

Financial Statements

Community Living Mississauga

March 31, 2023

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Independent Auditor's Report

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To the Members of
Community Living Mississauga

Opinion

We have audited the financial statements of Community Living Mississauga (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenue and expenditures, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting requirements as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist management of the Organization in complying with the financial reporting requirements of its agreement with the Ministry of Children, Community and Social Services ("MCCSS"). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Organization and MCCSS and should not be used by parties other than the Organization and MCCSS. Our opinion is not modified in respect of this matter.

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 the financial reporting requirements as described in Note 2, 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 a 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 to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mississauga, Canada
June XX, 2023

Chartered Professional Accountants
Licensed Public Accountants

Community Living Mississauga Statement of Financial Position

March 31

2023

2022

Assets

Current

Cash	\$ 6,886,138	\$ 4,249,935
Accounts receivable	425,642	421,975
Due from Community Living Mississauga Foundation (Note 3)	-	14,753
Mortgage receivable (Note 4)	15,635	15,383
Prepaid expenses and other assets	<u>80,882</u>	<u>124,423</u>
	7,408,297	4,826,469
Mortgage receivable (Note 4)	33,398	49,034
Capital assets (Note 5)	<u>16,040,206</u>	<u>16,114,419</u>
	<u>\$ 23,481,901</u>	<u>\$ 20,989,922</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 2,331,430	\$ 2,633,896
Due to Ministry of Children, Community and Social Services (Note 6)	759,469	172,259
Due to Community Living Mississauga Foundation (Note 3)	583,997	-
Mortgages payable (Note 4)	21,355	21,103
Deferred contributions (Note 7)	<u>265,700</u>	<u>77,197</u>
	3,961,951	2,904,455
Mortgages payable (Note 4)	<u>59,728</u>	<u>81,083</u>
	<u>4,021,679</u>	<u>2,985,538</u>

Fund balances

Externally restricted – capital reserve	32,088	33,200
Invested in capital assets	16,008,156	16,076,650
Internally restricted – specified projects reserve	927,955	927,955
Unrestricted – operating reserve	<u>2,492,023</u>	<u>966,579</u>
	<u>19,460,222</u>	<u>18,004,384</u>
	<u>\$ 23,481,901</u>	<u>\$ 20,989,922</u>

Commitments and contingencies (Note 9)

On behalf of the Board of Directors

Director

Director

See accompanying notes to the financial statements.

Community Living Mississauga

Statement of Revenue and Expenditures

Year ended March 31

2023

2022

Revenue

Provincial government	\$ 39,980,204	\$ 38,267,620
Fees for services	3,197,813	3,173,566
Regional government	1,898,255	1,632,464
Federal government	120,180	131,670
Other revenue	1,433,284	587,067
Grants		
Community Living Mississauga Foundation (Note 3)	177,225	130,429
Trillium Foundation	-	148,301
United Way of Peel Region	-	58,883
Donations	1,084,697	120,688
Interest income	175,318	17,382
Program fees	76,940	54,241
	<u>48,143,916</u>	<u>44,322,311</u>

Expenditures

Salaries (Note 3)	22,882,525	23,232,930
Purchased services	13,748,219	11,538,686
Benefits	3,998,863	3,858,670
Occupancy	2,119,432	2,047,786
Supplies and equipment (Note 3)	1,472,107	1,266,934
Professional services	1,105,883	591,367
Amortization	702,599	687,772
Staff training	210,525	130,462
Other services	180,065	200,766
Communication	146,376	136,710
Staff travel	121,484	71,595
	<u>46,688,078</u>	<u>43,763,678</u>

Excess of revenue over expenditures	<u>\$ 1,455,838</u>	<u>\$ 558,633</u>
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See accompanying notes to the financial statements.

Community Living Mississauga Statement of Changes in Net Assets

Year ended March 31

	<u>Externally restricted</u>	Invested in capital assets	<u>Internally restricted Specified projects reserve</u>	<u>Unrestricted</u>	2023 Total	2022 Total
	Capital reserve			Operating reserve		
Balance, beginning of year	\$ 33,200	\$ 16,076,650	\$ 927,955	\$ 966,579	\$ 18,004,384	\$ 17,445,751
Excess of revenue over expenditures	-	-	-	1,455,838	1,455,838	558,633
Amortization of capital assets	-	(702,599)	-	702,599	-	-
Purchase of capital assets	-	628,386	-	(628,386)	-	-
Transfer between funds	(1,112)	-	-	1,112	-	-
Repayment of mortgages payable (net)	-	5,719	-	(5,719)	-	-
Balance, end of year	<u>\$ 32,088</u>	<u>\$ 16,008,156</u>	<u>\$ 927,955</u>	<u>\$ 2,492,023</u>	<u>\$ 19,460,222</u>	<u>\$ 18,004,384</u>

See accompanying notes to the financial statements.

