

COMMUNITY LIVING TRENT HIGHLANDS

FINANCIAL STATEMENTS

MARCH 31, 2023

COMMUNITY LIVING TRENT HIGHLANDS

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Living Trent Highlands

Opinion

We have audited the financial statements of Community Living Trent Highlands (the Organization), which comprise the statement of financial position as at March 31, 2023, the statements of operations, changes in fund balances 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 Canadian Accounting Standards for Not-for-Profit Organizations.

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 the 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.

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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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 26, 2023

COMMUNITY LIVING TRENT HIGHLANDS

STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Operating Fund 2023 \$	Capital Asset Fund 2023 \$	Internally Restricted Fund 2023 \$	Total 2023 \$	Total 2022 \$
ASSETS					
Current assets					
Cash	2,596,055	-	1,423,683	4,019,738	4,242,131
Investments (note 3)	173,998	-	-	173,998	192,870
Accounts receivable	2,774,647	-	-	2,774,647	1,669,648
Prepaid expenses	56,666	-	-	56,666	93,687
Due from (to) other funds	(1,636,676)	-	1,636,676	-	-
	3,964,690	-	3,060,359	7,025,049	6,198,336
Other assets					
Investments (note 3)	-	-	-	-	21,519
Tangible capital assets (note 4)	-	6,079,740	-	6,079,740	6,396,162
	-	6,079,740	-	6,079,740	6,417,681
	3,964,690	6,079,740	3,060,359	13,104,789	12,616,017
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities (note 5)	3,076,452	-	-	3,076,452	2,991,770
Deferred revenue (note 9)	958,816	-	-	958,816	491,252
Current portion of long-term debt (note 10)	-	885,121	-	885,121	74,203
	4,035,268	885,121	-	4,920,389	3,557,225
Long term liabilities					
Long term debt (note 10)	-	651,772	-	651,772	1,537,065
Deferred capital contributions (note 7)	-	1,653,431	-	1,653,431	1,812,085
	-	2,305,203	-	2,305,203	3,349,150
	4,035,268	3,190,324	-	7,225,592	6,906,375
Fund balances					
Internally restricted	-	-	3,060,359	3,060,359	2,736,833
Invested in capital assets	-	2,889,416	-	2,889,416	2,972,809
Unrestricted	(70,578)	-	-	(70,578)	-
	(70,578)	2,889,416	3,060,359	5,879,197	5,709,642
	3,964,690	6,079,740	3,060,359	13,104,789	12,616,017

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING TRENT HIGHLANDS

STATEMENT OF CHANGES IN FUND BALANCES For the Year Ended March 31, 2023

	Operating Fund 2023 \$	Capital Asset Fund 2023 \$	Internally Restricted Fund 2023 \$	Total 2023 \$	Total 2022 \$
Fund balances - beginning of year	-	2,972,809	2,736,833	5,709,642	5,112,870
Excess of revenue over expenditure for the year	435,976	(266,421)	-	169,555	596,772
Transfer for long term debt repayments	(74,375)	74,375	-	-	-
Board approved transfer to internally restricted fund	(323,526)	-	323,526	-	-
Purchase of tangible capital assets	(108,653)	108,653	-	-	-
Fund balances - end of year	(70,578)	2,889,416	3,060,359	5,879,197	5,709,642

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING TRENT HIGHLANDS

STATEMENT OF OPERATIONS For the Year Ended March 31, 2023

	Operating Fund 2023 \$	Capital Asset Fund 2023 \$	Internally Restricted Fund 2023 \$	Total 2023 \$	Total 2022 \$
Revenue					
Province of Ontario (note 8)	26,554,622	-	-	26,554,622	25,081,472
City of Kawartha Lakes	1,529,483	-	-	1,529,483	1,153,732
Program revenue	3,031,910	-	-	3,031,910	2,779,012
Rentals	1,461,135	-	-	1,461,135	1,410,840
Amortization of deferred capital contributions (note 7)	-	158,654	-	158,654	174,668
Donations and fundraising	39,147	-	-	39,147	58,113
Interest and other	170,986	-	-	170,986	27,924
Total revenue	32,787,283	158,654	-	32,945,937	30,685,761
Expenses					
Salaries and benefits	20,679,512	-	-	20,679,512	18,445,219
Purchased services	8,604,119	-	-	8,604,119	8,134,518
Occupancy costs	1,059,179	-	-	1,059,179	1,120,462
Amortization	-	425,075	-	425,075	378,432
Advertising and promotion	3,727	-	-	3,727	7,031
Training costs	175,602	-	-	175,602	131,661
Insurance	156,419	-	-	156,419	150,704
Interest	73,620	-	-	73,620	53,953
Office	531,937	-	-	531,937	416,697
Repairs and maintenance	988,249	-	-	988,249	1,187,581
Travel	78,943	-	-	78,943	62,731
Total expenses	32,351,307	425,075	-	32,776,382	30,088,989
Excess (deficiency) of revenue over expenses for the year	435,976	(266,421)	-	169,555	596,772

