

**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2019**

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Financial Statements
For the Year Ended March 31, 2019**

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Independent Auditor's Report

To the board of directors of Caledon Community Services

Qualified Opinion

We have audited the financial statements of Caledon Community Services (the Organization), which comprise the statement of financial position as at March 31, 2019, the statements of operations and 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 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, 2019, 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 charitable organizations, the organization derives revenue from fundraising, 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 expenses and cash flows from operations for the year ended March 31, 2019, current assets as at March 31, 2019 and net assets as at April 1 and March 31 for the 2019 year. The audit opinion on the financial statements for the year ended March 31, 2018 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 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.

Other Matter

The financial statements of Caledon Community Services for the year ended March 31, 2018 were audited by another auditor who expressed a qualified opinion on those statements on June 12, 2018.



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.

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
June 20, 2019


**Caledon Community Services
Statement of Financial Position**

March 31	2019	2018
Assets		
Current		
Cash	\$ 976,755	\$ 578,770
Short-term investments (Note 2)	31,469	117,686
Accounts receivable	289,915	239,534
Prepaid expenses	67,383	34,961
	1,365,522	970,951
Capital assets (Note 3)	1,289,644	1,426,184
Long-term investments (Note 4)	1,326,065	1,191,862
	\$ 3,981,231	\$ 3,588,997


Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 730,404	\$ 575,461
Deferred contributions (Note 6)	277,788	281,925
	1,008,192	857,386
Deferred lease inducements (Note 7)	73,809	86,650
Deferred capital contributions (Note 8)	582,773	624,071
	1,664,774	1,568,107
Net Assets	2,316,457	2,020,890
	\$ 3,981,231	\$ 3,588,997

On behalf of the Board:



Director



Director

Caledon Community Services Statement of Operations and Net Assets

For the year ended March 31	2019	2018
Revenue		
Provincial government funding (Note 9)	\$ 3,670,150	\$ 4,325,543
Fundraising (Note 10)	1,176,327	1,279,721
Program fees (Note 11)	701,964	734,085
Evolve Community Stores - retail	794,861	696,191
Federal government funding (Note 12)	784,611	578,389
Region of Peel government funding (Note 13)	329,259	296,269
United Way of Peel Region funding	130,900	130,900
Miscellaneous income (Note 14)	104,776	67,477
Rental income	58,214	52,089
Partnership funding (Note 15)	34,011	33,241
Town of Caledon funding (Note 16)	32,995	31,878
	<u>7,818,068</u>	<u>8,225,783</u>
Expenses		
Salaries, wages and benefits	4,837,103	5,646,612
Community assistance (Note 17)	651,755	646,970
Occupancy costs	436,904	438,130
Amortization of capital assets	380,148	450,724
Program travel (Note 18)	363,011	365,702
Fundraising (Note 10)	152,690	114,706
Advertising and promotion	102,128	46,424
Equipment	99,311	83,711
Office supplies and general	98,900	98,282
Repairs and maintenance	74,891	63,727
Communications	70,904	66,654
IT support	68,788	68,788
Professional fees	67,794	42,540
Program supplies	44,298	48,188
Partnership funding (Note 15)	34,011	33,241
Insurance	16,755	16,775
Memberships	13,675	8,506
Training	9,435	12,249
	<u>7,522,501</u>	<u>8,251,929</u>
Excess of revenues over expenses (expenses over revenue)	\$ 295,567	\$ (26,146)
Net assets, beginning of year	<u>2,020,890</u>	<u>2,047,036</u>
Net assets, end of year	<u>\$ 2,316,457</u>	<u>\$ 2,020,890</u>

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

Caledon Community Services Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ 295,567	\$ (26,146)
Items not affecting cash:		
Food and other in-kind donation revenue	(514,078)	(509,166)
Food and other in-kind donation expenses	514,078	509,166
Amortization of capital assets	380,148	450,724
Amortization of deferred capital contributions	(273,970)	(353,495)
Amortization of deferred lease inducements	(12,841)	(5,556)
Gain on disposal of capital assets	-	(2,618)
	388,904	62,909
Changes in non-cash working capital:		
Accounts receivable	(50,381)	113,803
Prepaid expenses	(32,422)	4,665
Accounts payable and accrued liabilities	154,943	(241,628)
Deferred contributions	(4,137)	35,902
	456,907	(24,349)
Cash flows from investing activities		
Proceeds on disposal of investments	629,589	84,485
Purchase of investments	(677,575)	-
Proceeds on disposal of capital assets	-	2,618
Purchase of capital assets	(243,608)	(313,701)
	(291,594)	(226,598)
Cash flows from financing activities		
Deferred capital contributions relating to capital assets	232,672	148,271
	397,985	(102,676)
Net increase (decrease) in cash	397,985	(102,676)
Cash, beginning of the year	578,770	681,446
Cash, end of the year	\$ 976,755	\$ 578,770

