



Tel: 705-645-5215
Fax: 705-645-8125
www.bdo.ca

BDO Canada LLP
239 Manitoba Street, Suite 1
Bracebridge ON P1L 1S2 Canada

Independent Auditor's Report

To the Directors of Community Living-South Muskoka

Opinion

We have audited the financial statements of Community Living-South Muskoka (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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 Corporation as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with the operating agreements with the Ministry of Children, Community and Social Services and the District of Muskoka.

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 Corporation 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.

Other Matters

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, included in the unaudited supplementary schedules which present detailed program revenues and expenses and have been prepared to assist management of Community Living-South Muskoka to meet the reporting requirements of various funding agencies.

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 operating agreements with the Ministry of Children, Community and Social Services and the District of Muskoka, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario
September 20, 2022

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Statement of Financial Position**

March 31	2022	2021
Assets		
Current		
Cash	\$ 1,498,297	\$ 1,071,063
Accounts receivable	343,180	350,246
Due from Ministry of Children, Community and Social Services	11,486	-
Prepaid expenses	124,744	41,336
Current portion of capital funding receivable (Note 3)	6,835	6,835
Assets held for sale	-	232,831
	1,984,542	1,702,311
Capital funding receivable (Note 3)	3,987	10,822
Tangible capital assets (Note 4)	3,885,171	3,116,989
	\$ 5,873,700	\$ 4,830,122

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 6)	1,039,144	1,236,795
Due to Ministry of Children, Community and Social Services (Note 2)	686,827	244,030
Deferred operating contributions (Note 7)	224,130	138,740
Current portion of long-term debt (Note 8)	6,840	48,200
	1,956,941	1,667,765
Long-term debt (Note 8)	3,982	50,788
Deferred contributions - tangible capital assets (Note 9)	3,562,491	2,796,066
	5,523,414	4,514,619
Net Assets		
Unrestricted net assets	350,286	315,503
	\$ 5,873,700	\$ 4,830,122

On behalf of the Board:


 _____ Director
 TREASURER

The accompanying notes are an integral part of these financial statements

Community Living-South Muskoka
(A Corporation Without Share Capital)
Statement of Operations and Changes in Net Assets

For the year ended March 31	(Note 12) Budget 2022	Actual 2022	(Note 11) Actual 2021
Revenues			
Provincial operating grants received	\$ 9,639,383	\$ 11,125,052	\$ 10,194,683
Specialized individual funding	80,247	425,664	-
Less deferred provincial operating grants	-	(967,113)	(250,523)
Amortization of deferred contributions (Note 9)	-	184,153	185,414
Amortization of deferred Trillium grant (Note 9)	-	9,700	11,213
Provincial operating grants recognized	9,719,630	10,777,456	10,140,787
District of Muskoka operating grants	479,854	484,776	342,830
Direct funding program revenue	612,000	553,293	582,168
Other revenue	-	141,755	164,183
Rent revenue	556,635	545,483	562,171
	11,368,119	12,502,763	11,792,139
Expenses			
Salaries and benefits	7,636,555	7,721,592	7,530,592
Other program costs			
Amortization of tangible capital assets	-	184,153	185,414
Direct funding program expenses	600,360	548,435	565,562
Other expenses	-	111,116	60,984
Travel	144,926	118,258	105,628
Communication	59,774	34,809	46,460
Rent/lease/mortgage	240,240	228,146	278,924
Utilities	94,900	93,800	88,045
Staff training	43,200	23,410	47,972
Advertising and promotion	-	12,521	(4,583)
Services related to repairs and maintenance	182,544	282,095	360,313
Professional/contracted-out services	371,725	644,994	335,574
Purchased client services	515,954	459,388	362,943
Insurance	65,400	63,741	59,384
Other services	122,000	96,377	63,026
Supplies, equipment related to repairs and maintenance	-	52,274	17,157
IT - supplies and equipment	6,601	4,415	8,060
Other supplies and equipment	233,517	137,037	276,226
Respite allocation	935,685	868,623	945,277
Office administration	39,600	44,055	45,727
Covid - 19	71,907	276,417	137,752
Total other program costs	3,728,333	4,284,064	3,985,845
Total expenses	11,364,888	12,005,656	11,516,437
Surplus	3,231	497,107	275,702
Less repayable to Ministry	-	(462,324)	(225,781)
Excess of revenues over expenses for the year	-	34,783	49,921
Unrestricted net assets, beginning of year	-	315,503	265,582
Unrestricted net assets, end of year	\$ -	\$ 350,286	\$ 315,503