Community Living Mississauga

Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$ 1,455,838	\$ 558,633
Item not affecting cash		
Amortization	<u>702,599</u>	<u>687,772</u>
	2,158,437	1,246,405
Changes in non-cash working capital		
Accounts receivable	(3,667)	344,095
Due (from) to Community Living Mississauga Foundation	598,750	(197,797)
Prepaid expenses and other assets	43,541	281,732
Accounts payable and accrued liabilities	(302,466)	(302,086)
Due to Ministry of Children, Community and Social Services	587,210	2,708
Deferred contributions	<u>188,503</u>	<u>(227,826)</u>
	<u>3,270,308</u>	<u>1,147,231</u>

Investing

Purchase of capital assets	<u>(628,386)</u>	<u>(2,083,896)</u>
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Financing

Receipt of mortgage receivable	15,384	15,128
Repayment of mortgages payable	<u>(21,103)</u>	<u>(20,848)</u>
	<u>(5,719)</u>	<u>(5,720)</u>

Increase in cash	2,636,203	(942,385)
Cash, beginning of year	<u>4,249,935</u>	<u>5,192,320</u>
Cash, end of year	<u>\$ 6,886,138</u>	<u>\$ 4,249,935</u>

See accompanying notes to the financial statements.

Community Living Mississauga

Notes to the Financial Statements

March 31, 2023

1. Purpose of the Organization

Founded in 1955 and incorporated under the laws of the Province of Ontario as a non-share capital corporation in July 1959, Community Living Mississauga (the “Organization”) provides support to individuals who have an intellectual disability by helping them identify and achieve their goals and interests and to fully participate in the life of the community. The Organization is governed by a volunteer Board of Directors consisting of people the Organization supports, family members and concerned members of the community.

The Organization provides support and services in various areas, including residential living (group homes, family homes and supported independent living), respite, day supports, employment supports, early childhood services, service co-ordination and other community programs.

The Organization is a registered charity under Section 149(1)(f) of the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue tax deductible receipts to donors.

The Organization is dependant on provincial funding, in particular from the Ministry of Children, Community and Social Services (“MCCSS”).

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) with the following exceptions for projects funded by MCCSS:

- Funding received from MCCSS to be used for the purposes of purchasing capital assets has been recognized in the statement of revenue and expenditures in the period it relates to, rather than being recorded as deferred capital contributions and amortized over the same basis of the amortization of the related capital asset. As a result, the invested in capital assets fund balance includes funding that was received and used for the purchase of capital assets; and
- A reserve for future capital replacement, identified as capital reserve, is appropriated from operations.

Funds

The Organization maintains the following funds:

Externally restricted fund – capital reserve

The externally restricted fund is a capital reserve for the Ontario not-for-profit housing project, Community Living P-3000, in respect of the Schomberg Avenue property. The Organization administers Community Living P-3000, responsible for ensuring that all guidelines and requirements of MCCSS are met, including the policies to make use of the capital reserve.

Invested in capital assets

The invested in capital assets fund reflects the assets, liabilities, revenue and expenditures related to the Organization’s capital assets.

Community Living Mississauga

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Funds (continued)

Internally restricted fund – specified projects reserve

The internally restricted fund includes amounts that have been restricted by the Board of Directors for the continuation of operations. Specific expenditures, including certain capital expenditures, are approved by the Board of Directors as required.

Unrestricted fund – operating reserve

The unrestricted fund is an operating reserve, including the normal operating activities of the Organization.

Interfund transfers

All interfund transfers are approved by the Board of Directors with the exception of the capital reserve, which is approved by MCCSS.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, whereby externally restricted grants, donations and other contributions are recorded as deferred contributions and recognized as revenue in the fiscal year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions received by MCCSS for the purchase of property and equipment are recognized upon receipt.

