

INDEPENDENT LIVING CENTRE OF WATERLOO REGION
Financial Statements
For the Year Ended March 31, 2020

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

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For the Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Independent Living Centre of Waterloo Region

Qualified Opinion

We have audited the financial statements of Independent Living Centre of Waterloo Region (the "organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in fund balances, operations 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 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2020, and fund balances as at March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of 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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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.



Waterloo, Ontario
June 29, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

**Statement of Financial Position
For the Year Ended March 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 208,554	\$ 389,107
Accounts receivable (Note 3)	89,025	64,544
Prepaid expenses	<u>13,521</u>	<u>6,162</u>
	311,100	459,813
INVESTMENTS (Note 4)	-	115,708
CAPITAL (Note 5)	<u>44,923</u>	<u>56,495</u>
	<u>44,923</u>	<u>172,203</u>
	<u>\$ 356,023</u>	<u>\$ 632,016</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 322,993	\$ 374,131
Government remittances payable	64,446	66,688
Deferred contributions (Note 6)	6,590	5,790
Due to Ministry of Health and Long Term Care (Note 7)	<u>18,797</u>	<u>36,796</u>
	<u>412,826</u>	<u>483,405</u>
FUND BALANCES		
Unappropriated	(69,763)	97,905
Internally Appropriated	-	33,595
Externally Restricted Access Tournament of Hope Fund	12,436	16,587
Externally Restricted ILSM Network	<u>524</u>	<u>524</u>
	<u>(56,803)</u>	<u>148,611</u>
	<u>\$ 356,023</u>	<u>\$ 632,016</u>

SUBSEQUENT EVENT (Note 13)

ON BEHALF OF THE BOARD

 Director

 Director

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Statement of Changes in Fund Balances

For the Year Ended March 31, 2020

	Unappropriated	Appropriated	Access Tournament of Hope Fund	ILSM Network Fund	2020 Total	2019 Total
FUND BALANCE, OPENING	\$ 97,905	\$ 33,595	\$ 16,587	\$ 524	\$ 148,611	\$ 158,661
Excess (deficiency) of revenues over expenditures	(201,263)	-	-	-	(201,263)	(17,448)
Fund transfer (Note 8)	33,595	(33,595)	-	-	-	-
Donations to fund	-	-	48,922	-	48,922	51,327
Expenditures	-	-	(9,854)	-	(9,854)	(10,603)
Grants to recipients	-	-	(43,219)	-	(43,219)	(33,326)
FUND BALANCE, CLOSING	<u>\$ (69,763)</u>	<u>\$ -</u>	<u>\$ 12,436</u>	<u>\$ 524</u>	<u>\$ (56,803)</u>	<u>\$ 148,611</u>

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Statement of Operations of the Unappropriated Fund

For the Year Ended March 31, 2020

	2020	2019
REVENUES		
Subsidy	\$ 6,642,370	\$ 6,650,878
Grants	338,999	346,096
Attendant service contracts	557,667	721,468
Other revenues	<u>84,046</u>	<u>65,156</u>
	<u>7,623,082</u>	<u>7,783,598</u>
EXPENDITURES		
Salaries, Wages and Benefits		
Salaries and wages	5,396,751	5,352,746
Benefit compensation (ie. vacation, sick time)	690,682	654,318
Employee benefits (Note 9)	<u>1,067,653</u>	<u>1,142,921</u>
	<u>7,155,086</u>	<u>7,149,985</u>
Operating Expenses		
Training costs	20,054	24,344
Recruitment	7,616	6,944
Memberships, dues, employee recognition	625	3,039
Travel	150,157	157,168
Health and safety supplies	20,639	10,969
Building occupancy	173,714	168,048
Stationery and office supplies	15,063	16,039
Communications and postage	75,399	51,562
Advertising and promotion	250	250
Insurance	21,118	21,399
Board and volunteer	1,770	4,829
Contract and professional fees	111,024	95,846
Repair and maintenance	1,332	4,616
Capital acquisition	20,945	42,397
Amortization	11,572	12,503
Miscellaneous	<u>37,981</u>	<u>31,108</u>
	<u>669,259</u>	<u>651,061</u>
	<u>7,824,345</u>	<u>7,801,046</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (201,263)</u>	<u>\$ (17,448)</u>