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

Caledon Community Services Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Caledon Community Services (the "organization") is a non-profit organization incorporated without share capital under the Canada Corporations Act. The organization is a multi-service community-impact organization that addresses the health, employment, business development, transportation, resettlement and social service needs of individuals and families in the Town of Caledon and surrounding communities.</p> <p>The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

Caledon Community Services Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Computer equipment and software	Straight-line	3 years
Furniture and equipment	Straight-line	5 years
Vehicles	Straight-line	5 years
Leasehold improvements	Straight-line	Lease term

Deferred Lease Inducements

Deferred lease inducements represent the value of rent-free periods received. Lease inducements are deferred and amortized on a straight-line basis over the term of the lease and the amortization is recorded as a reduction in occupancy costs expense for the year.

Deferred Capital Contributions Relating to Capital Assets

Restricted donations and grants relating to the acquisition of capital assets are deferred and amortized over the life of the related assets.

Caledon Community Services Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

Revenue Recognition The organization follows the deferral method of accounting for contributions, which includes grants, donations and fundraising.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue is recorded for retail store sales upon the purchase of merchandise by customers.

Revenue in investments is recognized as revenue when earned.

Food and other-in-kind donations are recognized when delivered to the organization. The food is valued at the average annual price per pound established by the Canadian Association of Food Banks of \$2.50 per pound. In 2019, management estimates approximately 134,000 pounds of food at \$2.50 per pound were recovered and delivered to the community (2018 - 142,000 pounds of food at \$2.50 per pound).

Contributed Materials a) **Evolve - Inventory**

The organization receives contributions of goods and material (inventory) and processes this contributions as merchandise available for sale in its community stores. The organization believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at this time of donation. Accordingly, they have not been recognized in the financial statements.

b) **Care and Counselling Program - Food, Materials and Services**

The organization receives significant donations of food, toys and other items from the community that are distributed through its Care and Counselling Program. The organization records donated goods and services in those cases where there is a measurable basis for arriving at fair value.

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

Caledon Community Services Notes to Financial Statements

March 31, 2019

2. Short-Term Investments

	2019	2018
Guaranteed Investment Certificates, 5 years, 2.59%, maturing on August 13, 2018, at amortized cost	\$ -	\$ 117,686
Guaranteed Investment Certificates, 5 years, 2.65% maturing on November 16, 2019, at amortized cost	31,469	-
	\$ 31,469	\$ 117,686

3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 545,307	\$ (504,567)	\$ 535,778	\$ (476,846)
Furniture and equipment	355,309	(335,403)	355,309	(308,248)
Vehicles	1,078,569	(608,493)	872,325	(480,133)
Leasehold improvements	1,924,293	(1,165,371)	1,896,458	(968,459)
	3,903,478	(2,613,834)	3,659,870	(2,233,686)
	\$ 1,289,644		\$ 1,426,184	

Caledon Community Services Notes to Financial Statements

March 31, 2019

4. Long-Term Investments

The carrying amounts of investments are comprised of the following:

	2019	2018
At amortized cost:		
Guaranteed Investment Certificates, 5 years, 2.65%, maturing on November 16, 2019	\$ -	\$ 30,657
Guaranteed Investment Certificates, 5 years, 1.86%, maturing on August 12, 2021	121,877	119,651
	121,877	150,308
At fair value:		
Portfolio of marketable securities	1,204,188	1,041,554
Long-term Investments	1,326,065	1,191,862

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the organization to a fair value risk.

The organization is exposed to changes in interest rates related to its investments in marketable securities. The organization's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings.

The organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

Other Price Risk

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

There have not been any changes to the risk from the prior year.

Caledon Community Services Notes to Financial Statements

March 31, 2019

5. Accounts Payable and Accrued Liabilities

	2019	2018
Trade accounts payable	\$ 211,638	\$ 103,317
Accrued liabilities	24,080	20,000
Wages payable	117,546	195,911
Vacation accrual	156,731	144,859
Government remittances payable	61,180	48,001
Program funding payable	159,229	63,373
	\$ 730,404	\$ 575,461

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization 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. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The organization maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year

6. Deferred Contributions

Deferred contributions represent resources received during the year for which expenses have not yet been incurred. Changes in the deferred contributions balance are as follows:

	2019	2018
Balance, beginning of year	\$ 281,925	\$ 246,023
Add: amounts received during the year	770,198	710,140
Less: amounts recognized as revenue in the year	(774,335)	(674,238)
	\$ 277,788	\$ 281,925

Caledon Community Services Notes to Financial Statements

March 31, 2019

7. Deferred lease inducements

Deferred lease inducements are created when a landlord provides for leasehold improvement allowances and collects lower monthly rental amounts in the early period of a lease term as part of the lease agreement. The organization records these allowances as an obligation and amortizes the amount to occupancy costs on the statement of operations on a straight-line basis over the term of the lease.