Fees for services, program fees and rental income are recognized in the year the related service has occurred.

Contributed services

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

Capital assets

Capital assets are recorded at cost. Amortization is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Furniture and equipment	8 years
Vehicles	5 years
Computer hardware	3 years

Leasehold improvements are amortized on a straight-line basis over the lease term.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is charged to the statement of revenue and expenditures in the period in which the impairment occurs. An impairment loss is not reversed if the fair value of the capital assets subsequently increases.

Community Living Mississauga

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. These estimates are reviewed periodically and adjustments are made to the excess of revenue over expenses as appropriate in the period. Actual results could differ from those estimates.

Financial instruments

The Organization considers any contract creating a financial asset, liability, or equity instrument as a financial instrument. The Organization accounts for cash, accounts receivable, due from Community Living Mississauga Foundation, mortgage receivable, accounts payable, due to MCCSS, due to Community Living Mississauga Foundation and mortgages payable as financial instruments.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and are subsequently measured at amortized cost. Financial assets and financial liabilities in related party transactions are initially and subsequently measured at cost.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the statement of revenue and expenditures.

3. Community Living Mississauga Foundation

Community Living Mississauga Foundation (the "Foundation") was incorporated on April 9, 1984, by letters patent issued under the Ontario Business Corporations Act, Part III. The Foundation's purpose is to ensure the availability of funds for the ongoing operations of the programs and activities of the Organization through managing the Foundation's funds, conducting fundraising activities and recommending to the Organization proposals for the use of the Foundation's funds. The Foundation is a registered charity under Section 149(1)(f) of the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue tax deductible receipts to donors.

The Organization and the Foundation share administrative staff, management and have common board members as all the board members of the Foundation are also board members of the Organization. The Organization exercises control over the Foundation by virtue of its power to determine the Foundation's strategic, operating, investing and financial policies.

The balance due from (to) the Community Living Mississauga Foundation is non-interest bearing and due on demand.

During the year, the Foundation approved a grant to the Organization of \$177,225 (2022 – \$130,429) and reimbursed the Organization \$61,285 (2022 - \$52,950) for fundraising salaries and benefits. In addition, the Organization donated \$278,301 (2022 - \$14,303) to the Foundation.

Community Living Mississauga Notes to the Financial Statements

March 31, 2023

3. Community Living Mississauga Foundation (continued)

The financial statements of the Foundation have not been consolidated with those of the Organization. A summary of financial information of the Foundation is as follows:

	<u>2023</u>	<u>2022</u>
Statement of financial position		
Total assets	<u>\$ 3,589,711</u>	<u>\$ 3,126,569</u>
Total liabilities	<u>750</u>	81,897
Total net assets	<u>3,588,961</u>	<u>3,044,672</u>
Total liabilities and net assets	<u>\$ 3,589,711</u>	<u>\$ 3,126,569</u>
Statement of revenue and expenditures		
Total revenue	<u>\$ 960,913</u>	\$ 115,198
Total expenditures	<u>(416,624)</u>	<u>(230,374)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 544,289</u>	<u>\$ (115,176)</u>
Statement of cash flows		
Cash flows from operating activities	<u>\$ (150,613)</u>	\$ 203,517
Cash flows from investing activities	<u>7,737</u>	<u>(232,434)</u>
Net cash flows	<u>\$ (142,876)</u>	<u>\$ (28,917)</u>

4. Mortgage receivable and mortgage payable

Mortgages payable comprise the following:

	<u>2023</u>	<u>2022</u>
First mortgage bearing interest at 1.628%, repayable monthly at \$1,360 including principal and interest, due April 1, 2026, secured by the Schomberg Avenue property	<u>\$ 49,033</u>	\$ 64,417
First mortgage bearing interest at prime plus 1.00%, repayable monthly at \$477 principal plus interest, due December 28, 2031, secured by the Antigua Road property	<u>32,050</u>	<u>37,769</u>
	<u>81,083</u>	102,186
Less: current portion	<u>21,355</u>	<u>21,103</u>
	<u>\$ 59,728</u>	<u>\$ 81,083</u>

Community Living Mississauga

Notes to the Financial Statements

March 31, 2023

4. Mortgage receivable and mortgage payable (continued)

Future principal repayments are as follows:

2024	\$ 21,355
2025	21,608
2026	21,870
2027	7,077
2028	5,720
Thereafter	<u>3,453</u>
	<u>\$ 81,083</u>

The Organization has a mortgage receivable in the amount of \$49,033 (2022 - \$64,417) from MCCSS. The mortgage receivable has identical terms to the above mortgage payable, bearing interest at 1.628%, repayable monthly at \$1,360 including principal and interest, due April 1, 2026, secured by the Schomberg Avenue property.