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING TRENT HIGHLANDS

STATEMENT OF CASH FLOWS For the Year Ended March 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenue over expenses for the year	169,555	596,772
Non-cash charges to operations		
Amortization of tangible capital assets	425,075	378,432
Amortization of deferred capital contributions	(158,654)	(174,668)
	435,976	800,536
Changes in non-cash working capital items		
Accounts receivable	(1,104,999)	19,754
Long-term receivable	-	24,171
Prepaid expenses	37,021	(40,367)
Accounts payable and accrued liabilities	84,682	(22,742)
Deferred revenue	467,564	8,884
	(515,732)	(10,300)
Net increase/(decrease) in cash from operating activities	(79,756)	790,236
Investing activities		
Purchase of tangible capital assets	(108,653)	(1,323,788)
Disposal of investments	191,660	136,179
Purchase of investments	(151,269)	(176,745)
Net decrease in cash from investing activities	(68,262)	(1,364,354)
Financing activities		
Proceeds of long-term debt	-	705,000
Repayment of long-term debt	(74,375)	(134,957)
Net increase/(decrease) in cash from financing activities	(74,375)	570,043
Decrease in cash	(222,393)	(4,075)
Cash - beginning of year	4,242,131	4,246,206
Cash - end of year	4,019,738	4,242,131

The accompanying notes are an integral part of these financial statements

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

1. NATURE OF OPERATIONS

Community Living Trent Highlands ("the Organization") is a not-for-profit organization that was established on April 1, 2017 through the amalgamation of Community Living Central Highlands and Community Living Peterborough. The Organization is incorporated without share capital, to provide support and services which promote the personal growth, community participation of people with intellectual disabilities and their families. The Organization serves the communities of Haliburton, City of Kawartha Lakes, and Peterborough.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) *Recognition of revenues and expenses*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

The Organization follows the deferral method of accounting for contributions, which includes donations and government grants. 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. Program revenue and rental revenue are recognized as revenue when the related service is provided.

Capital contributions are deferred and amortized on the same basis and rate as the amortization of the related tangible capital assets.

Investment income is recognized as revenue when earned in the appropriate fund.

(b) *Government grants*

The various programs are eligible for operating subsidies from the Ontario Ministry of Children, Community and Social Services. The Ministry will pay the Organization for admissible expenditures incurred up to the funding contracts. While the revenue from these funding contracts is recorded in the current period, the reimbursement of these amounts is ultimately dependent upon their acceptance by the Ministry of Children, Community and Social Services.

(c) *Fund accounting*

Community Living Trent Highlands uses the deferral method of accounting and reports on a fund accounting basis. The three funds maintained are the operating fund, capital asset fund and the internally restricted fund. The funds are classified as follows:

- (i) Operating 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 expenses related to the tangible capital assets; and
- (iii) Internally restricted fund - includes revenues and expenses related to funds internally restricted by the Board for various projects.

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized, over the expected useful life of the asset, as follows:

Building and building improvements	40 years
Equipment and furnishings	5 years
Computer equipment	4 years
Vehicles	5 years
Leasehold improvements	Term of lease

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Organization's ability to provide services or that the service potential of the assets are less than their net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

(e) *Income taxes*

The Organization qualifies as a not-for-profit organization which is exempt from income taxes under the Income Tax Act.

(f) *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, revenue recognition, accounts payable and accrued liabilities and useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) *Financial instruments*

(i) Measurement

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for those instruments that are quoted in an active market. Financial assets measured at amortized cost include cash, investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long term debt. The Organization has no financial instruments measured at fair value.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(h) *Volunteer services*

Volunteers contribute a significant amount of time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amounts and fair value cannot be made and, accordingly, these volunteer services are not recognized in the financial statements.

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

3. INVESTMENTS

Investments are recorded at cost plus accrued interest and consist of the following:

	2023 \$	2022 \$
Short term		
CIBC High interest savings mutual fund	-	41,378
GIC, maturing September 9, 2022, bearing interest at 0.10% per annum	-	11,270
GIC, maturing January 22, 2023, bearing interest at 0.95% per annum	-	100,177
GIC, maturing January 22, 2023, bearing interest at 0.6% per annum	-	40,045
GIC, maturing July 4, 2023, bearing interest at 1.60% per annum	21,519	-
GIC, maturing September 9, 2023, bearing interest at 0.75% per annum	11,316	-
GIC, maturing January 22, 2024, bearing interest at 4.6% per annum	100,845	-
GIC, maturing July 24, 2023, bearing interest at 4.3% per annum	40,318	-
	173,998	192,870
Long term		
GIC, maturing July 4, 2023, bearing interest at 1.60% per annum	-	21,519
	173,998	214,389

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2023 \$	2022 \$
Land	1,540,479	-	1,540,479	1,540,479
Building and building improvements	6,148,483	3,025,853	3,122,630	3,364,491
Vehicles	1,006,264	694,120	312,144	311,171
Equipment and furnishings	1,541,080	1,300,288	240,792	259,906
Leasehold improvements	1,566,036	702,341	863,695	920,115
	11,802,342	5,722,602	6,079,740	6,396,162

The Organization owns several properties that were partially funded by the Ministry of Children, Community and Social Services. Upon disposition of these properties, a portion of the proceeds must be repaid to the Ministry.

