



Financial Statements

Community Living Port Colborne-Wainfleet

March 31, 2023

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Independent Auditor's Report

To the Members of
Community Living Port Colborne-Wainfleet

Qualified opinion

We have audited the financial statements of Community Living Port Colborne-Wainfleet (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 Organization as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

The Organization derives revenue from donations and fundraising activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, cash flows from operations for the year ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years.

As disclosed in note 13, sick leave entitlement is available to unionized employees and the Organization expenses this entitlement in the period which payments are made. No provision has been made in the financial statements to record this liability. This constitutes a departure from Canadian accounting standards for not-for-profit organizations. The estimated liability has not been determined and therefore we were not able to determine the adjustments necessary to expenses, excess of revenues over expenses and cash flows from operations for the year ended March 31, 2023 and 2022, liabilities at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years.

Our 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 and departure from Canadian accounting standards for not-for-profit organizations.

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

Independent Auditor's Report (continued)

provide a basis for our qualified opinion.

Other matter - supplementary information

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. Schedules 1 - 8 on pages 15 - 22 are presented for purposes of additional information and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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.

Independent Auditor's Report (continued)

- 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.

Grant Thornton LLP

St. Catharines, Canada
June 19, 2023

Chartered Professional Accountants
Licensed Public Accountants

Community Living Port Colborne-Wainfleet

Statement of Financial Position

March 31

2023

2022

Assets

Current

| | | |
|-------------------------------|--------------|--------------|
| Cash and cash equivalents | \$ 449,322 | \$ 700,317 |
| Short-term investments | 189,191 | 185,285 |
| Funds held in trust | 139,775 | 151,631 |
| Accounts receivable (Note 3) | 274,165 | 195,181 |
| Provincial subsidy receivable | 223,821 | 258,179 |
| Prepaid expenses | <u>1,448</u> | <u>9,679</u> |
| | 1,277,722 | 1,500,272 |

Long-term

| | | |
|-----------------------------------|----------------------------|----------------------------|
| Property reserve funds on deposit | 167,543 | 157,186 |
| Property and equipment (Note 4) | <u>3,525,194</u> | <u>3,576,085</u> |
| | <u>\$ 4,970,459</u> | <u>\$ 5,233,543</u> |

Liabilities

Current

| | | |
|---|---------------|----------------|
| Accounts payable and accrued liabilities (Note 5) | \$ 407,380 | \$ 441,332 |
| Provincial subsidy payable | 144,541 | 185,674 |
| Unearned revenue | 221,456 | 170,274 |
| Liability for funds held in trust | 139,775 | 151,631 |
| Bank demand loan (Note 6) | 51,975 | 28,488 |
| Current portion of long-term debt (Note 7) | <u>97,661</u> | <u>410,858</u> |
| | 1,062,788 | 1,388,257 |

Long-term

| | | |
|--|-------------------------|-------------------------|
| Long-term debt (Note 7) | 1,082,527 | 870,387 |
| Deferred capital grants and donations (Note 8) | <u>1,676,371</u> | <u>1,647,060</u> |
| | <u>3,821,686</u> | <u>3,905,704</u> |

Net assets

| | | |
|--|----------------------------|----------------------------|
| Unrestricted surplus | 254,570 | 441,003 |
| Internally restricted - Invested in property and equipment | 616,666 | 619,292 |
| Internally restricted - Working capital reserve | 110,000 | 110,000 |
| Externally restricted - Property reserve funds | <u>167,543</u> | <u>157,544</u> |
| | 1,148,773 | 1,327,839 |
| | <u>\$ 4,970,459</u> | <u>\$ 5,233,543</u> |

Contingencies (Note 13)

