# COMMUNITY LIVING LONDON

## Consolidated Financial Statements

## March 31, 2023

# COMMUNITY LIVING LONDON

## Consolidated Financial Statements

## For The Year Ended March 31, 2023

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GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 • F. 519-633-7009
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 • F. 519-773-9683
25 John Street South, Aylmer, ON N5H 2C1

www.grahamscottenns.com

## INDEPENDENT AUDITORS' REPORT

To the Members of **Community Living London**:

**Opinion**

We have audited the consolidated financial statements of **Community Living London**, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the organization's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at March 31, 2023, and the consolidated 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 *Auditors' 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 consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**
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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

**St. Thomas, Ontario**

**June 22, 2023**

Graham Scott Enns LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS**
**Licensed Public Accountants**

# COMMUNITY LIVING LONDON

## Consolidated Statement of Financial Position
## As At March 31, 2023

| | Operating Fund $ | Resource Development Fund $ | Property, Plant and Equipment Fund $ | Reserve Fund $ | **Community Living London $** | LDARC Corporation $ | **2023 $** | 2022 $ |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| **CURRENT ASSETS** | | | | | | | | |
| Cash | 2,761,685 | 211,188 | 46,643 | (29,096) | **2,990,420** | 26,254 | **3,016,674** | 3,696,517 |
| Short-term investments (Note 2) | 597,618 | - | - | 748,524 | **1,346,142** | - | **1,346,142** | 1,271,980 |
| Funding receivable | 1,248 | - | - | - | **1,248** | - | **1,248** | 10,317 |
| Contract and other receivables | 498,864 | - | - | - | **498,864** | - | **498,864** | 271,993 |
| Interfund receivable (payable) | 259,858 | 20,906 | (290,783) | 1,171,399 | **1,161,380** | (1,161,380) | **-** | - |
| HST receivable | 95,215 | - | - | - | **95,215** | - | **95,215** | 105,826 |
| Prepaid expenses | 138,589 | - | - | - | **138,589** | - | **138,589** | 134,587 |
| | 4,353,077 | 232,094 | (244,140) | 1,890,827 | **6,231,858** | (1,135,126) | **5,096,732** | 5,491,220 |
| **LONG-TERM INVESTMENTS (NOTE 2)** | - | - | - | 2,162,469 | **2,162,469** | - | **2,162,469** | 2,275,170 |
| **TANGIBLE CAPITAL ASSETS (NOTE 3)** | - | - | 4,023,561 | - | **4,023,561** | 2,445,798 | **6,469,359** | 6,548,024 |
| **TOTAL ASSETS** | 4,353,077 | 232,094 | 3,779,421 | 4,053,296 | **12,417,888** | 1,310,672 | **13,728,560** | 14,314,414 |
| **LIABILITIES** | | | | | | | | |
| **CURRENT LIABILITIES** | | | | | | | | |
| Accounts payable and accrued liabilities | 1,430,160 | - | 1,015 | 5,128 | **1,436,303** | 5,636 | **1,441,939** | 2,137,764 |
| Funding payable | 153,314 | - | - | - | **153,314** | - | **153,314** | 372,893 |
| Payroll payable | 452,294 | - | - | - | **452,294** | - | **452,294** | 347,725 |
| Deferred revenue (Note 4) | 186,611 | 72,779 | - | - | **259,390** | - | **259,390** | 256,397 |
| Current portion of long-term debt (Note 5) | - | - | 9,223 | - | **9,223** | 59,652 | **68,875** | 68,065 |
| | 2,222,379 | 72,779 | 10,238 | 5,128 | **2,310,524** | 65,288 | **2,375,812** | 3,182,844 |
| **LONG-TERM DEBT (NOTE 5)** | - | - | 5,013 | - | **5,013** | 1,069,584 | **1,074,597** | 1,143,468 |
| **TOTAL LIABILITIES** | 2,222,379 | 72,779 | 15,251 | 5,128 | **2,315,537** | 1,134,872 | **3,450,409** | 4,326,312 |
| **NET ASSETS** | | | | | | | | |
| **NET ASSETS (PAGE 4)** | 2,130,698 | 159,315 | 3,764,170 | 4,048,168 | **10,102,351** | 175,800 | **10,278,151** | 9,988,102 |
| **TOTAL LIABILITIES AND NET ASSETS** | 4,353,077 | 232,094 | 3,779,421 | 4,053,296 | **12,417,888** | 1,310,672 | **13,728,560** | 14,314,414 |