5. Capital assets

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	\$ 4,629,618	\$ -	\$ 4,629,618	\$ 4,629,618
Buildings	14,602,704	4,296,794	10,305,910	10,299,744
Furniture and equipment	115,239	47,768	67,471	80,184
Vehicles	1,934,030	1,182,646	751,384	759,072
Computer hardware	32,378	32,378	-	-
Leasehold improvements	<u>785,432</u>	<u>499,609</u>	<u>285,823</u>	<u>345,801</u>
	<u>\$ 22,099,401</u>	<u>\$ 6,059,195</u>	<u>\$ 16,040,206</u>	<u>\$ 16,114,419</u>

The Ministry provided major funding for the acquisition of certain land and buildings. The Organization is therefore not free to dispose of these facilities nor to use the assets for other purposes without the consent of the Ministry.

Community Living Mississauga

Notes to the Financial Statements

March 31, 2023

6. Due to the Ministry of Children, Community and Social Services

The Organization has annual service contracts with MCCSS under which the Organization receives government funding. Expenditures not incurred by year-end under the annual service contract are repayable and are included in due to MCCSS on the statement of financial position. The payable position of the current year and prior year contracts as at March 31 is as follows:

	<u>2023</u>	<u>2022</u>
F600 – Adult Accommodation	\$ -	\$ 4,084
Special Services at Home	30,612	41,539
E704 – Complex Special Needs	30,001	81,733
F605 – Adult Community	-	47,512
Respite	12,034	-
Supported Independent Living	193,758	-
Adult Accommodation – OPR	495,576	-
Dedicated Supportive Housing	<u>(2,512)</u>	<u>(2,609)</u>
	<u>\$ 759,469</u>	<u>\$ 172,259</u>

Funding and expenditures under these annual service contracts for the current and prior years are subject to review and possible funding adjustment by MCCSS.

7. Deferred contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 77,197	\$ 305,023
Deferred contributions received	42,066,962	39,879,442
Less: revenue recognized during the year	<u>(41,878,459)</u>	<u>(40,107,268)</u>
Balance, end of year	<u>\$ 265,700</u>	<u>\$ 77,197</u>

8. Line of credit

The Organization has a demand operating facility of \$250,000 (2022 – \$250,000), of which \$Nil (2022 – \$Nil) was drawn at year-end. The demand operating facility is to fund working capital, has no repayment term, is secured by the Antigua Road property in the principal amount of \$143,000, and bears interest at the bank's prime rate plus 1.00% per annum.

Community Living Mississauga

Notes to the Financial Statements

March 31, 2023

9. Commitments and contingencies

The Organization has entered into operating leases for the head office, base sites, office equipment and automobiles to fiscal 2032. Future lease commitments are approximately as follows:

2024	\$ 801,965
2025	745,917
2026	708,194
2027	665,522
2028	527,588
Thereafter	<u>1,267,158</u>
	<u>\$ 4,716,344</u>

From time to time, the Organization is subject to litigation related to its activities. These claims are at various stages and therefore it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to the Organization. Accordingly, no provision has been made for loss in these financial statements, but in management's view, these claims should not have a material adverse effect on the financial position of the Organization. Gains or losses, if any, sustained on the ultimate resolution of these claims will be accounted for prospectively in the period of settlement in the statement of revenue and expenditures.

10. Financial instruments

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. The Organization is exposed to this risk mainly in respect to its accounts receivable and mortgage receivable. This risk is mitigated by the Organization through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2022 - \$Nil).

Liquidity risk

Liquidity risk is the risk the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and mortgages payable. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash reserves to repay creditors.

Included in accounts payable and accrued liabilities is \$Nil (2022 - \$278,331) of government remittances payable.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed and variable interest assets and debt held by the Organization. The Organization manages its interest rate risk by ensuring that its assets and debt subject to this risk are minimal.