

Community Living Ontario  
Financial Statements  
For the year ended March 31, 2020

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Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13

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## Independent Auditor's Report

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To the Members of Community Living Ontario

### Qualified Opinion

We have audited the accompanying financial statements of Community Living Ontario (the "Confederation"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Bases for Qualified Opinion section for our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Confederation as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Bases for Qualified Opinion

In common with many charitable organizations, the Confederation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Confederation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

A summary of the financial information for Community Living Ontario Foundation (the "Foundation") for the year ended March 31, 2020 is disclosed in Note 3 of the financial statements. The financial statements of the Foundation for the year ended March 31, 2020 were not audited and we were unable to obtain sufficient appropriate audit evidence regarding the amounts disclosed in Note 3 to the financial statements by alternative procedures. Consequently, we were unable to determine the accuracy of Note 3 to the financial statements.

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 Confederation 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 qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Confederation'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 Confederation or to cease operations, or has no realistic alternative but to do so.

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

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario  
To be determined

Community Living Ontario  
Statement of Financial Position

March 31	2020	2019
<b>Assets</b>		
Current		
Cash	\$ 36,845	\$ 61,357
Short-term investments (Note 2)	475,926	612,743
Accounts receivable	53,732	46,624
Prepaid expenses	122,524	35,097
	777,731	755,821
Investments (Note 2)	674,299	572,205
Due from related party (Note 3)	88,704	-
Capital assets (Note 4)	98,579	106,082
	\$ 1,550,609	\$ 1,434,108

**Liabilities and Net Assets**

Current		
Accounts payable and accrued liabilities	\$ 179,402	\$ 329,899
Deferred revenue	156,903	141,472
	336,305	471,371
Net assets		
General fund		
Operating	956,869	712,597
Invested in capital assets	98,579	106,082
Designated funds (Note 5)	158,856	144,058
	1,214,304	962,737
	\$ 1,550,609	\$ 1,434,108

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

Community Living Ontario  
Statement of Changes in Net Assets

For the year ended March 31	Operating Fund	Invested in Capital Assets	Designated Funds (Note 5)	Total 2020	Total 2019
Balance, beginning of year	\$ 712,597	\$ 106,082	\$ 144,058	\$ 962,737	\$ 818,004
Excess (deficiency) of revenue over expenses	257,470	(20,701)	14,798	251,567	144,733
Purchase of capital assets	(13,198)	13,198	-	-	-
Balance, end of year	\$ 956,869	\$ 98,579	\$ 158,856	\$ 1,214,304	\$ 962,737

The accompanying notes are an integral part of these financial statements.

Community Living Ontario  
Statement of Operations

For the year ended March 31	2020	2019
<b>Revenue</b>		
Ministry of Children, Community and Social Services - subsidy	\$ 1,117,618	\$ 1,169,227
Federal grants	642,760	519,245
Membership fees	500,108	473,963
Registration fees	172,423	199,026
Donations	670,052	852,205
Investment income	9,324	23,884
Other revenue	31,900	101,158
	<u>3,144,185</u>	<u>3,338,708</u>
<b>Expenses</b>		
Amortization	20,701	23,952
Bank charges	3,935	3,351
Disbursements for external partners	103,422	97,922
Employee benefits	232,834	260,443
Events catering	71,511	111,857
Fundraising	-	12,418
Insurance	7,282	5,330
Office and general	213,525	220,947
Professional fees	27,324	29,156
Project expenses	468,359	460,447
Purchased services	99,115	135,962
Rent	121,421	113,830
Staff training	23,716	14,383
Telephone	28,910	27,829
Travel	115,263	115,919
Wages	1,370,098	1,556,525
	<u>2,907,416</u>	<u>3,190,271</u>
Excess of revenue over expenses before the undernoted	236,769	148,437
Designated fund - net revenue (deficiency) (Note 5)	14,798	(3,704)
<b>Excess of revenue over expenses for the year</b>	<u>\$ 251,567</u>	<u>\$ 144,733</u>

The accompanying notes are an integral part of these financial statements.