On Behalf of the Board

Director Director

See accompanying notes to the consolidated financial statements

# COMMUNITY LIVING LONDON

## Consolidated Statement of Changes In Net Assets
## For The Year Ended March 31, 2023

| | Operating Fund $ | Resource Development Fund $ | Property, Plant and Equipment Fund $ | Reserve Fund $ | **Community Living London $** | LDARC Corporation $ | **2023 $** | 2022 $ |
|---|---|---|---|---|---|---|---|---|
| **NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY STATED,** | 1,586,915 | 134,908 | 3,171,308 | 4,099,302 | **8,992,433** | 149,096 | **9,141,529** | 9,092,526 |
| Prior period adjustment (Note 16) | - | - | 846,573 | - | - | - | **846,573** | 791,660 |
| **NET ASSETS, BEGINNING OF YEAR** | 1,586,915 | 134,908 | 4,017,881 | 4,099,302 | **9,839,006** | 149,096 | **9,988,102** | 9,884,186 |
| Excess (deficiency) of revenues over expenditures | 543,783 | 24,407 | (253,711) | (51,134) | **263,345** | 26,704 | **290,049** | 103,916 |
| **NET ASSETS, END OF YEAR** | 2,130,698 | 159,315 | 3,764,170 | 4,048,168 | **10,102,351** | 175,800 | **10,278,151** | 9,988,102 |

| | Operating Fund $ | Resource Development Fund $ | Property, Plant and Equipment Fund $ | Reserve Fund $ | **Community Living London $** | LDARC Corporation $ | **2023 $** | 2022 $ |
|---|---|---|---|---|---|---|---|---|
| **INVESTED IN TANGIBLE CAPITAL ASSETS** | - | - | 4,009,325 | - | **4,009,325** | 1,316,562 | **5,325,887** | 5,336,491 |
| **INTERNALLY RESTRICTED** | - | 159,315 | (324,136) | 4,048,168 | **3,883,347** | - | **3,883,347** | 4,142,952 |
| **EXTERNALLY RESTRICTED** | - | - | 78,981 | - | **78,981** | 26,040 | **105,021** | 103,621 |
| **UNRESTRICTED** | 2,130,698 | - | - | - | **2,130,698** | (1,166,802) | **963,896** | 405,038 |
| **TOTAL NET ASSETS** | 2,130,698 | 159,315 | 3,764,170 | 4,048,168 | **10,102,351** | 175,800 | **10,278,151** | 9,988,102 |