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Statement of Cash Flows

For the Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (201,263)	\$ (17,448)
Items not involving cash		
Amortization	<u>11,572</u>	<u>12,503</u>
	(189,691)	(4,945)
Net changes in non-cash working capital balances		
Accounts receivable	(24,481)	66,160
Prepaid expenses	(7,359)	(95)
Accounts payable and accrued liabilities	(51,138)	(6,361)
Government remittances payable	(2,242)	(3,251)
Due to Ministry of Health and Long Term Care	(17,999)	15,267
Deferred contributions	800	1,370
Access Tournament of Hope Fund	<u>(4,151)</u>	<u>7,398</u>
	<u>(296,261)</u>	<u>75,543</u>
INVESTING ACTIVITY		
Disposition of investments	115,708	-
Purchase of investments	<u>-</u>	<u>(2,039)</u>
	<u>115,708</u>	<u>(2,039)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(180,553)	73,504
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>389,107</u>	<u>315,603</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>208,554</u>	\$ <u>389,107</u>

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2020

1. PURPOSE OF THE ORGANIZATION

The purpose of the organization is to support persons with disabilities in the Region of Waterloo by facilitating individual growth towards greater independence, creating opportunities to make informed choices and assisting in the removal of barriers to full participation. The organization is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

Fund Accounting

Fund accounting is used to ensure the observance of the purposes, limitations, and restriction on the use of resources. The organization has established the following funds:

The Unappropriated fund accounts for the revenue and expenditures related to providing the funded services.

The Appropriated fund has been established to ensure funding is available for future programming support, accessibility needs in the community, quality improvement initiatives, and information technology enhancement.

The Access Tournament of Hope fund issues available resources to persons with physical disabilities in the form of grants to assist with the purchase of equipment. The fund accounts for the activity of the Tournament of Hope event.

The organization administers the funds of the Independent Living Senior Manager's (ILSM) Network. The fund accounts for the revenue from annual membership and conference fees and the expenditures of the steering committee meetings and the conference.

Revenue Recognition

The organization follows the restricted fund method of accounting for its contributions. Unrestricted contributions are included as revenue of the Unappropriated fund in the year received. Restricted contributions, for which a fund has been established, are recorded as revenue in the year received. Restricted contributions, for which a fund has not been established, are recorded as revenue in the Unappropriated fund in the year in which the related expenses are incurred.

Grant and subsidy revenues are recognized as revenue in the period in which the funded services are provided.

Attendant service contracts are recognized as revenue in the period in which the service has been provided if the amount receivable can be reasonably estimated and collection is reasonably assured.

Donations and fundraising included in other income are recognized when received.

(continues)

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in financial institutions.

Improvements

Costs incurred to improve living accommodations of program recipients are expensed as incurred.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is recorded using the declining balance basis, or the straight line, at the following rates:

Furniture and fixtures	20%
Computer equipment	30%
Computer software	50%
Leasehold improvements	20 years straight line

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs are expensed when incurred.

Contributed Services

Volunteers contribute a significant number of hours per year to assist Independent Living Centre of Waterloo Region in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Measurement Uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates. Examples of significant estimates include:

- the estimated useful lives of assets;
- the estimated allowance for doubtful accounts;
- the amount due to Ministry of Health and Long Term Care;
- the estimated accrued expenses.

3. ACCOUNTS RECEIVABLE

Included in accounts receivable is HST recoverable of \$21,393 (\$28,942 - 2019).