Community Living Ontario  
Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses	\$ 251,567	\$ 144,733
Items not affecting cash		
Amortization	20,701	23,952
	<u>272,268</u>	<u>168,685</u>
Changes in non-cash working capital balances		
Accounts receivable	(7,108)	687
Prepaid expenses	(87,427)	(24)
Accounts payable and accrued liabilities	(150,497)	(45,120)
Deferred revenue	15,431	141,472
	<u>42,667</u>	<u>265,700</u>
Cash flows from investing activities		
Purchase of capital assets	(13,198)	(5,053)
Decrease (increase) in short-term investments	136,817	(169,931)
Due from related party	(88,704)	-
	<u>34,915</u>	<u>(174,984)</u>
Net change	77,582	90,716
Cash (bank indebtedness), beginning of year	<u>61,357</u>	<u>(29,359)</u>
Cash, end of year	<u>\$ 138,939</u>	<u>\$ 61,357</u>

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Community Living Ontario  
Notes to Financial Statements

March 31, 2020

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1. Significant Accounting Policies

Nature and Purpose of  
Organization

Community Living Ontario (the "Confederation") is a Confederation of local Associations operating in the Province of Ontario. Its goal is "That all persons live in a state of dignity, share in all elements of living in the community, and have the opportunity to participate effectively".

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

Basis of Accounting

These financial statements are prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Confederation follows the Restricted Fund method of accounting for contributions.

The Operating Fund accounts for the Confederation's program delivery and administrative activities. This fund reports unrestricted resources.

The Capital Asset Fund reports the assets, liabilities, revenue and expenditures related to the Confederation's capital assets.

The Designated Funds reports restricted resources which are to be used for purposes related to the Confederation's goals.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted funds. Restricted contributions, for which there is no restricted fund, are deferred and recorded as revenue when the related expense occurs.

Unrestricted contributions are recognized as revenue of the operating fund.

Capital Assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives at the following rates:

Computer equipment	- 33.3% per annum
Equipment	- 10% per annum
Leasehold improvements	- 9.1% per annum



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Community Living Ontario  
Notes to Financial Statements

March 31, 2020

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1. Significant Accounting Policies (continued)

Community Living Ontario  
Foundation

Community Living Ontario Foundation (the "Foundation") was established to receive and maintain a fund, and apply all or part of the principal and income earned to the Confederation. The Foundation also raises funds for the benefit of the Confederation. The Foundation is a registered charity under the Income Tax Act. The Confederation is considered to control the Foundation under the Canadian accounting standards for not-for-profit organizations, and discloses the Foundation's assets, liabilities, net deficit, results of operations and cash flows in Note 3.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates and judgments used in the preparation of these financial statements are the determination of the accrued liabilities, allowance for doubtful accounts, the estimated useful lives of capital assets and the impairment of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value at initial recognition. In subsequent periods, investments 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. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Community Living Ontario  
Notes to Financial Statements

March 31, 2020

2. Investments

	2020	2019
Cash	\$ -	\$ 95
Guaranteed investment certificates	985,915	999,406
Canadian bond	25,365	23,864
Equity mutual funds	52,076	14,077
Other mutual funds	86,869	147,506
	1,150,225	1,184,948
Less: short term investments	475,926	612,743
	\$ 674,299	\$ 572,205

Guaranteed investment certificates have effective interest rates from 1.97% to 3.15% and mature between December 2020 and December 2022.

The Canadian bond has an effective interest rate of 10% and matures in December 2026.

3. Related Party

The Confederation is related to Community Living Ontario Foundation (the "Foundation"), by virtue of common Board of Director members.

The amount due from the Foundation is unsecured, non-interest bearing and due on demand. The amount is not expected to be repaid within the next 12 months.