See accompanying notes to the consolidated financial statements

# COMMUNITY LIVING LONDON

## Consolidated Statement of Operations
## For The Year Ended March 31, 2023

| | Operating Fund $ | Resource Development Fund $ | Property, Plant and Equipment Fund $ | Reserve Fund $ | **Community Living London $** | LDARC Corporation $ | **2023 $** | 2022 $ |
|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | |
| MCCSS funding - annualized (Note 10) | 26,572,750 | - | - | - | **26,572,750** | - | **26,572,750** | 23,271,338 |
| MCCSS funding - fiscal | 799,185 | - | - | - | **799,185** | - | **799,185** | 549,229 |
| Sales | 1,492,437 | - | - | - | **1,492,437** | - | **1,492,437** | 947,645 |
| Fees from people supported (Note 7) | 1,160,823 | - | - | - | **1,160,823** | 133,491 | **1,294,314** | 1,185,670 |
| CSCN and other funding | 851,853 | 7,690 | - | - | **859,543** | - | **859,543** | 601,827 |
| Other government (Note 10) | 711,680 | 7,761 | 10,385 | - | **729,826** | - | **729,826** | 2,670,511 |
| Donations | 101,896 | 94,463 | - | 41,409 | **237,768** | - | **237,768** | 146,006 |
| Events | - | 211,804 | - | - | **211,804** | - | **211,804** | 132,036 |
| Capital grants | 83,200 | - | - | - | **83,200** | - | **83,200** | 147,546 |
| Investment | 104,887 | - | - | (46,558) | **58,329** | 393 | **58,722** | 227,210 |
| Change in unrealized loss on investments | - | - | - | (20,553) | **(20,553)** | - | **(20,553)** | (166,439) |
| **TOTAL REVENUES** | 31,878,711 | 321,718 | 10,385 | (25,702) | **32,185,112** | 133,884 | **32,318,996** | 29,712,579 |

See accompanying notes to the consolidated financial statements

# COMMUNITY LIVING LONDON

## Consolidated Statement of Operations (Continued)
## For The Year Ended March 31, 2023

| | Operating Fund $ | Resource Development Fund $ | Property, Plant and Equipment Fund $ | Reserve Fund $ | **Community Living London $** | LDARC Corporation $ | **2023 $** | 2022 $ |
|---|---|---|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | | | | |
| Salaries, wages and benefits | 26,569,719 | 158,034 | 1,131 | - | **26,728,884** | - | **26,728,884** | 24,412,172 |
| Occupancy costs (Note 7) | 1,395,154 | 38,783 | 3,051 | - | **1,436,988** | 31,816 | **1,468,804** | 1,591,000 |
| Professional fees (Note 11) | 1,342,175 | - | 1,000 | - | **1,343,175** | 4,108 | **1,347,283** | 1,270,370 |
| Program supplies | 1,074,298 | 12,883 | 575 | - | **1,087,756** | - | **1,087,756** | 855,796 |
| Transportation | 371,189 | 274 | - | - | **371,463** | - | **371,463** | 333,122 |
| Amortization | - | - | 255,849 | - | **255,849** | 47,090 | **302,939** | 311,863 |
| Technology | 186,645 | 12,019 | 970 | - | **199,634** | - | **199,634** | 277,944 |
| Communication | 92,503 | 22,877 | - | - | **115,380** | - | **115,380** | 120,519 |
| Insurance | 82,416 | - | 955 | - | **83,371** | - | **83,371** | 74,301 |
| Building | 83,201 | - | - | - | **83,201** | - | **83,201** | 151,632 |
| Interest and finance charges | 6,824 | 2,576 | 235 | 25,432 | **35,067** | 24,166 | **59,233** | 49,555 |
| Other | 43,249 | 3,769 | - | - | **47,018** | - | **47,018** | 38,046 |
| Office | 44,264 | 18 | 330 | - | **44,612** | - | **44,612** | 39,255 |
| Fundraising | - | 43,106 | - | - | **43,106** | - | **43,106** | 28,640 |
| Staff development | 36,595 | 2,972 | - | - | **39,567** | - | **39,567** | 51,606 |
| Board expense | 6,696 | - | - | - | **6,696** | - | **6,696** | 2,842 |
| **TOTAL EXPENDITURES** | 31,334,928 | 297,311 | 264,096 | 25,432 | **31,921,767** | 107,180 | **32,028,947** | 29,608,663 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR** | 543,783 | 24,407 | (253,711) | (51,134) | **263,345** | 26,704 | **290,049** | 103,916 |

