Community Living Sarnia-Lambton
Financial Statements
For the Year Ended March 31, 2023

Contents

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Independent Auditor's Report

To the Board of Directors of Community Living Sarnia-Lambton

Opinion

We have audited the financial statements of Community Living Sarnia-Lambton (the Organization), which comprise the statement of financial position as at March 31, 2023, the statements of operations, 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 its financial performance and 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.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

Sarnia, Ontario
June 22, 2023

Community Living Sarnia-Lambton
Statement of Financial Position

March 31	2023	(Note 14) 2022
Assets		
Current		
Cash and bank (Note 2)	$ 1,156,193	$ 1,007,820
Short-term investments (Note 6)	226,000	477,178
Accounts receivable	640,600	379,350
Grants receivable	11,714	177,209
Prepaid expenses	343,296	35,355
	2,377,803	2,076,912
Long-term investments (Note 3)	799,880	542,170
Capital Assets (Note 4)	8,284,375	6,279,734
	$ 11,462,058	$ 8,898,816
Liabilities and Net Assets		
Current		
Accounts payable and accruals (Note 7)	$ 2,053,348	$ 1,587,722
Unearned revenue	12,220	8,380
Current portion of long-term debt (Note 6)	617,400	169,174
	2,682,968	1,765,276
Long-term debt (Note 6)	3,145,324	1,913,433
Deferred contributions (Note 8)	38,443	26,004
Deferred contributions related to capital assets (Note 9)	2,080,075	2,029,309
	7,946,810	5,734,022
Contingent liabilities (Note 13)		
Net Assets		
Invested in capital assets	2,945,413	2,501,376
Internally restricted	535,594	571,632
Unrestricted	34,241	91,786
	3,515,248	3,164,794
	$ 11,462,058	$ 8,898,816

On behalf of the Board:

Lorna Cagan President

T. Virostl Treasurer

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

Community Living Sarnia-Lambton
Statement of Changes in Net Assets

For the year ended March 31	Capital Assets	Internally restricted	Unrestricted	2023 Total	2022 Total
Balance, beginning of the year	$ 2,501,376	$ 571,632	$ 91,786	$ 3,164,794	$ 2,541,900
Excess (deficiency) of revenues over expenses	(312,288)	-	662,742	350,454	622,894
Investment in capital assets	749,126	-	(749,126)	-	-
Transfers	7,199	(36,038)	28,839	-	-
Balance, end of the year	$ 2,945,413	$ 535,594	$ 34,241	$ 3,515,248	$ 3,164,794

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

Community Living Sarnia-Lambton
Statement of Operations

For the year ended March 31	2023 Total	(Note 14) 2022 Total
Revenue (Note 10)		
Ministry of Children, Community and Social Services funding	$ 12,566,891	$ 11,560,734
Third party government grants	2,122,615	1,512,952
Fees for service	879,625	767,550
Other grants	753,707	683,260
Other income	654,300	388,539
Deferred contributions	139,965	135,031
Donations and fundraising	74,749	47,601
	17,191,852	15,095,667
Expenses		
Salaries and benefits	12,043,386	10,432,089
Occupancy costs	1,790,984	1,731,709
Supplies	1,307,015	907,223
Travel and communication	629,754	558,578
Other program costs	623,674	429,879
Purchased goods and services	446,585	413,295
	16,841,398	14,472,773
Excess of revenues over expenses	$ 350,454	$ 622,894

