

Community Living-South Muskoka
(A Corporation Without Share Capital)
Financial Statements
For the year ended March 31, 2025

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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 "Organization"), which comprise the statement of financial position as at March 31, 2025, 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 Organization as at March 31, 2025, 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, the District of Muskoka and The Sir Sandford Fleming College of Applied Arts and Technology ("Funding Agencies").

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.

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, the District of Muskoka and The Sir Sandford Fleming College of Applied Arts and Technology 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.



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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario
August 27, 2025

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

March 31	2025	2024
Assets		
Current		
Cash	\$ 1,400,596	\$ 1,161,002
Accounts receivable	382,922	288,741
Prepaid expenses	40,079	23,765
	<u>1,823,597</u>	<u>1,473,508</u>
Tangible capital assets (Note 3)	3,672,869	3,710,396
	<u>\$ 5,496,466</u>	<u>\$ 5,183,904</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,354,109	\$ 1,205,519
Due to funding agencies	8,328	16,625
Deferred operating contributions (Note 6)	127,735	61,090
Current portion of long-term debt (Note 7)	-	5,941
	<u>1,490,172</u>	<u>1,289,175</u>
Long-term debt (Note 7)	298,944	315,552
Deferred contributions - tangible capital assets (Note 8)	3,302,604	3,321,744
	<u>5,091,720</u>	<u>4,926,471</u>
Contingent Liability (Note 12)		
Net Assets		
Unrestricted net assets	<u>404,746</u>	<u>257,433</u>
	<u>\$ 5,496,466</u>	<u>\$ 5,183,904</u>

Subsequent Events (Note 13)

On behalf of the Board:

 Director

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 10) Budget 2025	Actual 2025	Actual 2024
Revenues			
Provincial operating grants received	\$ 11,870,610	\$ 11,890,242	\$ 11,237,592
Specialized individual funding	-	-	60,000
Less deferred provincial operating grants	-	(150,864)	(70,678)
Amortization of deferred contributions (Note 8)	-	169,384	187,455
Grant - loan interest forgiven	-	23,819	21,524
Grant - loan principal forgiven	-	16,608	16,608
Amortization of deferred Trillium grant (Note 8)	-	6,561	8,601
Provincial operating grants recognized	11,870,610	11,955,750	11,461,102
District of Muskoka operating grants	554,644	564,593	498,142
Direct funding program revenue	785,400	973,940	746,232
Other revenue	78,400	296,664	292,129
Rent revenue	636,456	603,709	573,229
	<u>13,925,510</u>	<u>14,394,656</u>	<u>13,570,834</u>
Expenses			
Salaries and benefits	9,489,015	9,399,234	8,659,917
Other program costs			
Amortization of tangible capital assets	-	169,384	187,455
Direct funding program expenses	690,450	841,564	718,042
Other expenses	-	127,613	113,513
Travel	246,330	86,524	207,138
Communication	70,284	32,416	34,858
Rent/lease/mortgage	264,912	223,108	225,268
Utilities	112,800	106,885	107,468
Staff training	43,200	33,765	35,541
Advertising and promotion	3,600	14,074	7,438
Services related to repairs and maintenance	221,483	231,499	258,710
Professional/contracted-out services	729,634	832,486	934,374
Purchased client services	419,448	309,615	356,677
Insurance	85,200	82,015	76,518
Other services	161,140	194,619	96,139
Supplies, equipment related to repairs and maintenance	-	145,816	28,716
IT - supplies and equipment	1,800	2,844	28,485
Other supplies and equipment	218,940	299,426	232,792
Respite allocation	964,324	962,984	957,133
Food services	-	178	-
Office administration	42,000	34,346	38,181
Covid - 19	145,800	116,948	122,484
Total other program costs	<u>4,421,345</u>	<u>4,848,109</u>	<u>4,766,930</u>
Total expenses	<u>13,910,360</u>	<u>14,247,343</u>	<u>13,426,847</u>
Surplus	15,150	147,313	143,987
Excess of revenues over expenses	-	147,313	143,987
Unrestricted net assets, beginning of year	-	257,433	113,446
Unrestricted net assets, end of year	\$ -	\$ 404,746	\$ 257,433

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	2025	2024
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 147,313	\$ 143,987
Adjustments for		
Amortization of tangible capital assets	188,393	201,758
Debt principal forgiven	(16,608)	(16,608)
Amortization of deferred contributions	(175,945)	(196,056)
	<u>143,153</u>	<u>133,081</u>
Changes in non-cash working capital balances		
Accounts receivable	(94,182)	37,541
Due to funding agencies	(8,297)	(483,153)
Prepaid expenses	(16,314)	(988)
Due from funding agencies	-	3,128
Accounts payable and accrued liabilities	148,590	(244,612)
Deferred operating contributions	66,644	(38,416)
	<u>239,594</u>	<u>(593,419)</u>
Investing activities		
Purchase of tangible capital assets	<u>(150,864)</u>	<u>(125,503)</u>
Financing activities		
Contributions received for purchase of tangible capital assets	156,805	76,246
Repayment of long-term debt	(5,941)	(9,556)
	<u>150,864</u>	<u>66,690</u>
Increase (decrease) in cash during the year	239,594	(652,232)
Cash, beginning of year	<u>1,161,002</u>	<u>1,813,234</u>
Cash, end of year	<u>\$ 1,400,596</u>	<u>\$ 1,161,002</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, 2025

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 Organization 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, the District of Muskoka (District) and The Sir Sanford Fleming College of Applied Arts and Technology ("Funding Agencies").

