

**Independent Living Services Simcoe County
Financial Statements
For the Year Ended March 31, 2023**

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Financial Statements
For the Year Ended March 31, 2023**

Contents

Independent Auditor's Report	2 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations and Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15
Schedules of Revenue and Expenses (Unaudited)	
Association	16
Community Support Services, Assisted Living, & Personal Support Services	17



Independent Auditor's Report

To the Board of Directors of Independent Living Services Simcoe County

Qualified Opinion

We have audited the accompanying financial statements of Independent Living Services Simcoe County (the "Association"), which comprise the statement of financial position as at March 31, 2023, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donation and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and fund balances as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the schedules on pages 16 and 17 of the Association's financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the schedules prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association’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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 28, 2023

Independent Living Services Simcoe County Statement of Financial Position

March 31	General Fund	Internally Restricted Fund	Total 2023	Total 2022
Assets				
Current				
Cash and cash equivalents (Note 2)	\$ 1,385,565	\$ 211,263	\$ 1,596,828	\$1,146,066
Accounts receivable	105,997	547	106,544	93,461
Prepaid expenses	33,572	-	33,572	33,730
Interfund balance	-	126,163	126,163	116,138
	1,525,134	337,973	1,863,107	1,389,395
Long-term investments (Note 3)	408,772	338,394	747,166	723,561
Capital assets (Note 4)	181,928	-	181,928	189,289
	\$ 2,115,834	\$ 676,367	\$2,792,201	\$2,302,245
Liabilities and Fund Balances				
Current				
Accounts payable and accruals (Note 5 and 7)	\$ 1,121,305	\$ -	\$ 1,121,305	\$ 708,707
Deferred revenue	16,671	-	16,671	10,852
Interfund balance	126,163	-	126,163	116,138
	1,264,139	-	1,264,139	835,697
Commitments (Note 6)				
Contingencies (Note 7)				
Fund Balances	851,695	676,367	1,528,062	1,466,548
	\$ 2,115,834	\$ 676,367	\$2,792,201	\$2,302,245

On behalf of the Board:

M. O'Connell

M. O'Connell (Jun 30, 2023 14:24 EDT)

Director

Lorraine Smith

Lorraine Smith (Jun 30, 2023 14:21 EDT)

Director

Independent Living Services Simcoe County Statement of Operations and Changes in Fund Balances

For the year ended March 31	General Fund	Internally Restricted Fund	Total 2023	Total 2022
Revenue				
Grant - Ontario Health (Note 8)	\$ 6,711,461	\$ -	\$ 6,711,461	\$ 6,705,418
Donations	455	-	455	1,005
Bingo (net of prizes)	-	-	-	281
Fee for service and other revenue	8,723	-	8,723	46,675
Interest income	9,218	10,800	20,018	25,379
	<u>6,729,857</u>	<u>10,800</u>	<u>6,740,657</u>	<u>6,778,758</u>
Expenses				
Advertising and promotion	24,641	-	24,641	6,748
Amortization of capital assets	109,890	-	109,890	52,618
Building occupancy	209,313	-	209,313	238,392
Employee benefits (Note 9)	880,766	-	880,766	916,792
Insurance	32,295	-	32,295	31,817
Miscellaneous	8,629	-	8,629	35,827
Office	250,808	-	250,808	275,026
Professional fees	38,881	-	38,881	37,224
Purchased services	57,702	-	57,702	2,279
Salaries	4,794,192	-	4,794,192	4,456,696
Staff and volunteer training, conventions and seminars	83,923	-	83,923	80,547
Telephone	58,721	-	58,721	67,845
Transportation and accommodation	129,382	-	129,382	159,193
	<u>6,679,143</u>	<u>-</u>	<u>6,679,143</u>	<u>6,361,004</u>
Excess of revenues over expenses for the year - operations	50,714	10,800	61,514	417,754
Transfer to restricted fund (Note 11)	-	-	-	(28,425)
Transfer from general fund (Note 11)	-	-	-	28,425
Change in fund balance for the year	50,714	10,800	61,514	417,754
Fund balance, beginning of year	800,981	665,567	1,466,548	1,048,794
Fund balance, end of year	\$ 851,695	\$ 676,367	\$ 1,528,062	\$ 1,466,548