The accompanying notes are an integral part of these financial statements

Community Living-South Muskoka
(A Corporation Without Share Capital)
Statement of Cash Flows

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 34,783	\$ 49,921
Adjustments for		
Amortization of tangible capital assets	193,395	198,718
Amortization of deferred contributions	(193,853)	(196,627)
Loss (gain) on disposal of tangible capital assets	7,388	-
	<u>41,713</u>	<u>52,012</u>
Changes in non-cash working capital balances		
Accounts receivable	7,067	(81,565)
Due to Ministry of Children, Community and Social Services	442,797	225,781
Prepaid expenses	(83,409)	(30,707)
Due from Ministry of Children, Community and Social Services	(11,486)	-
Accounts payable and accrued liabilities	(197,653)	510,093
Deferred operating contributions	85,390	69,299
	<u>284,419</u>	<u>744,913</u>
Investing activities		
Proceeds on disposal of assets held for sale	230,442	-
Purchase of tangible capital assets	(971,576)	(46,779)
Capital funding receivable	6,835	211,536
	<u>(734,299)</u>	<u>164,757</u>
Financing activities		
Contributions received for purchase of tangible capital assets	965,280	46,779
Repayment of long-term debt	(88,166)	(264,202)
	<u>877,114</u>	<u>(217,423)</u>
Increase in cash during the year	427,234	692,247
Cash, beginning of year	<u>1,071,063</u>	<u>378,816</u>
Cash, end of year	<u>\$ 1,498,297</u>	<u>\$ 1,071,063</u>

The accompanying notes are an integral part of these financial statements

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements**

March 31, 2022

1. Nature of Operations and Summary of Significant Accounting Policies

i) Nature of Operations

Community Living - South Muskoka is a non-profit organization incorporated without share capital under the laws of Ontario. The corporation promotes quality of life for persons with disabilities and receives the majority of its revenues as grants from the Ministry of Children, Community and Social Services (Ministry) and the District of Muskoka (District).

The corporation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

ii) Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to be in accordance with the operating agreements with the Ministry and the District. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- (a) vacation pay, and pay for time held in lieu is expensed when paid.
- (b) other program expenses are recorded on the modified accrual basis of accounting. This method provides for short-term accruals (within 30 days of year end) of expenses.
- (c) expenses paid once a year are largely expensed in the period paid without provision for prepaid portion.

Except as noted above, the corporation's accounting policies are in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), which is one of the financial reporting frameworks in Canadian generally accepted accounting principles.

iii) Revenue Recognition

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rentals from income properties are recognized as revenue over the terms of the related lease agreements as they become due.

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements**

March 31, 2022

iv) Tangible Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Amortization based on the estimated useful life of the asset is as follows:

Buildings	- 5%	diminishing balance basis
Leasehold improvement		straight line basis over the term of the related lease
Automotive	- 30%	diminishing balance basis
Computer equipment	- 30%	diminishing balance basis
Computer software	- 20% & 25%	straight line basis
Equipment, furniture and fixtures	- 5% & 20%	diminishing balance basis
Landscaping	- 10%	straight line basis

v) Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist.

vi) Contributed Materials and Services

Contributed materials which are used in the normal course of the corporation's operations, and would otherwise have been purchased, are recorded at their fair value at the date of contribution, if fair value can be reasonably estimated.

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements**

March 31, 2022

2. Due to Ministry of Children, Community and Social Services

	2022	2021
Due from Ministry		
Covid relief - CRRF	11,486	-
	\$ 11,486	\$ -
One time capital funding	\$ -	\$ 18,249
Intervenor services	117,528	58,764
Adult Accommodation	151,292	-
Temporary Wage Enhancement	418,007	167,017
	\$ 686,827	\$ 244,030

3. Capital Funding Receivable

The balance represents funding related to the purchase of various capital assets. These amounts are received annually as related loan payments are made.

4. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 758,684	\$ -	\$ 553,684	\$ -
Buildings	4,384,679	2,168,363	4,369,825	2,036,514
Building under construction	581,209	-	-	-
Leasehold improvements	188,963	118,308	119,950	113,402
Automotive	273,155	168,589	273,155	144,936
Computer equipment	321,048	261,609	263,793	248,405
Computer software	114,533	114,533	114,533	114,533
Equipment, furniture and fixtures	1,101,887	1,007,585	1,067,642	988,291
Landscaping	159,668	159,668	159,668	159,180
	\$ 7,883,826	\$ 3,998,655	\$ 6,922,250	\$ 3,805,261
Net book value		\$ 3,885,171		\$ 3,116,989

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements**

March 31, 2022

5. Line of Credit

The corporation has access to an operating line of credit through RBC Royal Bank. Unused facilities under this line of credit were \$400,000 at March 31, 2022 (2021 - \$400,000). Used facilities are subject to interest at the prime rate.