**See Note 13 for MCCSS reconciliation purposes.**

# COMMUNITY LIVING LONDON

## Consolidated Statement of Cash Flows
## For The Year Ended March 31, 2023

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES** | | |
| Excess (deficiency) of revenues over expenditures for the year | **290,049** | 103,916 |
| Amortization of tangible capital assets | **302,939** | 311,863 |
| Change in unrealized loss on investments | **20,553** | 166,439 |
| Realized loss (gain) on investments | **133,271** | (118,364) |
| | **746,812** | 463,854 |
| Changes in non-cash working capital: | | |
| Funding receivable | **9,069** | 221,232 |
| Contract and other receivables | **(226,871)** | 154,762 |
| Government remittances receivable | **10,611** | 14,587 |
| Prepaid expenses | **(4,002)** | 42,729 |
| Accounts payable and accrued liabilities | **(695,825)** | 457,016 |
| Funding payable | **(219,579)** | 73,467 |
| Payroll payable | **104,569** | 3,054 |
| Deferred revenue - current | **2,993** | 42,808 |
| | **(272,223)** | 1,473,509 |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | |
| Additions to tangible capital assets | **(224,274)** | (88,208) |
| Purchases of investments | **(115,285)** | (517,772) |
| | **(339,559)** | (605,980) |
| **CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES** | | |
| Repayments of long-term debt | **(68,061)** | (66,971) |
| | **(68,061)** | (66,971) |
| **NET CHANGE IN CASH DURING THE YEAR** | **(679,843)** | 800,558 |
| **CASH, BEGINNING OF YEAR** | **3,696,517** | 2,895,959 |
| **CASH, END OF YEAR** | **3,016,674** | 3,696,517 |

## NATURE OF THE ORGANIZATION

Community Living London (the "organization") is incorporated, without share capital, by a Supplementary Letters Patent that was issued under the Ontario Corporations Act. The organization is a registered charity that provides a wide range of services to adults and children with a developmental disability. The organization is exempt from income tax pursuant to Section 149(1)(f) of the Income Tax Act, Canada. The organization consolidates the financial statements of LDARC Corporation, a separately incorporated not-for-profit corporation without share capital, which is operated by the organization.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Consolidation

The organization's consolidated financial statements include the Operating, Property, Plant and Equipment, Resource Development, and Reserve Funds of Community Living London, as well as LDARC Corporation, which is controlled by Community Living London.

LDARC Corporation is a not-for-profit organization that is incorporated, without share capital, by Letters Patent issued under the Ontario Corporations Act and is thereby exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act, Canada. LDARC's primary purpose is to provide housing accommodation for people with developmental disabilities.

Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The organization uses the following funds:

*Operating Fund*
The Operating Fund represents the excess revenue over expenditures that are related to ongoing programs and activities of the organization.

*Resource Development Fund*
The Resource Development Fund represents funds that are accumulated from fundraising activities less any amounts that are transferred to other funds. There are no external restrictions on the use of these funds for operating purposes.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Property, Plant and Equipment Fund*
The Property, Plant and Equipment Fund represents the tangible capital assets owned by the organization, funds that are received from the sale of tangible capital assets and funds that are set aside for capital expenditures. The spending of these funds is restricted due to the manner in which the original funding was received. The Ministry of Children, Community and Social Services Ontario ("MCCSS") must approve, to the extent that they are originally funded by them, the use of any funds realized from the sale of any properties that are owned by the organization.

*Reserve Fund*
The Reserve Fund was established by the Board of Directors and it represents funds that are accumulated from non-recurring bequests and donations in order to provide a source of funds for capital and special projects, which are provided by the organization.

### Use of Estimates

The preparation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenues over expenditures in the period in which they become known.

In particular, the organization uses estimates when accounting for certain items, including:

- Useful lives of tangible capital assets
- Asset impairments

### LDARC Corporation

LDARC Corporation represents the operations of LDARC Corporation and includes the excess of revenues over expenditures that are related to the leasing operations, and the funds that are set aside for significant maintenance and repairs to properties that are owned by LDARC Corporation.