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

Independent Living Services Simcoe County Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Excess of revenues over expenses for the year - general fund	\$ 50,714	\$ 405,161
Adjustment for:		
Amortization of capital assets	109,890	52,618
Changes in non-cash working capital items:		
Accounts receivable	(18,455)	(7,364)
Prepaid expenses	158	(4,196)
Deferred revenue	5,819	(25,022)
Accounts payable and accruals	412,598	(188,215)
Due to/from internally restricted fund	10,025	(9,877)
	570,749	223,105
Cash flows from investing activities		
Purchase of capital assets	(102,529)	(141,612)
Net proceeds on sale of long-term investments	-	53,387
Increase in long-term investments	(71,207)	-
	(173,736)	(88,225)
Increase in general fund cash and cash equivalents during the year	397,013	134,880
General fund cash and cash equivalents, beginning of year (Note 2)	988,552	853,672
General fund cash and cash equivalents, end of year (Note 2)	\$ 1,385,565	\$ 988,552

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

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

1 . Significant Accounting Policies

Nature and Purpose of Organization	<p>Independent Living Services of Simcoe County and Area (The "Association") is a registered charity under the laws of Ontario and as such, is exempt from income tax under the Canadian Income Tax Act.</p> <p>Its principal purpose is to provide services and support to individuals with physical disabilities or limitations in Simcoe County.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimation of accrued liabilities, the determination of the estimated useful life of capital assets and the valuation of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Fund Accounting	<p>The Association follows the restricted fund method of accounting for contributions.</p> <p>The General Fund reports the assets, liabilities, revenues and expenses for the Association's program delivery and administrative activities. This fund reports unrestricted contributions and other unrestricted revenues and expenses.</p> <p>The Internally Restricted Fund reports the assets, liabilities, revenues and expenses that the Board has restricted for future use. There is a standing motion of the Board to designate the amount to be internally restricted at the end of the year.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents consists of cash on hand, bank balances, investments in money market funds, guaranteed investment certificates and fixed income securities readily convertible into cash.</p>

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Capital Assets Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided using the following method and annual rate.

Furniture, fixtures and
computer equipment - 20 % straight-line basis

Work in progress - website development is recorded at cost and is not amortized until the asset is available for use.

Impairment of Long Lived Assets Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The Association monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Association's practice is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Interfund Balances The Association's practice is to not charge interest between funds on the interfund balances. Also, the amount is repayable on demand.

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Revenue Recognition

Grants and donations:

Restricted contributions are recognized as revenue of the appropriate restricted fund 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 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.

Bingo, fundraising and miscellaneous revenue are recognized when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for services, interest, North Simcoe Muskoka Collaborative and other revenue are recognized when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

Volunteers contribute many hours per year to assist the Association in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates 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.

Pension Plans

The Association accounts for its participation in its employees' registered retirement savings plans as a defined contribution plan. Both the Association and participating employees are required to make plan contributions based on participating employees' weekly employment hours. The Association recognizes the expense related to this plan as contributions are made.

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

2. Cash and Cash Equivalents

	2023	2022
<u>General Fund:</u>		
Cash on hand	\$ 800	\$ 1,350
Cash held at chartered bank	1,384,765	932,609
Guaranteed investment certificate, interest at 2.91%, maturing January 2023	-	52,800
Accrued interest	-	1,793
Total cash and cash equivalents - general	1,385,565	988,552
 <u>Internally Restricted Fund Guaranteed Investment Certificates (GICs):</u>		
GIC, interest at 0.65%, maturing November 2022	-	102,615
GIC, interest at 2.97%, maturing January 2023	-	52,800
GIC, interest at 5.10%, maturing June 2023	103,000	-
GIC, interest at 3.10%, maturing January 2024	52,800	-
GIC, interest at 3.10%, maturing January 2024	52,800	-
Accrued interest	2,663	2,099
	211,263	157,514
 Total cash and cash equivalents	\$ 1,596,828	\$ 1,146,066

The Association's bank accounts are held at one chartered bank. The bank accounts earn interest at variable rates dependent on average monthly balances.