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$94,257 (2021 - \$109,333) in government remittances payable.

7. Deferred Operating Contributions

Deferred operating contributions represent restricted operating funding that is related to a subsequent period. Deferred operating contributions at March 31, 2022 is comprised of the following program balances:

	<u>2022</u>	<u>2021</u>
Urgent care	\$ -	\$ 14,227
Children's respite	-	56,060
Adult respite	-	8,534
District of Muskoka operating grants	76,692	51,984
Ministry minor capital funding	7,935	7,935
845 Muskoka beach road renovation	120,000	-
Other	19,503	-
	<u>\$ 224,130</u>	<u>\$ 138,740</u>

Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements

March 31, 2022

8. Long-term Debt

	2022	2021
RBC term loan, repayable \$192 monthly including interest at 2.86% per annum, maturing October 2021	-	1,331
Nissan Canada Finance term loan, repayable \$570 monthly, 0% interest, maturing November 2023	10,822	17,657
Mortgage payable - repayable, \$40,000 annually, 0% interest, maturing November 2023	-	80,000
	10,822	98,988
Less current portion	6,840	48,200
	\$ 3,982	\$ 50,788

Principal payments required on long-term debt for the next two years is as follows:

Year	Amount
2023	\$ 6,840
2024	3,982
	\$ 10,822

Total interest paid on long-term debt in the year was \$13 (2021 - \$7,637).

The corporation is subject to interest rate risk. Fixed interest rates subject the company to the risk that the fair value will fluctuate due to changes in market interest rates.

9. Deferred Contributions - Tangible Capital Assets

Deferred contributions represent the unamortized portion of capital assets purchased using funds received from the Provincial grants and the unamortized portion of contributed capital assets.

The changes for the year in the deferred contributions balance are as follows:

	2022	2021
Balance, beginning of year	\$ 2,796,066	\$ 2,920,104
Contributions deferred for purchase of capital assets	967,113	46,779
Current year payment of long term debt	(6,835)	25,810
Amortization of deferred contributions - capital assets	(184,153)	(185,414)
Amortization of deferred contributions - capital assets Trillium	(9,700)	(11,213)
Balance, end of year	\$ 3,562,491	\$ 2,796,066

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements**

March 31, 2022

10. Commitments

Lease Obligations:

Minimum payments under operating leases for premises and equipment amount to \$731,001 in aggregate with annual payments in each of the next five years and thereafter as follows:

2023	\$	170,829
2024		149,591
2025		146,216
2026		146,216
2027		79,420
Thereafter		<u>38,729</u>
	\$	<u>731,001</u>

Contractual obligations:

The organization entered into a contract totalling \$218,675 for the renovation of the building located at 845 Muskoka Beach Road. The project is scheduled to be completed in fiscal 2023.

The organization has entered a contract totalling \$48,762 for the design and installation of a fire sprinkler system in the building located at 845 Muskoka Beach Road. The project is scheduled to be completed in fiscal 2023.

The organization has entered into a contract totalling \$55,190 for the removal of Asbestos from the building located at 845 Muskoka Beach Road. Additional services for rebuilding, painting and cabinet replacement were quoted for \$44,790. The project is scheduled to be completed in fiscal 2023.

11. Comparative Information

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

12. Budget Figures

The budgeted figures were approved by the Board of Directors and are presented in the financial statements for comparative purposes only. The budgeted figures have not been audited.

13. Economic Dependence

The corporation's revenue is primarily derived from the Ministry. The continuation of the corporation is dependent on this funding.

**Community Living-South Muskoka
(A Corporation Without Share Capital)
Notes to Financial Statements**

March 31, 2022

14. COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly subsequent to March 31, 2020. As the impacts of COVID-19 continue, there could be further impact on the organization, its founders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. Management has postponed and cancelled a number of its current fundraising events and therefore anticipates a temporary decline in fundraising revenue. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operating, financial condition, or liquidity. At this time COVID-19 has had a significant effect on the financial markets.