### Donations-In-Kind and Contributed Services

Volunteers contribute an indeterminable number of hours-per-year. Because of the difficulty in determining their fair value, contributed services and donations in kind are not recognized in the consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost in the Property, Plant and Equipment Fund. The costs of repairs and replacements are charged to the operating fund when incurred. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts and the gain or loss is recognized in excess of revenues over expenditures. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. The annual amortization rates are as follows:

| | |
|---|---|
| Buildings | 40 years |
| Vehicles | 3 years |
| Furniture and equipment | 10 years |
| Computer equipment | 5 years |
| Computer software | 1 year |
| Leasehold improvements | Over term of lease plus one renewal period |

Revenue Recognition

The organization follows the restricted fund method of accounting. Contributions are recognized as revenue in the appropriate restricted fund. Capital contributions are reported as a deferral in the appropriately restricted fund until the related expense occurs.

The organization recognizes:

- Rental and subsidy revenues as they are earned;
- Interest and other revenues, including service and program fees, when earned and the amounts to be received can be reasonably estimated and the collection is reasonably assured;
- Donation revenues when received.

Financial Instruments

*Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm’s length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments that are quoted in an active market and cash, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Measurement of financial instruments (continued)*

Financial assets measured at amortized cost include funding receivable, contract and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, funding payable and current and long-term debt.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

### 2. INVESTMENTS

The investments held by the organization are comprised of a combination of Guaranteed Investment Certificates (fixed income and bonds), Canadian and U.S. Equities, and Pooled Funds and Index Funds. Investments are comprised of the following:

| | Cost | | Fair Market Value | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Cash and cash equivalents | **145,973** | 688,171 | **145,972** | 688,171 |
| Canadian and U.S. Equities | **721,227** | 546,046 | **775,181** | 596,309 |
| Pooled Funds and Index Funds | **1,722,169** | 2,033,447 | **1,825,779** | 2,182,279 |
| Fixed Income and Bonds | **756,553** | 81,253 | **761,679** | 80,391 |
| | **3,345,922** | 3,348,917 | **3,508,611** | 3,547,150 |
| Short-term investments | **1,234,217** | 1,234,217 | **1,346,142** | 1,271,980 |
| Long-term investments | **2,111,705** | 2,114,700 | **2,162,469** | 2,275,170 |
| | **3,345,922** | 3,348,917 | **3,508,611** | 3,547,150 |

## 3. TANGIBLE CAPITAL ASSETS

| | Cost<br>$ | Accumulated Amortization<br>$ | **2023**<br>**$** | 2022<br>$ |
|---|---|---|---|---|
| Property, Plant and Equipment Fund | | | | |
| Land | 843,101 | - | **843,101** | 843,101 |
| Buildings | 6,864,020 | 3,991,600 | **2,872,420** | 3,050,026 |
| Vehicles | 840,462 | 573,203 | **267,259** | 83,059 |
| Furniture and equipment | 603,861 | 603,861 | **-** | - |
| Computer equipment | 291,129 | 279,749 | **11,380** | 22,748 |
| Computer software | 389,952 | 389,952 | **-** | - |
| Leasehold improvements | 684,184 | 654,783 | **29,401** | 56,202 |
| | 10,516,709 | 6,493,148 | **4,023,561** | 4,055,136 |
| LDARC Corporation | | | | |
| Land | 826,361 | - | **826,361** | 826,361 |
| Buildings | 1,883,608 | 264,171 | **1,619,437** | 1,666,527 |
| | 2,709,969 | 264,171 | **2,445,798** | 2,492,888 |
| Total Tangible Capital Assets | 13,226,678 | 6,757,319 | **6,469,359** | 6,548,024 |