The Association has a line of credit for a maximum of \$100,000 bearing interest at prime plus 1.25% and is due on demand. The amount drawn against this credit facility at year end was \$NIL (2022 - \$NIL).

The Association has a corporate visa card with a maximum credit limit of \$10,000 bearing interest at the bank's standard VISA rates and is due on demand. The amount outstanding on this card at year end was \$NIL (2022 - \$NIL).

Security for these unused facilities consists of \$100,000 of the \$103,000 (2022 - \$102,615) guaranteed investment certificate listed above.

The carrying value plus accrued interest of the investments approximates fair market value as at March 31, 2023. As such interest income of \$1,703 (2022 - \$2,816) and \$4,978 (2022 - \$2,874) has been recognized in the general fund and restricted fund respectively.

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

3. Long-Term Investments

	2023	2022
<u>General Fund:</u>		
Guaranteed investment certificate, interest at 2.06%, maturing March 2025	\$ 82,775	\$ 82,775
Guaranteed investment certificate, interest at 2.06% maturing March 2025	82,775	82,775
Guaranteed investment certificate, interest at 2.08% maturing March 2025	82,775	82,775
Guaranteed investment certificate, interest at 2.09% maturing March 2025	82,775	82,775
Guaranteed investment certificate, interest at 4.10%, maturing February 2028	55,998	-
Accrued interest	21,674	6,465
	408,772	337,565
<u>Internally Restricted Fund Guaranteed Investment Certificates (GICs):</u>		
GIC, interest at 3.10%, maturing January 2024	-	52,800
GIC, interest at 3.10%, maturing January 2024	-	52,800
GIC, interest at 1.45%, maturing February 2026	100,000	100,000
GIC, interest at 1.45%, maturing February 2026	58,666	58,666
GIC, interest at 2.72%, maturing February 2027	57,500	57,500
GIC, interest at 2.70%, maturing February 2027	57,500	57,500
GIC, interest at 4.10%, maturing February 2028	55,998	-
Accrued interest	8,730	6,730
	338,394	385,996
Total long-term investments	\$ 747,166	\$ 723,561

The carrying value plus accrued interest of the investments approximates fair market value as at March 31, 2023. As such interest income of \$7,515 (2022 - \$9,970) and \$5,822 (2022 - \$9,719) has been recognized in the general fund and restricted fund respectively.

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures and computer equipment	\$ 415,980	\$ 248,827	\$ 328,226	\$ 138,937
Website development	14,775	-	-	-
	430,755	248,827	328,226	138,937
Net book value		\$ 181,928		\$ 189,289

During the year, the Association purchased capital assets totaling \$102,529 (2022 - \$141,612) with funding provided by the Ministry of Health and Long-Term Care.

During the year, the Association incurred \$14,775 on website development costs. The website is currently not in use. As such these assets have not been amortized.

5. Accounts Payable and Accruals

Included in accounts payable and accruals is \$166,789 (2022 - \$95,548) in government remittances payable.

6. Commitments

The Association has entered into various long-term commitments for office facilities, program facilities and photocopier services.

The minimum annual committed payments for the next four years are as follows:

2024	\$ 91,039
2025	61,780
2026	53,510
2027	34,119
	\$ 240,448

Independent Living Services Simcoe County Notes to Financial Statements

March 31, 2023

7. Contingencies

(a) The Association receives funding from Ontario Health, and is economically dependent upon them. The amount of funding provided to the Association is subject to final review and approval by Ontario Health. As at the date of these financial statements, funding for fiscal years 2018, 2019, 2020, 2021, 2022 and 2023 have not been subject to this review process. Any future adjustments required as a result of a review will be accounted for at that time as an adjustment to Grant - Ontario Health of the general fund on the Statement of Operations and Changes in Fund Balance.