On behalf of the board

_____ Director _____ Director

Community Living Port Colborne-Wainfleet

Statement of Operations

Year ended March 31

2023

2022

| | | |
|---|---------------------|--------------------|
| Revenue | | |
| Ministry of Children, Community and Social Services | \$ 9,592,448 | \$ 8,780,067 |
| Client fees | 437,391 | 415,291 |
| Grants and other income | 167,096 | 97,264 |
| Rental income | 144,712 | 152,797 |
| Donations and fundraising | 143,527 | 5,380 |
| Passport DSO (Note 9) | 110,184 | 92,606 |
| United Way | 25,000 | 21,250 |
| Interest income | 18,258 | 8,374 |
| Resident fees and recoveries | 3,294 | 37,645 |
| | <u>10,641,910</u> | <u>9,610,674</u> |
| Expenses | | |
| Salaries and benefits | 8,700,722 | 8,066,467 |
| Purchased services | 715,618 | 301,968 |
| Repairs and maintenance | 473,010 | 333,229 |
| Utilities and communication | 234,076 | 192,649 |
| Office and supplies | 169,439 | 173,529 |
| Travel and vehicle | 112,368 | 91,420 |
| Insurance and municipal taxes | 97,837 | 76,565 |
| Personal needs | 59,120 | 45,332 |
| Interest on long-term debt | 55,393 | 56,258 |
| Staff training | 27,164 | 101,419 |
| Rent | 26,430 | 36,810 |
| | <u>10,671,177</u> | <u>9,475,646</u> |
| Excess (deficiency) of revenue over expenses before other items | <u>(29,267)</u> | <u>135,028</u> |
| Other items | | |
| Amortization of property and equipment | (271,995) | (276,200) |
| Amortization of capital grants and donations | 121,823 | 110,671 |
| | <u>(150,172)</u> | <u>(165,529)</u> |
| Deficiency of revenue over expenses | <u>\$ (179,439)</u> | <u>\$ (30,501)</u> |

Community Living Port Colborne-Wainfleet Statement of Changes in Net Assets

Year ended March 31, 2023

| | Operating Fund | Invested in Property and Equipment | Working Capital Reserve | Property Reserve Funds (Note 10) | Total |
|--|-------------------|--|-------------------------------|---|---------------------|
| Balance, beginning of year | \$ 441,003 | \$ 619,292 | \$ 110,000 | \$ 157,544 | \$ 1,327,839 |
| Deficiency of revenue over expenses | (29,267) | (150,172) | - | - | (179,439) |
| Transfer facility reserve funding | (9,626) | - | - | 9,626 | - |
| Transfer to invested in property and equipment | (147,540) | 147,540 | - | - | - |
| Property reserve fund activity | - | - | - | 373 | 373 |
| Balance, end of year | <u>\$ 254,570</u> | <u>\$ 616,660</u> | <u>\$ 110,000</u> | <u>\$ 167,543</u> | <u>\$ 1,148,773</u> |

Year ended March 31, 2022

| | Operating Fund | Invested in Property and Equipment | Working Capital Reserve | Property Reserve Funds (Note 10) | Total |
|--|-------------------|--|-------------------------------|---|---------------------|
| Balance, beginning of year | \$ 433,434 | \$ 667,603 | \$ 110,000 | \$ 146,945 | \$ 1,357,982 |
| Excess of revenue over expenses | 135,028 | (165,529) | - | - | (30,501) |
| Transfer facility reserve funding | (10,241) | - | - | 10,241 | - |
| Transfer to invested in property and equipment | (117,218) | 117,218 | - | - | - |
| Property reserve fund activity | - | - | - | 358 | 358 |
| Balance, end of year | <u>\$ 441,003</u> | <u>\$ 619,292</u> | <u>\$ 110,000</u> | <u>\$ 157,544</u> | <u>\$ 1,327,839</u> |

Community Living Port Colborne-Wainfleet

Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

| | | |
|--|-----------------|----------------|
| Deficiency of revenue over expenses | \$ (179,439) | \$ (30,501) |
| Property reserve funds activity | 373 | 358 |
| Add amortization not affecting cash, net | <u>150,172</u> | <u>165,529</u> |
| | (28,894) | 135,386 |