The Foundation's financial information for the year ended March 31, 2020 is unaudited and summarized as follows:

Assets	\$ 56,708
Liabilities	88,704
Net deficit	(31,996)
	\$ 56,708
Revenues	\$ 164,892
Expenses	201,077
Deficiency in revenues over expenses	\$ (36,185)
Cash flows from operating activities	\$ (36,215)
Cash flows from financing activities	88,704
Net change in cash flows	\$ 52,489

Community Living Ontario  
Notes to Financial Statements

March 31, 2020

4. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 89,578	\$ 77,040	\$ 99,671	\$ 94,210
Equipment	96,745	42,585	96,745	32,910
Leasehold improvements	53,952	22,071	53,952	17,166
	<u>\$ 240,275</u>	<u>\$ 141,696</u>	<u>\$ 250,368</u>	<u>\$ 144,286</u>
Cost less accumulated amortization		<u>\$ 98,579</u>		<u>\$ 106,082</u>

5. Designated Funds

	Opening Balances	Bequests and Donations	Transfers	Other Expenses	Closing Balances
Internally Restricted					
Regional Council Fund	\$ 1,132	\$ -	\$ -	\$ -	\$ 1,132
Family support	9,815	-	-	-	9,815
Jason Rae Fund	1,000	-	-	1,000	-
Karen Gledhill Fund	899	-	-	-	899
Leadership Fund	34,360	-	-	-	34,360
Communication	27,465	-	-	-	27,465
	<u>74,671</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>73,671</u>
Externally Restricted					
Angus M. Robertson	23,358	-	-	-	23,358
Anne Stafford "Light up Future" Scholarship	19,497	22,927	-	7,129	35,295
Dengis Fund for Self Advocates	23,832	-	-	-	23,832
Isabel Stark Memorial	2,700	-	-	-	2,700
	<u>69,387</u>	<u>22,927</u>	<u>-</u>	<u>7,129</u>	<u>85,185</u>
	<u>\$ 144,058</u>	<u>\$ 22,927</u>	<u>\$ -</u>	<u>\$ 8,129</u>	<u>\$ 158,856</u>

Net surplus (\$14,798) consists of bequests and donations (\$22,927) less other expenses (\$8,129).

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Community Living Ontario  
Notes to Financial Statements

March 31, 2020

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6. Financial Instrument Risk

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic resulting in economic uncertainties impacting the Confederation's risks. At this time, the full potential impact of COVID-19 on the Confederation is not known.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Confederation is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Confederation is exposed to credit risk arising from its accounts receivables and due from related party.

All of the Confederation's GIC's are maintained at one of the major financial institutions.

There have not been any changes in the risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Confederation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Confederation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. The Confederation continues to focus on maintaining adequate liquidity to meet operating working capital requirements.

There have not been any changes in the risk from the prior year.

Market risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Confederation invests in interest-sensitive investments such as bonds and other fixed income investments that will fluctuate due to changes in prevailing levels of market interest rates. This risk is mitigated by investing in interest-bearing investments with varying maturity dates.

As a result of the COVID-19 pandemic, many governments around the world have adjusted interest rates to mitigate the economic impact of the pandemic. Such changes to interest rates could have a material impact on the fair value of the Confederation's interest bearing investments.

There have not been any changes in the risk from the prior year.

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Community Living Ontario  
Notes to Financial Statements

March 31, 2020

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7. Commitments

The Confederation has an operating lease for its equipment of \$3,687 semi-annually expiring in June 2022.

The Confederation also has a lease for its premises with base rent monthly payments of \$3,933 from November 2018 to October 2020; \$4,130 from November 2020 to October 2022; \$4,327 from November 2022 to October 2024; and \$4,523 from November 2024 to October 2026. The lease agreement includes reduced rent for six months in 2016 and for six months in 2021. Additional rent payments for common areas are estimated to be \$4,798 per month. All rental payments are also subject to HST. The estimated annual lease payments for the next five years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 123,668
2022	116,741
2023	115,355
2024	115,355
2025	115,355
Thereafter	<u>182,646</u>
	<u>\$ 769,120</u>

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8. Uncertainties Relating to COVID-19 Pandemic

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Confederation and the related financial impact cannot be reasonably estimated at this time. The Confederation's ability to continue to provide support services and programs, and meet lease and other obligations as they come due is dependent on the continued ability to generate cash flows, including continued funding for its programs from the provincial and federal government or other sources.

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9. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.