## 4. DEFERRED REVENUE

Deferred revenue represents funding received that is related to a specific project or program. These funds are to be recognized as revenue in the same period as the related expenses are incurred. Changes in the deferred revenue balance are as follows:

| | **2023**<br>**$** | 2022<br>$ |
|---|---|---|
| Beginning balance, related to deferred revenue | **256,397** | 213,589 |
| Add: Additions to deferred revenue | **525,478** | 136,454 |
| Less: Amount recognized as revenue in the year | **(522,485)** | (93,646) |
| Ending balance, related to deferred revenue | **259,390** | 256,397 |

## 5. LONG-TERM DEBT

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Community Living London | | |
| Mortgage payable, Canada Mortgage and Housing Corporation, 1.27%, blended monthly instalments of $799, due September 2024 (secured by land and buildings with a carrying value of $115,947) | **14,236** | 23,578 |
| LDARC Corporation | | |
| RBC mortgage, 2.28%, repayable in blended monthly instalments of $1,488, due September 2025 (secured by land and building included in tangible capital assets with a carrying value of $270,126) | **194,101** | 207,365 |
| Interest free mortgage, monthly instalments of $810, estimated maturity date of March 2029 (secured by land and buildings included in tangible capital assets with a carrying value of $193,231) | **57,762** | 67,482 |
| Interest free mortgage, monthly instalments of $540, estimated maturity date of October 2030 (secured by land and buildings included in tangible capital assets with a carrying value of $167,667) | **49,345** | 55,825 |
| RBC mortgage, 2.32%, repayable in blended monthly instalments of $4,070, due September 2025 (secured by land and buildings included in tangible capital assets with a carrying value of $864,760) | **828,028** | 857,283 |
| | **1,143,472** | 1,211,533 |
| Less: Current portion | **(68,875)** | (68,065) |
| | **1,074,597** | 1,143,468 |

## 5. LONG-TERM DEBT (CONTINUED)

The aggregate amount of principal payments required in each of the next five years and thereafter to meet debt retirement provisions is as follows. The organization anticipates that at the maturity date, mortgages will be renewed on terms available at the time.

| | $ |
|---|---|
| 2024 | 68,875 |
| 2025 | 65,754 |
| 2026 | 950,336 |
| 2027 | 16,200 |
| 2028 | 16,200 |
| Thereafter | 26,107 |

## 6. COMMITMENTS

The organization is committed under its operating leases to rent premises.

The organization also rents premises where terms have expired and are currently monthly rental agreements. The organization is committed to one month of lease obligations totaling approximately $23,507 not included in the summary below.

The minimum annual lease payments required in each of the next five years in respect of operating leases are as follows:

| | $ |
|---|---|
| 2024 | 319,289 |
| 2025 | 245,266 |
| 2026 | 142,809 |
| 2027 | 125,937 |
| 2028 | 47,613 |

## 7. RENTAL CHARGES

LDARC Corporation received rental income in the amount of $133,491 (2022 - $132,072) from Community Living London during the year for property in which LDARC Corporation owns and rents to Community Living London. The associated expenditures are expensed through the operating fund under occupancy costs.

## 8. REGISTERED PENSION PLAN

The organization contributes to a defined contribution pension plan which provides pension benefits. Total contributions to the plans during the year were approximately $445,557 (2022 - $424,816). There were no significant changes to contribution levels during the year which would affect comparability.

### 9. ECONOMIC DEPENDENCE

The majority of the organization's revenues are derived from the MCCSS. These contracts are reviewed annually and the organization is dependant on this funding to continue operations. The organization is required to file various reports to ensure compliance with the funding agreements. If the organization does not spend funding according to the agreements or is not in compliance with the agreements the organization may be required to repay some of the funding. At year end, the organization was in compliance with these agreements. The organization's management does not foresee any issues that would cause this funding to be discontinued.

### 10. GOVERNMENT GRANTS

The organization received one time funding for Ministry approved pay increases during the coronavirus pandemic. During the year, the temporary wage enhancement became a permanent wage enhancement. The organization received $2,623,359 for a permanent wage enhancement (2022 - $1,907,567 for a temporary wage enhancement), which was included in the statement of operations in Ministry subsidy - annualized (2022 in other government revenue).