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2023	2022
	\$	\$
Accounts payable and accrued liabilities	1,897,370	1,853,310
Accrued vacation	979,954	967,271
Government remittances	199,128	171,189
	3,076,452	2,991,770

6. ECONOMIC DEPENDENCE

The Organization's major source of revenue is in the form of subsidies from the Ontario Ministry of Children, Community and Social Services. The nature and extent of this revenue is of such significance as to affect the viability of the Organization and, accordingly, it can be said that the Organization is economically dependent upon the Ontario government.

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to restricted funding received for purchases of tangible capital assets. Changes in deferred capital contribution balances are as follows

	2023	2022
	\$	\$
Balance, beginning of year	1,812,085	1,986,753
Less: amounts amortized to revenue	(158,654)	(174,668)
Balance, end of year	1,653,431	1,812,085

8. PROVINCE OF ONTARIO

Province of Ontario revenue consists of the following:

	2023	2022
	\$	\$
Ministry of Children, Community and Social Services	26,488,762	25,023,603
Special Services at Home	65,860	57,869
	26,554,622	25,081,472

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

9. DEFERRED REVENUE

The following amounts are included in deferred revenue:

	2023	2022
	\$	\$
Province of Ontario	31,771	31,771
City of Kawartha Lakes	629,075	200,000
Other	297,970	259,481
	958,816	491,252

The continuity of deferred contributions are as follows:

	2023	2022
	\$	\$
Balance - beginning of year	491,252	482,368
Add amounts received:		
City of Kawartha Lakes	1,958,559	1,136,732
Other	43,468	62,739
	2,002,027	1,199,471
Less transfer to operations:		
Province of Ontario	-	20,177
City of Kawartha Lakes	1,529,483	1,153,732
Other	4,980	16,678
	1,534,463	1,190,587
Balance - end of year	958,816	491,252

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

10. LONG TERM DEBT

Long term debt consists of the following:

	2023 \$	2022 \$
Mortgage payable, 3.96%, repayable \$1,513 per month principal and interest, due April 12, 2023, secured by general security agreement and property.	113,282	126,700
Mortgage payable, 4.40%, repayable \$1,981 per month principal and interest, due October 4, 2023, secured by general security agreement and property.	267,840	279,477
Mortgage payable, 3.95%, repayable \$2,612 per month principal and interest, due June 26, 2023, secured by general security agreement and property.	274,998	294,939
Mortgage payable, 4.35%, repayable \$1,873 per month principal and interest, due October 31, 2023, secured by general security agreement and property.	196,817	210,472
Mortgage payable, 4.56%, payable \$3,943 per month principal and interest, due November 1, 2031, secured by general security agreement and property.	683,956	699,680
	1,536,893	1,611,268
Less principal payments due within one year	(885,121)	(74,203)
Due beyond one year	651,772	1,537,065

The principal payments due in each of the next five years are as follows:

	\$
2024	885,121
2025	17,224
2026	18,026
2027	18,865
2028	19,744
2029 and subsequent years	577,913
	1,536,893

COMMUNITY LIVING TRENT HIGHLANDS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2023

11. FINANCIAL INSTRUMENTS

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

(a) Interest rate price risk

Interest rate price risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. The Organization is subject to interest rate price risk related to its investments and its long term debt.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization has limited exposure to credit risk as tenant receivables are rare and all other receivables are due from funders.

(c) Additional risk

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other risks arising from these financial instruments.

12. COMMITMENT

The Organization's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are as follows:

2024	\$350,585
2025	310,734
2026	291,002
2027	291,361
2028	302,435
	<u>1,546,117</u>

13. PENSION PLAN

All employees of the Organization are eligible to be members of the Community Living Trent Highlands Pension Plan, which is a registered pension plan in the Province of Ontario. The plan is a defined contribution pension plan. The Organization matches the employee contributions up to 3% of each member's annual earnings. For the year ended March 31, 2023, the Organization contributed \$392,867 (2022 - \$301,593) to the plan on behalf of its employees. As this is a defined contribution pension plan, these contributions are the Organization's pension benefit expenses, and no pension liability for this plan is in the Organization's financial statements.