4. INVESTMENTS

Investments as of March 31, 2019 consisted of guaranteed investment certificates earning interest of 1.7% to 1.9% per annum. The guaranteed investment certificates matured during the year and were not reinvested.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2020

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>	<u>2019 Net Book Value</u>
Furniture and fixtures	\$ 281,903	\$ 272,608	\$ 9,295	\$ 11,619
Computer equipment	154,861	152,955	1,906	2,724
Leasehold improvements	<u>168,609</u>	<u>134,887</u>	<u>33,722</u>	<u>42,152</u>
	<u>\$ 605,373</u>	<u>\$ 560,450</u>	<u>\$ 44,923</u>	<u>\$ 56,495</u>

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding received in the current and prior period that is related to a subsequent period. Changes in the deferred contributions balance are as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 5,790	\$ 4,420
Less: Amount recognized as revenue in the year	(5,790)	(4,420)
Add: Amount received related to a following year	<u>6,590</u>	<u>5,790</u>
Ending balance	<u>\$ 6,590</u>	<u>\$ 5,790</u>

7. DUE TO MINISTRY OF HEALTH AND LONG TERM CARE

The amount of subsidies received from the Ministry of Health and Long Term Care for the fiscal year are subject to a number of factors, one of which is the organization's cost to deliver services in that year. Subsequent to each year end the cost to deliver services is compared to the subsidies received. A portion of amounts received may have to be repaid. Any such changes are recorded as adjustments to income based on management's best estimate, but are subject to change as a result of review and approval by the Ministry. Included in Due to Ministry of Health and Long Term Care is \$18,797 related to fiscal 2019.

8. FUND TRANSFER

The Board of Directors have approved the fund transfer during the year.

9. PENSION COSTS

The organization sponsors a defined contribution pension plan for its employees. The employees contribute 3% of their earnings and the organization matches the contribution. Pension benefits vest after two years of service. The total pension costs of the organization for the year were \$90,239 (2019 - \$99,701).

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2020

10. LEASE COMMITMENT

The organization entered into a 20 year lease to rent its premises, commencing August 1, 2004. On August 1, 2014 the lease premiums were renegotiated per the contract agreement with a graduating lease rate to bring the rental cost to market value. The minimum lease payments per annum are as follows:

2021	114,858
2022	117,228
2023	118,414
2024	64,671

11. CAPITAL DISCLOSURE

The organization's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its customers.

The organization monitors and assesses its financial performance to ensure its capital structure is appropriately maintained. The capital structure is defined as the amount included in fund balances. The Board of Directors and management carefully consider subsidies, grants, attendant service contracts, sponsorship and other revenues to ensure that sufficient funds will be available to meet the organization's short and long term objectives.

A portion of the organization's capital structure is restricted and the organization has to meet certain requirements to utilize these restricted funds, as described in Note 2. The organization has been in compliance with these restrictions throughout the year.

12. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, long term investments, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant currency, interest rate or market risks arising from these financial instruments.

Credit risk arises from the potential that the organization will be unable to collect the balance of its outstanding receivable. The organization monitors its credit risk on an on-going basis to assess collectability of balances outstanding. There was no allowance for doubtful accounts recorded at March 31, 2020 .

Liquidity risk is the risk that the organization will encounter difficulty in meeting a demand for cash or funding its obligations as they come due. The organization meets its liquidity requirements by monitoring the cash flow from operations and investment performance and the anticipated cash flows from investing activities. The organization is exposed to liquidity risk through its financial instruments, particularly those with stated maturities extending beyond 90 days.

The extent of the organization's exposure to the above risks did not change significantly during the year.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2020

13. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. At the time of approval of these financial statements, the organization has experienced the following financial implications:

- Uncertainty regarding future revenues including attendant service contracts due to a suspension of requested services during the outbreak;
- An increase in certain operating expenses including purchases of personal protective equipment;
- A decrease in salaries and wages due to staff on COVID-19 related leaves, and eligibility for government wage reduction programs such as the Temporary Emergency Wage Subsidy.

At this time these factors present uncertainty over future cashflows and may have an impact on future operations. An estimate of the financial effect is unknown at this time.