### 11. CREATIVE TEAM SOLUTIONS FOR NON-PROFIT ORGANIZATIONS

The organization engages Creative Team Solutions for Non-Profit Organizations (CTS) to perform management functions. CTS is a not-for-profit organization and is thereby exempt from income tax under paragraph 149(1)(l) of the Income Tax Act, Canada. CTS assists not-for-profit organizations by providing an outsourced alternative to payroll, human resources, finance, information technology and executive leadership. The organization has been appointed three seats on the board of CTS out of seven occupied seats. The board of the organization operates independent of CTS. In addition, the organization's proportion of purchased services from CTS currently represents approximately 60% of CTS's revenue. As a result it is considered that the organization has significant financial influence over CTS.

All transactions between the organization and CTS are in the normal course of operations and are recorded at the exchange amount, which approximates fair market value and consists of the following:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Purchased services included in Professional fees | **1,281,949** | 1,215,554 |

### 12. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

## 13. RECONCILIATION OF EXCESS OF REVENUES OVER EXPENDITURES FOR MCCSS PURPOSES

Under the financial reporting guidelines of the Ministry of Children, Community and Social Services, certain adjustments are made to excess of revenues over expenditures for purposes of calculating the excess of revenues over expenditures to be reported to the Ministries. See below for a reconciliation of the excess of revenues over expenditures reported for Ministry purposes:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Total unconsolidated revenues from the Statement of Operations | **32,185,112** | 29,613,344 |
| Total revenues for MCCSS reporting | **32,185,112** | 29,613,344 |
| Total unconsolidated expenditures from the Statement of Operations | **31,921,767** | 29,602,332 |
| Expenditures capitalized, adjusted to tangible capital assets | **224,474** | 88,209 |
| Total expenditures for MCCSS reporting | **32,146,241** | 29,690,541 |

## 14. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of organization's exposure and concentrations at the Statement of Financial Position date:

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, funding payable and current and long-term debt.

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 does not have any significant exposure to any individual funder other than the MCCSS.

### 14. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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 current and long-term debt subject to fixed interest rates. It is management's opinion that this risk exposure is not significant.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization holds various short and long-term investments in US Dollars and as such, these assets are exposed to foreign exchange fluctuations. As at March 31, 2023, investments with a market value of $207,479 USD (2022 - $213,736 USD) have been reported in Canadian dollars on the Statement of Financial Position. The organization reported a loss of $9,224 (2022 - gain of $2,669) in foreign exchange in the year.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in equity and other instruments that are quoted in an active market.

No financial liabilities of the organization were in default during the period.

The organization was not subject to any covenants during the period.

There were no changes in these assessments from the prior year.

### 15. CONTINGENT LIABILITIES

As at March 31, 2023, the organization was subject to potential contingent liabilities relating to employment matters. An estimate of the amounts of the contingent liabilities cannot be made as of the date of the financial statements.

## 16. PRIOR PERIOD ADJUSTMENT

During the year, deferred capital contributions were identified that did not meet the requirements to be deferred under the restricted fund method of accounting for contribution revenue under Canadian Accounting Standards for Non-Profit Organizations. As a result, amounts previously deferred have been adjusted to net assets, and amortization of these deferred capital contributions has been removed from revenue. The amount of adjustments is as follows:

| | 2022<br>$ |
|---|---|
| Adjustments to the Statement of Financial Position - Capital Asset Fund: | |
| Decrease in net deferred capital contributions | 846,573 |
| Increase in net assets | 846,573 |
| Adjustments to the Statement of Operations - Capital Asset Fund: | |
| Decrease in amortization of deferred capital contributions | 33,296 |
| Adjustments to the Statement of Operations - Operating Fund: | |
| Decrease in capital items expense | 88,209 |