



Inspiring Possibilities

FINANCIAL STATEMENTS

2019-2020

Community Living Thunder Bay

Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Members and Board of Directors of Community Living Thunder Bay:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the audited financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 23, 2020



Executive Director

Independent Auditor's Report

To the Members of Community Living Thunder Bay:

Opinion

We have audited the financial statements of Community Living Thunder Bay (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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, 2020, 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.

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.

Thunder Bay, Ontario

September 23, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Community Living Thunder Bay
Statement of Financial Position
As at March 31, 2020

	General Fund	Capital Fund	2020 Total	2019 Total
Assets				
Current				
Cash	2,475,942	-	2,475,942	2,753,843
Accounts Receivable (Note 4)	461,520	-	461,520	389,717
Grants Receivable	15,300	-	15,300	2,211
Prepaid Expenses	39,461	-	39,461	46,606
Short-Term Investments (Note 5)	-	-	-	15,000
	2,992,223	-	2,992,223	3,207,377
Capital Assets (Note 6)	-	1,571,399	1,571,399	1,748,233
	2,992,223	1,571,399	4,563,622	4,955,610
Liabilities				
Current				
Accounts Payable (Note 8)	1,679,678	-	1,679,678	1,986,613
Accrued Vacation Pay	340,906	-	340,906	406,959
Mortgage Payable-Current Portion (Note 9)	-	9,148	9,148	8,850
Deferred Revenue (Note 10)	1,183,538	-	1,183,538	1,091,757
	3,204,122	9,148	3,213,270	3,494,179
Mortgage Payable (Note 9)	-	167,413	167,413	176,561
Deferred Capital Contributions (Note 11)	-	560,213	560,213	630,239
Contingent Liability				
	3,204,122	736,774	3,940,896	4,300,979
Fund Balances				
General Fund	(211,899)	-	(211,899)	(277,952)
Capital Asset Fund	-	834,625	834,625	932,583
	(211,899)	834,625	622,726	654,631
	2,992,223	1,571,399	4,563,622	4,955,610

On behalf of the Board:

Lisa Ellacott: 

Donna Lagergren: 

The accompanying notes are an integral part of these financial statements

Community Living Thunder Bay
Statement of Operations and Changes in Fund Balances
For the year ended March 31, 2020

	General Fund		Capital Fund	
	2020	2019	2020	2019
Revenue				
Provincial Grants	19,658,059	19,995,660	-	-
Less: Adjustments to Capital	(79,364)	(893,472)	79,364	893,472
Municipal Grants	391,624	321,999	-	-
Grant Funding	27,737	-	-	-
Service Fees	766,154	659,860	-	-
Contributions	20,885	52,273	-	-
Interest Income	47,472	58,107	-	-
Other Revenue	123,279	131,471	-	-
Additions to Deferred Capital Contributions	-	-	-	(700,265)
Amortization of Deferred Capital Contributions	-	-	70,026	70,026
	20,955,846	20,325,898	149,390	263,233
Expenditure				
Salaries & Benefits	17,991,628	17,686,495	-	-
Purchased Materials & Services	3,243,392	3,749,132	-	-
Administration Allocation	37,229	68,689	-	-
Amortization of Capital Assets	-	-	247,348	257,055
Less: Adjustments to Capital	(79,364)	(893,472)	-	-
Expenditure Recoveries	(237,039)	(284,946)	-	-
	20,955,846	20,325,898	247,348	257,055
Excess (deficiency) of revenue over expenditure before the following:	-	-	(97,958)	6,178
Other expense				
Accrued Vacation Pay Adjustment	66,053	2,898	-	-
Excess (deficiency) of revenues over expenses:	66,053	2,898	(97,958)	6,178
Fund Balances, beginning of year	(277,952)	(280,850)	932,583	926,405
Fund Balances, end of year	(211,899)	(277,952)	834,625	932,583