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

Community Living Sarnia-Lambton
Statement of Cash Flows

For the year ended March 31	2023	(Note 14) 2022
Cash flows from operating activities		
Excess of revenues over expenses	$ 350,454	$ 622,894
Items not affecting cash:		
Amortization	452,253	357,890
Deferred contributions	(139,965)	(135,031)
	662,742	845,753
Changes in non-cash working capital:		
Short-term investments	251,178	(208,178)
Accounts receivable	(261,251)	52,869
Grant receivable	165,495	(116,882)
Prepaid expenses	(307,941)	6,100
Accounts payable and accrued liabilities	465,627	(76,387)
Deferred contributions	3,840	(24,800)
	979,690	478,475
Cash flows from investing activities		
Purchase of capital assets	(2,456,895)	(452,409)
Long-term investments	(257,710)	79,285
	(2,714,605)	(373,124)
Cash flows from financing activities		
Mortgage principal repayments	(190,803)	(162,722)
Mortgage advances	1,870,920	-
Deferred contributions	12,440	(114,110)
Contributions relating to capital assets	190,731	42,221
	1,883,288	(234,611)
Net increase (decrease) in cash	148,373	(129,260)
Cash, beginning of the year	1,007,820	1,137,080
Cash, end of the year	$ 1,156,193	$ 1,007,820

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

1. Significant Accounting Policies

Nature and Purpose of Organization

Community Living Sarnia Lambton (the "Organization") is a corporation without share capital, created under the laws of Ontario to promote the education, training and support of those with developmental disabilities or other handicapping conditions; to assist them in becoming self-sufficient and self-supporting; to support their families and caregivers; and to improve the services available in the community through education and advocacy. The Association 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 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the assets' estimated useful lives on a straight line basis as follows:

	Rate
Building	40 years
Vehicles	4-10 years
Equipment	4-10 years
Furniture	4-10 years
Leaseholds	1-4 years
Computer hardware	4-10 years

Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions related to general operations, including provincial subsidies, fees for services and capital grants, are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Participant fees are recognized when they are earned, specifically when the services are provided to the participants.

Resident fees are recorded on a monthly basis once earned.

1. Significant Accounting Policies (continued)

Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Contributed Services	Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Administrative Expenses	Administrative expenses are segregated and allocated to the various programs primarily on the basis of negotiated budgets.
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. Actual results could differ from management's best estimates as additional information becomes available in the future.
Net Assets Internally Restricted for Future Periods	Part of the Organization's net assets have been restricted as approved by the Association's Board of Directors. Transfers among net asset categories are recorded when approved by the Board of Directors.

2. Cash and Bank

Included in cash and bank are the following:

	2023	(Note 14) 2022
Cash	$ 1,150,115	$ 1,000,077
Cash - Bingo	6,079	7,743
	$ 1,156,194	$ 1,007,820

The Organization's bank accounts are maintained at one chartered bank. The bank accounts earn interest at bank prime less 2.5% to bank prime less 3% based on account balance. The savings account earns interest at .20% to .35% based on account balance.

3. Investments

The carrying amounts of investments are comprised of the following:

	Maturing	Interest rate	2023	2022
Short-term investments:				
Canadian Tire Bank - GIC	April 2023	2.02%	$ 100,000	$ -
LBC Trust - GIC	February 2024	2.22%	63,000	-
Manulife Bank CDA - GIC	February 2024	2.15%	63,000	-
Home Equity Bank - GIC	May 2022	0.79%	-	100,000
Versabank - GIC	April 2022	1.88%	-	65,000
Equitable Bank - GIC	June 2022	1.22%	-	52,500
Home Trust Company - GIC	February 2023	1.64%	-	50,000
CDN Western Bank - GIC	February 2023	1.62%	-	50,000
Home Trust Company - GIC	June 2022	1.10%	-	47,397
Equitable Bank - GIC	July 2022	1.12%	-	32,500
Versabank - GIC	February 2023	1.62%	-	35,000
CDN Western Bank	July 2022	1.10%	-	29,781
Equitable Bank - GIC	June 2022	1.06%	-	15,000
Total short-term investments			$ 226,000	$ 477,178

	Maturing	Interest rate	2023	2022
Long-term investments:				
Home Equity Bank - GIC	June 2024	4.25%	$ 100,000	$ -
Fairstone Bank - GIC	February 2026	4.21%	70,000	-
Home Trust Company - GIC	February 2025	4.45%	70,000	-
CDN Western Bank - GIC	June 2024	4.20%	69,800	-
General Bank of CDA - GIC	July 2024	4.38%	65,000	-
Equitable Bank - GIC	July 2024	4.37%	63,000	-
CDN Western Trust - GIC	June 2024	4.35%	38,200	-
Fairstone Bank - GIC	June 2024	4.31%	15,000	-
Canadian Tire Bank - GIC	April 2023	2.02%	-	100,000
LBC Trust - GIC	February 2024	2.22%	-	63,000
Manulife Bank CDA - GIC	February 2024	2.15%	-	63,000
			491,000	226,000
Porfolio of marketable securities (Cost $326,008)			308,880	316,170
Total long-term investments			$ 799,880	$ 542,170