(b) Effective June 2019, the Province of Ontario enacted Bill 124 “Protecting a Sustainable Public Sector for Future Generations Act, 2019”. This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be “void and of no effect”. On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact to the organization as a result of the Ontario Superior Court decision has been considered. However, no amount has been disclosed in these financial statements as not to adversely impact future negotiations.

8. Economic Dependence

The Association received 99% (2022 - 99%) of its revenue from Ontario Health.

9. RRSP Contributions

During the year, the Association's contribution to its employees' registered retirement saving plans was \$79,456 (2022 - \$78,457), which has been included in employee benefits expense on the Statement of Operations and Changes in Fund Balances.

10. Planned Giving

The Association is the designated beneficiary of a life insurance policy with a principal sum assured of \$15,000.

Independent Living Services Simcoe County

Notes to Financial Statements

March 31, 2023

11. Interfund Transfers and Internal Restrictions on Net Assets

During the year, the Association's board of directors internally restricted \$NIL (2022 - \$28,425) for future use. Transfer of this amount was made from the General Fund to the Internally Restricted Fund. These internally restricted amounts are not available for other purposes without approval of the board of directors.

12. Financial Instrument 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 Association has an operating line of credit facility available that bears interest at the bank's prime rate plus 1.25%, however there is no balance outstanding on this credit facility. The Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

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 Association is exposed to credit risk arising from non-collection of its accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure they meet all eligibility criteria in order to qualify to receive the funding. The Association is also exposed to credit risk since the Association's cash deposits are in excess of the amount insured by the agencies of the federal government in the amounts of \$100,000 at March 31, 2023 (2022 - \$100,000).

Liquidity Risk

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

Market Risk

The Association is exposed to fluctuations in equity markets on its short-term investments.

There have been no changes to the Association's financial instrument risk exposure from the prior year.

**Independent Living Services Simcoe County
Schedule of Revenues and Expenses
Association
(Unaudited)**

For the year ended March 31	2023	2022
Revenues		
Donations	\$ 455	\$ 930
Bingo (net of prizes)	-	281
Membership fees	75	-
Interest and miscellaneous	28,666	63,454
	<u>29,196</u>	<u>64,665</u>
Expenses		
Advertising and promotion	423	182
Miscellaneous	8,629	35,770
Office	1,311	288
	<u>10,363</u>	<u>36,240</u>
Excess of revenues over expenses for the year	18,833	28,425
Fund balance, beginning of year	693,586	665,161
Fund balance, end of year	\$ 712,419	\$ 693,586

**Independent Living Services Simcoe County
Schedule of Revenues and Expenses
Community Support Services, Assisted Living, & Personal Support
Services
(Unaudited)**

For the year ended March 31	2023	2022
Revenues		
Ontario Health	\$ 6,711,461	\$ 6,705,493
Rental income - sublease	-	8,600
	<u>6,711,461</u>	<u>6,714,093</u>
Expenses		
Advertising and promotion	24,218	6,566
Building occupancy	209,313	238,392
Employee benefits	842,135	909,141
Furnishings, equipment and renovations	2,385	5,725
Insurance	32,295	31,817
Miscellaneous	-	57
Office	248,111	270,221
Professional fees	38,881	37,224
Purchased services	57,702	2,279
Salaries	4,825,669	4,464,347
Staff and volunteer training, conventions and seminars	83,923	80,547
Telephone and answering service	57,722	66,637
Transportation and accommodation	136,536	159,193
	<u>6,558,890</u>	<u>6,272,146</u>
Excess of revenues over expenses for the year before capital asset purchases	152,571	441,947
Capital assets purchased	<u>(102,530)</u>	<u>(141,612)</u>
Excess of revenues over expenses (expenses over revenues) for the year	50,041	300,335
Fund balance, beginning of year	<u>583,674</u>	<u>283,339</u>
Fund balance, end of year	<u>\$ 633,715</u>	<u>\$ 583,674</u>