The accompanying notes are an integral part of these financial statements

Community Living Thunder Bay

Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash from Operating Activities		
Excess of Revenue over Expenses - General Fund	66,053	2,898
Excess (deficiency) of Revenue over Expenses - Capital Fund	(97,958)	6,178
Amortization of Capital Assets	247,348	257,055
Decrease (Increase) in Accounts Receivable	(71,803)	58,971
Decrease (Increase) in Grants Receivable	(13,089)	3,635
Decrease (Increase) in Prepaid Expenses	7,145	(22,830)
Increase (Decrease) in Accounts Payable	(306,935)	383,482
Decrease in Accrued Vacation Pay	(66,053)	(2,897)
Increase in Deferred Revenue	91,781	88,052
Increase (Decrease) in Deferred Capital Contributions	(70,026)	630,239
Net cash generated through (used) in operating activities	(213,537)	1,404,783
Cash from Investing Activities		
Purchase of Capital Assets	(70,514)	(884,881)
Repayment of Mortgage Payable	(8,850)	(8,591)
Proceeds from GIC redemption	15,000	-
Net decrease in cash due to investing activities	(64,364)	(893,472)
Net increase (decrease) in cash	(277,901)	511,311
Cash, beginning of year	2,753,843	2,242,532
Cash, end of year	2,475,942	2,753,843

The accompanying notes are an integral part of these financial statements

Community Living Thunder Bay

Notes to the Financial Statements

For the year ended March 31, 2020

1. Incorporation and nature of the organization

The Organization was incorporated under the laws of the Province of Ontario on May 3rd, 1967 as a not-for-profit organization without share capital. Community Living Thunder Bay was established to offer services and supports to persons with developmental disabilities and their families. The Organization believes that all people should live in a state of dignity, share in all elements of living in the community, and have the opportunity to participate effectively. The Organization is incorporated under the Ontario Corporation Act as a not-for-profit organization and is exempt from income tax under section 149(1)(l) of the Income Tax Act.

2. Change in Accounting Policies

Capital Assets Held by Not-for-Profit Organizations

Effective April 1, 2019, the Organization adopted the Accounting Standard Board's (AcSB) new accounting standards improvements for not-for-profit organizations related to capital assets under Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets. There was no material impact on the financial statements from the application of the new accounting recommendations.

3. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

Fund Accounting

Community Living Thunder Bay follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's service delivery and administration activities. This fund reports unrestricted resources and restricted resources when there is no separate restricted fund set up. Included in the General Fund are restricted contributions related to the Organization's projected property needs and supported individuals requirements.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Community Living Thunder Bay's capital assets.

Capital Assets

Capital assets which are purchased during the year are set up as assets in the Capital Fund in the year of acquisition. Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the asset's estimated useful lives as follows:

Asset Classification	Years
Buildings	20 Years
Landscaping	10 Years
Equipment	5 or 10 Years

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Community Living Thunder Bay

Notes to the Financial Statements

For the year ended March 31, 2020

3. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents includes balances with chartered banks and petty cash. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Revenue Recognition

Restricted contributions for which there is no separate restricted fund are deferred in the General Fund and recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are recognized as revenue in the Capital Fund when received or receivable.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Service fees revenue is recognized when services are provided and collectability is reasonably assured.

Rent revenue received or receivable is recognized as revenue through the General Fund when the amount is measurable and collectability is reasonably assured.

Other revenue is recognized as revenue in the year in which the related expenses are incurred.

Allocation of Administrative Expenses

The Organization engages in programs that are either directly funded by a government agency or billed to an external organization or individual. Those programs that are billed to an external organization or individual are billed a flat percentage for an administration allocation, which is recorded as a recovery in the Administration department to offset the Administration expenses. Those programs that are funded directly by a government agency have been allocated a proportionate share of the administrative expenses net of recoveries, based on the administrative support and reporting requirements of the program.

Deferred Capital Contributions

Deferred Capital Contributions represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's capital assets. Recognition of these amounts as revenue is deferred to period when the related capital assets are amortized.

Community Living Thunder Bay

Notes to the Financial Statements

For the year ended March 31, 2020

3. Significant Accounting Policies (continued)

Contributed Materials and Services

The Organization does not recognize the receipt of contributed materials and services.

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 reporting period.

Accounts receivable and grants receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary.

Amortization is based on the estimated useful life of capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year end.

Accrued vacation pay is estimated based on employee hours outstanding at year end.

Deferred contributions are estimated based on management's review of revenue received but unspent at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the year in which they become known.