The Organization 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 Funding Agencies. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- (a) 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.
- (b) expenses paid once a year are largely expensed in the period paid without provision for prepaid portion.

Except as noted above, the Organization'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 Organization 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.

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March 31, 2025

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 Organization'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.

vii) Use of Estimates

The preparation of financial statements in accordance with the disclosed basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements is the estimate of retroactive pay as a result of union negotiations (Note 12). Actual results could differ from management's best estimates as additional information becomes available in the future.

Community Living-South Muskoka
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Notes to Financial Statements

March 31, 2025

2. Due to Funding Agencies

	2025	2024
One time capital funding	\$ 8,328	\$ 8,328
Children's DS Community Support Services	-	8,297
	\$ 8,328	\$ 16,625

3. Tangible Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 758,684	\$ -	\$ 758,684	\$ -
Buildings	5,111,848	2,539,822	5,073,234	2,420,245
Leasehold improvements	213,124	147,968	213,124	137,437
Automotive	454,708	277,378	375,314	241,756
Computer equipment	321,048	300,660	321,048	291,923
Computer software	114,533	114,533	114,533	114,533
Equipment, furniture and fixtures	1,134,744	1,055,459	1,101,887	1,041,534
Landscaping	159,668	159,668	159,668	159,668
	\$ 8,268,357	\$ 4,595,488	\$ 8,117,492	\$ 4,407,096
Net book value		\$ 3,672,869		\$ 3,710,396

4. Line of Credit

The Organization 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, 2025 (2024 - \$400,000). Used facilities are subject to interest at the prime rate.

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$27,175 (2024 - \$30,143) in government remittances payable.

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March 31, 2025

6. Deferred Operating Contributions

Deferred operating contributions represent restricted operating funding that is related to a subsequent period. Deferred operating contributions at March 31, 2025 is comprised of the following program balances:

	<u>2025</u>	<u>2024</u>
SSM Fleming	\$ 2,691	\$ 2,300
Ontario Trillium Funding	-	15,772
District of Muskoka operating grants - Resource Teacher	<u>125,044</u>	<u>43,018</u>
	<u>\$ 127,735</u>	<u>\$ 61,090</u>

7. Long-term Debt

	<u>2025</u>	<u>2024</u>
Kia Finance term loan, repayable \$513 monthly including interest at 6.49%, maturing March 2025	\$ -	\$ 5,941
Forgivable loan repayable to The District Municipality of Muskoka, interest at 8%, maturing July 2044	<u>298,944</u>	<u>315,552</u>
	<u>298,944</u>	<u>321,493</u>
Less current portion	<u>-</u>	<u>5,941</u>
	<u>\$ 298,944</u>	<u>\$ 315,552</u>

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

In December 2022 the Organization signed the Ontario Priorities Housing Initiative Year 4 Rental Housing Component - Contribution Agreement with The District Municipality of Muskoka. As part of this agreement, The District Municipality of Muskoka has agreed to loan the sum of \$332,160 to the Organization for a term of 20 years commencing as of day of final Advance which has occurred on July 12, 2024. Interest shall accrue at 8% interest rate per annum from the date of the first Advance on the total amount advanced under the Loan. However at this time, if the Organization has satisfied the requirements of the agreement, the amount of the interest owing shall be automatically forgiven. Additionally, this loan shall be fully forgiven at the end of the term, provided that the Organization has fulfilled all of the requirements of the agreement and no Event of Default or other event giving rise to the acceleration of the Principal Amount has occurred.

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March 31, 2025

8. 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:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 3,321,744	\$ 3,445,541
Contributions deferred for purchase of capital assets	156,805	76,246
Current year payment of long term debt	-	(3,987)
Amortization of deferred contributions - capital assets	(169,384)	(187,455)
Amortization of deferred contributions - capital assets Trillium	(6,561)	(8,601)
Balance, end of year	<u>\$ 3,302,604</u>	<u>\$ 3,321,744</u>

9. Commitments

Lease Obligations:

Minimum payments under operating leases for premises and equipment amount to \$264,365 in aggregate with annual payments in each of the next four years are as follows:

2026	\$ 146,216
2027	79,420
2028	35,750
2029	<u>2,979</u>
	<u>\$ 264,365</u>

10. 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.

11. Economic Dependence

The Organization's revenue is primarily derived from the Ministry of Children, Community and Social Services. The continuation of the Organization is dependent on this funding.

Community Living-South Muskoka
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March 31, 2025

12. Contingent Liability

At year end the Organization was in union negotiations with OPSEU and CUPE. At year end an estimate was made of the retroactive pay related to the negotiations which is being held in trust until the negotiations are complete. The estimate was \$430,000. The actual final negotiated amount could differ and will be recorded when known.

13. Subsequent Events

Subsequent to the year end, the Organization has been named as a defendant in a lawsuit arising in the ordinary course of business. The Organization will be contesting the claim and, in management's opinion, the lawsuit is groundless. Legal counsel for the defence of the lawsuit has not yet been assigned by the Organization's insurance provider. It is therefore premature to make any evaluation of the possible outcome or possible settlement amount of this claim. Consequently, no provision for this claim has been made in the financial statements.

In addition, the union negotiations that were in process at year end have the potential to result in strike action. Since the Organization's main services are provided by employees this will have a significant impact on operations. Management is currently developing a contingency plan should a strike action take place.