Effects on cash from changes in operating assets and liabilities

| | | |
|--------------------------------------|-----------------|------------------|
| Accounts receivable | (78,984) | (39,221) |
| Provincial subsidy receivable | 34,358 | (39,305) |
| Prepaid expenses | 8,231 | (939) |
| Accounts payable and accrued charges | (33,952) | (290,450) |
| Provincial subsidy payable | (41,133) | 549 |
| Unearned revenue | <u>51,182</u> | <u>92,061</u> |
| | (89,192) | (141,919) |

Financing

| | | |
|-----------------------------|-----------------|------------------|
| Repayment of long term debt | (101,057) | (103,165) |
| Proceeds from demand loan | 37,898 | - |
| Repayment of demand loan | (14,411) | (10,091) |
| | (77,570) | (113,256) |

Investing

| | | |
|---|------------------|-----------------|
| Purchase of short-term investments | (3,906) | (50,240) |
| Increase in property reserve funds on deposit | (10,357) | (10,241) |
| Purchase of property and equipment | (221,104) | (151,592) |
| Capital grants received | <u>151,134</u> | <u>147,630</u> |
| | (84,233) | (64,443) |

Decrease in cash and cash equivalents

(250,995) (319,618)

Cash and cash equivalents

Beginning of year 700,317 1,019,935

End of year **\$ 449,322** **\$ 700,317**

Community Living Port Colborne-Wainfleet

Notes to the Financial Statements

Year ended March 31, 2023

1. Nature of operations

Community Living Port Colborne-Wainfleet (the "Organization") was incorporated under the Province of Ontario as a non-profit organization and is a registered charity under the Income Tax Act.

The Organization provides service and support for children and adults with developmental disabilities. Programs are offered that include residential accommodation, employment and community participation support services to ensure participants have the opportunity to live actively in their community.

2. Significant accounting policies

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

Fund balances

Fund balances are comprised of the following:

The unrestricted surplus accounts for the funding received and the expenses incurred for general operations. This represents net unrestricted funds available to the Organization.

The property reserve funds are externally restricted funds for the purpose of future building renovations and major capital repairs.

The working capital reserve is an internally restricted fund established to provide a reserve for future deficits.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, in which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recorded when received.

Subsequent adjustment by the government, if any, based on their review of actual expenses versus the approved budget will be reflected by the Organization in the year of adjustment to the statement of accumulated surplus.

Rental income is recorded in the period of occupancy. Client fees, resident fees and recoveries, and other income are recorded in the period the services are rendered.

Contributed materials and services

The Organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. The fair market value of donated property and equipment is recognized as donation revenue in the year the property and equipment are donated, if the fair market value can be reasonably estimated.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, treasury notes and guaranteed income certificates with a maturity within three months of acquisition.

Property, equipment and amortization

Property and equipment are recorded at cost. Amortization of the property and equipment is calculated using the declining-balance method at the following rates:

| | |
|-------------------------|-----|
| Buildings | 5% |
| Furniture and equipment | 20% |
| Computer software | 30% |
| Vehicles | 30% |

Community Living Port Colborne-Wainfleet

Notes to the Financial Statements

Year ended March 31, 2023

2. Significant accounting policies (continued)

Property, equipment and amortization (continued)

The amortization claimed on buildings used in the Dedicated and Affordable Housing programs is equal to the annual principal paid on the associated mortgages.

The Organization tests property and equipment for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Financial instruments

The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- short-term investments
- accounts receivable
- provincial subsidy receivable and payable
- accounts payable
- bank demand loan
- long-term debt

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Significant management estimates include the useful life of property and equipment.

Community Living Port Colborne-Wainfleet Notes to the Financial Statements

Year ended March 31, 2023

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|-------------------|-------------------|
| 3. Accounts receivable | | |
| Accounts receivable | \$ 204,419 | \$ 130,659 |
| HST receivable | 69,746 | 64,522 |
| | \$ 274,165 | \$ 195,181 |

