC	July 31, 2023	4.92%	100,000
Royal Bank of Canada GIC	July 31, 2023	4.92%	100,000
Royal Bank of Canada GIC	July 31, 2023	4.92%	100,000
Royal Bank of Canada GIC	January 30, 2024	4.25%	100,000
Royal Bank of Canada GIC	January 30, 2024	4.25%	75,000
Royal Bank of Canada GIC	September 21, 2023	0.75%	51,095
Royal Bank of Canada GIC	July 31, 2023	4.92%	50,000
Royal Bank of Canada GIC	July 31, 2023	4.92%	50,000
Royal Bank of Canada GIC	July 31, 2023	4.92%	50,000
Royal Bank of Canada GIC	July 31, 2023	4.92%	50,000
Royal Bank of Canada GIC	July 31, 2023	4.92%	<u>50,000</u>
			2,445,093
Accrued interest earned to date			<u>31,228</u>
Total carrying value of short-term investments			<u>\$ 2,476,321</u>

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

	<u>2023</u>	<u>2022</u>
Internally restricted	\$ 2,224,266	\$ 1,706,452
Unrestricted	<u>252,055</u>	<u>-</u>
	<u>\$ 2,476,321</u>	<u>\$ 1,706,452</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

4. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2023</u>	<u>2022</u>
Land	\$ 2,213,853	\$ -	\$ 2,213,853	\$ 2,213,853
Buildings	8,129,701	6,982,256	1,147,445	1,408,417
Automotive	357,828	355,040	2,788	21,648
Automotive under capital leases	253,459	123,705	129,754	126,070
Computer equipment and software	87,180	75,025	12,155	20,784
Furniture and equipment	<u>655,768</u>	<u>640,524</u>	<u>15,244</u>	<u>13,018</u>
	<u>\$ 11,697,789</u>	<u>\$ 8,176,550</u>	<u>\$ 3,521,239</u>	<u>\$ 3,803,790</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.

5. 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, 2023, 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.

6. Accounts payable

	<u>2023</u>	<u>2022</u>
Trade payables and accrued liabilities	\$ 1,349,615	\$ 1,195,920
Government remittances	-	-
	<u>\$ 1,349,615</u>	<u>\$ 1,195,920</u>

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

7. Long-term debt

	<u>2023</u>	<u>2022</u>
Mortgages payable		
Royal Bank of Canada - 1083 Pinegrove	\$ 240,198	\$ 251,205
Royal Bank of Canada - Sherin Drive	240,191	251,197
Term loans payable		
Royal Bank of Canada term loan payable	810,801	898,808
Royal Bank of Canada term loan payable #8	<u>4,892</u>	<u>10,501</u>
	1,296,082	1,411,711
Less: amounts due in the current year	<u>576,854</u>	<u>115,435</u>
	<u>\$ 719,228</u>	<u>\$ 1,296,276</u>

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 \$665,285.

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 \$1,607,893.

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

Long-term debt - continued

Future long-term debt principal payments are as follows:

2024	576,854
2025	<u>719,228</u>
	<u>\$ 1,296,082</u>

8. Deferred revenue

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

	<u>2023</u>	<u>2022</u>
Project Search	\$ 140,000	\$ 83,288
Xperience	39,505	-
Job Launch	17,859	34,575
Xcel programming	10,000	10,000
Recruiters	-	74,612
New Horizons for Seniors	-	24,860
COVID Emergency Response	-	24,000
	<u>\$ 207,364</u>	<u>\$ 251,335</u>

9. 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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 712,121	\$ 899,931
Funding used or committed to acquire capital assets	-	-
Amounts amortized to revenue	<u>(161,715)</u>	<u>(187,810)</u>
Balance, end of year	<u>\$ 550,406</u>	<u>\$ 712,121</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

10. Obligation under capital leases

	<u>2023</u>	<u>2022</u>
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	\$ 12,181	\$ 19,123
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	12,169	19,142
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	12,824	19,819
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	14,734	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	14,708	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	14,734	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	<u>24,862</u>	<u>35,150</u>
ARI Fleet lease #322851, repayable in monthly instalments of \$945 plus HST with an annual interest rate of 6.08% maturing on June 1, 2027	<u>54,451</u>	<u>-</u>
	160,663	156,341
Less: amount representing reclaimable HST	(12,861)	(12,532)
Less: amount representing admin fees	(4,798)	(4,757)
Less: amount representing interest	<u>(9,160)</u>	<u>(7,463)</u>
	133,844	131,589
Less: current portion	<u>(51,273)</u>	<u>(40,642)</u>
	<u>\$ 82,571</u>	<u>\$ 90,947</u>

Future minimum lease payments are as follows:

2024	\$ 62,942
2025	58,297
2026	23,408
2027	12,812
2028	<u>3,204</u>
	<u>\$ 160,663</u>

COMMUNITY LIVING OAKVILLE
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

11. 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, 2023 and 2022 and for the years then ended is as follows:

	OARC Corporation	
	<u>2023</u>	<u>2022</u>
Financial position		
Total assets	\$ 275,217	\$ 223,821
Total liabilities	<u>510,107</u>	<u>457,911</u>
Total net assets	<u>\$ (234,890)</u>	<u>\$ (234,090)</u>
Results of operations		
Total revenues	\$ 869,666	\$ 725,296
Total expenses	<u>870,466</u>	<u>830,027</u>
Net (loss)	<u>\$ (800)</u>	<u>\$ (104,731)</u>
Cash flows		
Cash from operating activities	\$ (123,893)	\$ (67,395)
Cash from financing activities	113,349	73,618
Cash from investing activities	<u>(31,975)</u>	<u>(1,210)</u>
Net (decrease) increase in cash	<u>\$ (42,519)</u>	<u>\$ 5,013</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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 (2022 - \$82,644)
Administrative services (included in other receipts)	\$ 9,996 (2022 - \$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.

12. 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	\$ 485,234
Fundraising disbursements	<u>(62,828)</u>
	<u>\$ 422,406</u>

The unrestricted excess of receipts over disbursements was comprised of:

Asset-driven receipts	\$ 626,679
Asset-driven disbursements	(63,665)
Asset-driven depreciation	(468,206)
Gain on sale of capital assets	-
	<u>\$ 94,808</u>

The unrestricted investment in capital additions was comprised of:

Buildings	\$ 126,175
Furniture and equipment	10,045
Automotive under capital leases	<u>49,433</u>
	<u>\$ 185,653</u>

COMMUNITY LIVING OAKVILLE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

13. Contractual obligations

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

2024	213,253
2025	<u>57,564</u>
	<u>\$ 270,817</u>

14. 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, 2023 is \$148,000. 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.

15. Interfund transfer

The Board of Directors approved a transfer of \$472,963 (2022 - \$nil) from the internally restricted fund to the unrestricted fund to allocate a portion of the proceeds received from fundraising and donations towards the payment of salaries and benefits and rent expenses.

16. Financial Instruments

The organization's financial instruments consist of cash, short-term investments, trust funds, accounts receivable, 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, 2023

Financial instruments - continued

Liquidity risk

The organization does have liquidity risk in the accounts payable, due to OARC Corporation, funds held in trust, obligation under capital leases, and long-term debt of \$2,829,864 (2022 - \$2,904,688). 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 of \$313,340 (2022 - \$488,788). 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 \$480,542 (2022 - \$1,586,978), short-term investments carrying value is \$2,476,321 (2022 - \$1,706,452) and funds held in trust carrying value is \$50,323 (2022 - \$50,323), 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, 2023

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.