Financial Instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Community Living Thunder Bay
Notes to the Financial Statements
For the year ended March 31, 2020

4. Accounts Receivable

	2020	2019
Employment Program Sales	14,686	14,636
Service Fee & Other	406,214	286,812
Government Remittances Receivable	40,620	88,269
	461,520	389,717

5. Short-Term Investments

	2020	2019
Royal Bank of Canada non-redeemable guaranteed investment certificate was not reinvested in March 2020 due to communication issues from COVID-19. Amount reinvested subsequent to March 31, 2020. Amount is subject to external restrictions, stipulating that the principal be maintained permanently and investment income be used for bursaries. (Cost 2019 - \$15,000).	-	15,000

6. Capital Assets

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	322,561	-	322,561	322,561
Buildings	3,677,923	2,791,029	886,894	984,751
Equipment	1,943,149	1,592,839	350,310	421,225
Landscaping	409,713	398,079	11,634	19,696
	6,353,346	4,781,947	1,571,399	1,748,233

7. Bank Indebtedness

At March 31, 2020, the Organization had a line of credit available of \$200,000 bearing interest at bank prime (2020 - 2.45%, 2019 - 3.95%), none of which was drawn. The following has been collateralized in connection with this line of credit: General Security Agreement

Community Living Thunder Bay
Notes to the Financial Statements
For the year ended March 31, 2020

8. Accounts Payable

	2020	2019
Trade Payables	268,899	267,383
Accrued Wages and Benefits	1,367,205	1,648,760
Government Remittances Payable	39,987	43,650
2013/14 Operating Grants Repayable	3,153	3,153
2014/15 Operating Grants Repayable	434	434
2016/17 Operating Grants Repayable	-	23,233
	1,679,678	1,986,613

9. Mortgage Payable

	2020	2019
Royal Bank of Canada mortgage, bearing interest at 3.15%, payable in monthly installments of \$1,215 (including interest), with a renewable 5 year term ending August 30, 2020, secured by specific land and building with a net book value of \$144,176.	176,561	185,411
Less: Current portion of mortgage payable	9,148	8,850
	167,413	176,561

Principal repayments on mortgage payable in each of the next 5 years, assuming long term debt subject to refinancing is renewed under similar terms and conditions, are as follows:

Year	Principal Repayment
2021	9,148
2022	9,441
2023	9,743
2024	10,042
2025	10,375

10. Deferred Revenue

The following deferred revenue represents restricted revenue received and unspent for which the organization does not have a separate restricted fund.

	2020	2019
Balance, beginning of year	1,091,757	1,003,705
Funds received during the year	147,533	113,195
Funds recorded to revenue during the year	55,752	25,143
	1,183,538	1,091,757

Amounts included in other revenue and deferred revenue which represent lottery net proceeds received during the year for E-Bingo is \$27,461 (2019 - \$17,755) and Nevada is \$110 (2019 - \$110).

Community Living Thunder Bay

Notes to the Financial Statements

For the year ended March 31, 2020

11. Deferred Capital Contributions

Deferred Capital Contributions represent the unamortized amounts of contributions (grants) received for the purchase of capital assets. The change in the deferred capital contributions is as follows:

	2020	2019
Balance, beginning of year	630,239	-
Funds received during the year	-	700,265
Funds recorded to revenue during the year	(70,026)	(70,026)
Balance, end of year	560,213	630,239

12. Commitments

Under the terms of vehicle lease expiring August 2021, the Organization is committed to make monthly payments totaling the following amounts per annum:

Year	Commitment
2020-2021	6,375
2021-2022	2,125

13. Contingent Liability

The Program is contingently liable to the Ministry of Children, Community & Social Services, Ministry of Children and Youth Services and The Thunder Bay District Social Services Administration Board for the Program's surplus from operations unless permission is obtained to reallocate the funds elsewhere. This year there were no program surpluses from either funder.

14. Economic Interest

The Organization has an economic interest in Community Living Thunder Bay Foundation. The Foundation's primary purpose is to promote, support and protect the status and interests of people with a developmental disability in Thunder Bay and the general well-being and welfare of such persons; to solicit, receive and hold contributions of money and property; to raise and hold funds for the benefit of people with a developmental disability; and to make grants as requested to the benefit of such individuals. During the year, the Foundation granted \$10,439 (2019 - \$13,439) to the Organization.

15. Financial Instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate price risk on its mortgage payable as it is at a fixed rate.

Community Living Thunder Bay

Notes to the Financial Statements

For the year ended March 31, 2020

16. Significant Event

Near the fiscal year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Community Living Thunder Bay as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. Currently, Community Living Thunder Bay continues to receive monthly operating funding from the Ministry of Community and Social Services during the outbreak. It is managements assessment that all operating costs will be covered as a result of the continued funding. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced parent fee revenue, reduced donations and fundraising revenue, supply chain disruptions, collection delays for accounts receivable, staff shortages, and increased government regulations.