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2023 Net Book Value</u> | <u>2022 Net Book Value</u> |
|----------------------------------|---------------------|-------------------------------------|------------------------------------|------------------------------------|
| 4. Property and equipment | | | | |
| Land | \$ 337,410 | \$ - | \$ 337,410 | \$ 337,410 |
| Buildings | 6,187,019 | 3,386,660 | 2,800,359 | 2,829,757 |
| Furniture and equipment | 800,258 | 601,848 | 198,410 | 213,275 |
| Computer software | 107,943 | 60,305 | 47,638 | 68,054 |
| Vehicles | 598,923 | 457,546 | 141,377 | 127,589 |
| | \$ 8,031,553 | \$ 4,506,359 | \$ 3,525,194 | \$ 3,576,085 |

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| 5. Accounts payable and accrued liabilities | | |
| Accounts payable | \$ 252,374 | \$ 294,681 |
| Accrued wages | 87,312 | 68,855 |
| Other accrued liabilities | 67,694 | 77,796 |
| | \$ 407,380 | \$ 441,332 |

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| 6. Bank demand loan | | |
| Meridian Credit Union, term loan, repayable in blended monthly installments of \$745 including interest at 6.65%, secured as described in note 11. | \$ 34,085 | \$ - |
| Meridian Credit Union, vehicle loan, repayable in blended monthly installments of \$980 including interest at 4.92%, due on demand, secured as described in note 11. | 17,890 | 28,488 |
| | \$ 51,975 | \$ 28,488 |

Community Living Port Colborne-Wainfleet

Notes to the Financial Statements

Year ended March 31, 2023

| 7. Long-term debt | <u>2023</u> | <u>2022</u> |
|--|----------------------------|--------------------------|
| Canadian Mortgage Housing Corporation mortgage repayable in blended monthly instalments of \$7,180 including interest at 5.28%, due August 2028, secured by land and building at the Fielden property with a net book value of \$1,081,258. | 719,867 | 767,095 |
| Meridian Credit Union, term loan, repayable in blended monthly instalments of \$2,886 including interest at 7.36%, due December 2024, secured as described in note 11 by land and building at the 487 Northland property with a net book value of \$726,650. | 309,801 | 324,706 |
| Scotiabank mortgage repayable in blended monthly instalments of \$1,208 including interest at 1.40%, due March 2026, secured by land and building at the Cedarbrae Northland property with a net book value of \$295,7381. | 83,368 | 96,597 |
| Scotiabank mortgage repayable in blended monthly instalments of \$1,242 including interest at 2.25%, due January 2027, secured by land and building at the Apollo property with a net book value of \$67,655. | 54,713 | 68,223 |
| Scotiabank, vehicle loan, repayable in blended monthly instalments of \$570 including interest at 3.99%, due October 2024, secured by vehicle. | 12,439 | 16,751 |
| Scotiabank, vehicle loan, repayable in monthly instalments of \$492, non-interest bearing, due August 2023, secured by vehicle. | - | 7,873 |
| | <u>1,180,188</u> | <u>1,281,245</u> |
| Less amounts due within one year | <u>97,661</u> | <u>410,858</u> |
| | <u>\$ 1,082,527</u> | <u>\$ 870,387</u> |

The principal payments due in each of the next five years are as follows:

| | |
|------------|----------------------------|
| 2024 | \$ 97,661 |
| 2025 | 381,714 |
| 2026 | 126,022 |
| 2027 | 70,487 |
| 2028 | 61,284 |
| Thereafter | <u>443,020</u> |
| | <u>\$ 1,180,188</u> |

| 8. Deferred capital grants and donations | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Balance, beginning of year | \$ 1,647,060 | \$ 1,610,101 |
| Capital grants received | 151,134 | 147,630 |
| Amortization of grants | <u>(121,823)</u> | <u>(110,671)</u> |
| Balance, end of year | <u>\$ 1,676,371</u> | <u>\$ 1,647,060</u> |

Community Living Port Colborne-Wainfleet

Notes to the Financial Statements

Year ended March 31, 2023

9. Passport DSO

The Organization flows through funds for the Developmental Services Ontario Passport program and receives a brokerage administrative fee. Total funds flowed through during the year to clients amounted to \$890,480 (2022 - \$933,854) and are not included in the revenues and expenses reported on the statement of operations.