4. Capital Assets

Capital asset fund

	2023 Cost	2023 Accumulated Amortization	(Note 14) 2022 Cost	(Note 14) 2022 Accumulated Amortization
Land	$ 1,281,613	$ -	$ 881,613	$ -
Building	9,935,743	4,138,245	8,441,179	3,961,000
Vehicles	1,697,077	781,473	1,351,154	716,288
Equipment	1,137,154	849,438	1,063,963	799,896
Furniture	33,126	33,126	33,138	33,138
Leaseholds	692,812	692,812	692,812	682,315
Computer hardware	498,413	496,469	508,300	499,788
	$15,275,938	$ 6,991,563	$ 12,972,159	$ 6,692,425
		$ 8,284,375		$ 6,279,734

5. Security for Bank Line of Credit

The Organization has a general security agreement and an assignment of business insurance to cover any overdraft in the operating accounts up to a maximum of $500,000 (2022 - $500,000). The full amount of the overdraft coverage was available at the year end date. The line of credit bears interest at the banks prime rate and is secured by a general security agreement covering all assets except real property.

6. Long-term debt

	2023	(Note 14) 2022
Mortgage payable - Royal Bank of Canada (RBC) 5.124% mortgage, repayable in blended monthly payments of $11,070, maturing September 2027. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 551 Exmouth Street. The carrying value is $1,891,976.	$ 1,849,326	$ -
Mortgage payable - RBC 2.43% mortgage, repayable in blended monthly payments of $5,539, maturing November 2025. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 1091 Wellington Street. The carrying value is $1,366,916.	351,985	409,141
Mortgage payable - RBC 5.14% mortgage, repayable in blended monthly payments of $1,659, maturing January 2024. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 747 Kemsley Drive. The carrying value is $392,839.	254,267	260,918
Mortgage payable - Scotiabank 1.72% mortgage, repayable in blended monthly payments of $2,682, maturing May 2026.The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 144 and 146 Essex Street and 1057 Finch Drive. The carrying value is $197,380.	242,772	270,539
Mortgage payable - RBC 3.01% mortgage, repayable in blended monthly payments of $1,558, maturing September 2025. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 131 Tom Hodgson Court. The carrying value is $327,725.	242,241	253,486
Balance to carry forward	$ 2,940,591	$ 1,194,084

6. Long Term Debt (continued)

	2023	(Note 14) 2022
Balance carried forward	$ 2,940,591	$ 1,194,084
Mortgage payable - RBC 4.15% mortgage, repayable in blended monthly payments of $1,019, maturing September 2023. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 844 Assiniboine Crescent. They carrying value is 174,875.	167,851	173,009
Mortgage payable - RBC 3.21% mortgage, repayable in blended monthly payments of $1,386,maturing October 2024. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 1157 Murphy Road. The carrying value is $269,506.	129,839	142,084
Mortgage payable - RBC 0% mortgage, repayable in blended monthly payments of $980, maturing March 2034. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 140 North Euphemia Street. The carrying value is $317,573.	129,160	140,920
Mortgage payable - RBC 3.21% mortgage, repayable in blended monthly payments of $1,023, maturing October 2024. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 144 Augusta Blvd. The carrying value is $379,520.	124,921	133,057
Mortgage payable - RBC 3.35% mortgage, repayable in blended monthly payments of $669,maturing September 2026. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 667 Stacy court. The carrying value is $194,129.	110,567	114,808
Balance to carry forward	$ 3,602,929	$ 1,897,962