10. Property reserve funds

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Dedicated Housing Reserve | | |
| Balance, beginning of year | \$ 68,023 | \$ 64,594 |
| Appropriated from Ministry of Housing budget | 3,396 | 3,396 |
| Interest earned | 35 | 33 |
| | <u>71,454</u> | <u>68,023</u> |
| Affordable Housing Reserve | | |
| Balance, beginning of year | 89,163 | 82,351 |
| Appropriated from Ministry of Housing budget | 6,588 | 6,491 |
| Interest earned | 338 | 321 |
| | <u>96,089</u> | <u>89,163</u> |
| | <u>\$ 167,543</u> | <u>\$ 157,186</u> |

11. Credit facility

The Organization has an available operating line of credit in the amount of \$300,000 and non-revolving loans as described in notes 6 and 7 with Meridian Credit Union. The line of credit bears interest at a rate of prime plus 2% and together with the loans are secured by a general security agreement, a first position on the property located at 487 Northland Avenue, Port Colborne, a first position mortgage for \$250,000 on property located at 105 Grassie Avenue, Port Colborne, assignment of rents and leases, and assignment of fire and liability insurance. There was no balance on this line of credit at March 31, 2023.

12. Economic dependence

The Organization receives a significant portion of its revenue for operations pursuant to a service contract with the Ontario Ministry of Children, Community and Social Services. Should these contributions cease, the Organization would need to consider its ability to continue its current operations.

Community Living Port Colborne-Wainfleet

Notes to the Financial Statements

Year ended March 31, 2023

13. Contingencies

The Organization pays unionized employees for time lost due to sickness up to an earned entitlement of time based on formulas outlined in the agency's union agreement. During the course of normal operations, staff will draw upon their entitled sick leave. Upon retirement at the age of 60 or over, these employees are entitled to 60% of the unused sick day entitlement or upon voluntary resignation after 12 years of service, these employees are entitled to 50% of the unused sick day entitlement. If these employees leave the agency under any other circumstance, there is no obligation to pay the unused sick day entitlement. It is the policy of the Organization to expense such payments in the year which they are made. As such, no provision has been made in the financial statements for this liability. Notwithstanding the above, as at March 31, 2023, the accumulated sick leave liability totals a maximum of \$1.4 million (2022 - \$1.4 million)

The Organization receives funding from the Ontario Ministry of Children, Community and Social Services ("Ministry"). The Organization must submit an annual report (Transfer Payment Ontario Reconciliation - TPON) to the Ministry regarding the spending of this funding in accordance with contractual guidelines. The Ministry's assessed amounts could differ significantly from what has been reported in these financial statements. Any differences in the estimated amounts owing will be recorded in other income and expense in the year of assessment.

14. Financial instruments

The significant financial risks to which the Organization is exposed are credit risk, interest rate risk and liquidity risk. There have been no changes to risk exposures from the prior year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. These accounts are generally rent and other recoveries settled monthly and the Organization does not anticipate any significant loss for non-performance.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. The Organization monitors the collection efforts to ensure sufficient cash flows are generated from operations to meet the current debt obligations. The Organization monitors cash flows on a daily basis and in aggregate through its' annual budget process. The Organization expects that cash flow from operations in fiscal 2024 along with the continued support of its lenders will be adequate to fund ongoing investments in working capital and capital expenditures.

(c) 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 has term loans payable bearing interest at variable rates as negotiated by management based on the lender's commercial rates. Given the current composition of the bank demand loan and long-term debt, the floating-rate instruments subject the Organization to cash flow risk.

Community Living Port Colborne-Wainfleet

Notes to the Financial Statements

Year ended March 31, 2023

15. Impact of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

During the fiscal year, the Organization effectively managed the impact of COVID-19 resulting from various public health restrictions on its participants and operating activities. The Organization continued to receive its base provincial funding and received additional one-time funding of \$220,320 (2022 - \$535,979) towards pandemic pay and wage enhancements for its front-line workers.

The duration and impact of the COVID-19 pandemic as substantially ceased as at March 31, 2023 with public health restrictions being lifted throughout the world. The organization has applied, where applicable, for government subsidies to reduce the impact that COVID-19 has had on its operations.