6. Long Term-Debt (continued)

	2023	(Note 14) 2022
Balance carried forward	$ 3,602,929	$ 1,897,962
Mortgage payable - RBC 2.79% mortgage, repayable in blended monthly payments of $771, maturing September 2025. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 911 McCaw Street. The carrying value is $327,900.	77,245	84,241
Mortgage payable - RBC 3.70% mortgage, repayable in blended monthly payments of $761, maturing June 2024. The mortgage is secured by land, buildings, assignment of leases and general assignment of rents at 1222 Colborne Road. The carrying value is $336,092.	75,512	81,718
Mortgage payable - RBC 4.09% vehicle loan, repayable in blended monthly payments of $1,017, maturing October 2023 The loan is secured by a 2017 Toyota Sienna. The carrying value is $16,733.	7,038	18,686
	3,762,724	2,082,607
Less: current portion of long-term debt	(617,400)	(169,174)
	$ 3,145,324	$ 1,913,433

The principal payments due within the next five years and thereafter are as follows:

2024	$ 617,400
2025	468,243
2026	603,766
2027	310,852
2028	1,692,103
Thereafter	70,360
	$ 3,762,724

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are net government remittances payable of $135,132 (2022 - $31,296).

8. Deferred Contributions

Deferred contributions represent unspent, externally restricted grants and donations that relate to operating expenditures in subsequent years.

Changes in deferred contributions during the year are as follows:

	2023	2022
Balance, beginning of year	$ 26,004	$ 140,113
Less: amounts recognized as revenue in the year	(325,988)	(343,516)
Add: contributions received during the year	338,427	229,407
Balance, end of year	$ 38,443	$ 26,004

9. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized amount and the unspent amount of donations and grants received for the purchase of capital assets.

Deferred contributions related to capital assets consists of the following:

	2023	2022
Balance, beginning of year	$ 2,029,309	$ 2,122,119
Less: amounts recognized as revenue in the year	(139,965)	(135,031)
Add: contributions received during the year	190,731	42,221
Balance, end of year	$ 2,080,075	$ 2,029,309

The balance of unamortized capital contributions related to capital assets consists of following:

	2023	2022
Unamortized contributions use to purchase assets	$ 1,583,433	$ 1,695,751
Unspent contributions	496,642	333,558
Balance, end of year	$ 2,080,075	$ 2,029,309

10. Economic Dependence

As is customary in the industry, approximately 73% (2022 - 77%) of revenue reported in the year relates to contracts ultimately with the Ministry of Children, Community and Social Services.

11. Pension Agreement

The bargaining unit for certain employees of the Association is the Canadian Union of Public Employees Local 4370. It participates in a Multi-Sector Pension Plan (MSPP) which operates as the Nursing Homes and Related Industries Pension Plan (NHRIPP). NHRIPP is a multi-employer pension plan which provides a certain targeted level of benefits. Unlike most multi-employer pension plans, the Trustees of the NHRIPP are all appointed by the unions which represent plan members in collective bargaining.

Contributions to the NHRIPP are fixed by collective agreement, therefore, the level of benefits is not guaranteed. If the plan suffers sustained investment losses or other factors that cause the NHRIPP to have a funding shortfall, pensions and the accrued benefits of members may be reduced. The contribution rates of employers contributing to the plan are set by the terms of the applicable collective agreement. The employers' only obligations are to provide those contributions and the information required by the trustees to administer the plan. Employers are not responsible for the funding of any funding shortfalls. The company therefore accounts for the plan as a defined contribution plan. The contributions to this plan during the year totaled $188,793 (2021 - $166,188).

12. Fair Value of Financial Instruments and Credit Risk

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 Organization is exposed to credit risk resulting from the possibility that a client or 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 Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the Organization's receivables are from government sources and the Organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization 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.

This risk is reduced due to considerable amount of cash available for use. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while the floating rate instruments subject it to a cash flow risk.

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

13. Contingent Liabilities

From time to time, the Organization may be subject to certain legal actions as part of the regular course of operations. In the opinion of management and legal counsel, the outcome of any such actions are not determinable. The Organization has insurance coverage for any applicable claims. Any potential future cost in excess of the insurance coverage available would be charged to operations in the year of resolution.

14. Comparative Figures

Prior year figures have been conformed to the current year presentation.