	<u>2019</u>		<u>2018</u>
Balance, beginning of year	\$ 86,650	\$	92,206
Add: Lease inducements received	-		7,285
Less: Amortization to occupancy costs expense	<u>(12,841)</u>		<u>(12,841)</u>
	<u>\$ 73,809</u>	\$	<u>86,650</u>

Caledon Community Services Notes to Financial Statements

March 31, 2019

8. Deferred Contributions Relating to Capital Assets

Deferred contributions relating to capital assets represent the unamortized portion of restricted contributions with which the organization's capital assets were originally purchased.

The changes for the year in the deferred capital contributions balance reported are as follows:

	2019	2018
Balance, beginning of the year	\$ 624,071	\$ 829,295
Add: Contributions received during the year:		
Central West LHIN	223,912	98,271
Employment and Social Development Canada	-	50,000
Other	8,760	-
Less: amounts amortized to revenue	(273,970)	(353,495)
Balance, end of year	\$ 582,773	\$ 624,071

Amortization of deferred capital contributions is comprised of the following:

	2019	2018
Provincial Government:		
Central West LHIN (Note 9)	\$ 141,281	\$ 141,987
Ministry of Training, Colleges and Universities (Note 9)	-	283
Headwaters Healthcare Centre (Note 9)	4,932	11,092
Fundraising - community donations (Note 10)	85,594	168,552
Region of Peel (Note 13)	36,503	26,392
Other (Note 14)	5,660	5,189
	\$ 273,970	\$ 353,495

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Caledon Community Services Notes to Financial Statements

March 31, 2019

9. Provincial Government Funding

	2019	2018
Ministry of Health and Long-Term Care:		
Central West LHIN:		
Supportive Housing	\$ 1,600,602	\$ 2,132,238
Community Support Services	1,102,965	1,096,024
One-time funding	31,513	22,982
Amortization of deferred capital contributions	141,281	141,987
	2,876,361	3,393,231
Ministry of Training, Colleges and Universities:		
Jobs Caledon Contract	450,274	434,173
Youth Job Connection	111,458	113,005
Canada-Ontario Job Grant	53,260	54,001
Amortization of deferred capital contributions	-	283
	614,992	601,462
Headwaters Health Care Centre:		
Caledon Specialist Clinic	170,396	162,896
Amortization of deferred capital contribution	4,932	11,092
	175,328	173,988
Ministry of Health and Long-Term Care:		
Other agencies	-	56,862
Ministry of Transportation:		
Community Transportation Pilot Project	3,469	100,000
	\$ 3,670,150	\$ 4,325,543

In addition, the organization received one-time funding from the Ministry of Health and Long-Term Care - Central West LHIN of \$ 255,425 (2018 - \$121,253). Of this amount, \$31,513 (2018 - \$22,982) is recorded above. The difference of \$ 223,912 (2018 - \$98,271) is included in deferred capital contributions.

Caledon Community Services Notes to Financial Statements

March 31, 2019

10. Fundraising

	2019	2018
Revenue:		
Food donations	\$ 334,490	\$ 354,153
Santa Fund	198,901	269,702
Other community donations	224,299	216,559
Home for the Holidays Gala	253,379	190,127
Youth programs	50,725	57,694
Third party events	28,939	22,934
Amortization of deferred capital contributions	85,594	168,552
	1,176,327	1,279,721
Expenses:		
Home for the Holidays Gala	88,643	81,795
Miscellaneous	47,855	13,423
Santa Fund	9,099	9,669
Youth programs	7,093	9,819
	152,690	114,706
	\$ 1,023,637	\$ 1,165,015

11. Program Fees

	2019	2018
Region of Peel Transhelp	\$ 416,856	\$ 420,388
Region of Peel Passenger Assistance Program	162,372	176,209
Long-Term Care Transportation and Wellness	109,817	92,568
Transitional Care Centre	12,015	31,229
Ministry of Transportation Community Transportation Pilot Project	4	9,850
Lifeline	600	3,541
Other	300	300
	701,964	734,085
	\$ 701,964	\$ 734,085

Caledon Community Services Notes to Financial Statements

March 31, 2019

12. Federal Government Funding

	2019	2018
Employment and Social Development Canada:		
Life for Youth Grant	\$ 439,201	\$ 238,613
Transitions Opportunities Fund	81,733	68,645
Summer Career Placements	37,581	41,382
	558,515	348,640
Immigration, Refugees and Citizenship Canada:		
Language Instruction for Newcomers to Canada (LINC) grant	226,096	229,749
	\$ 784,611	\$ 578,389

13. Region of Peel Government Funding

	2019	2018
Collaborative	\$ 171,019	\$ 168,322
Sustainability	102,049	89,557
Dedicated Gas Tax	19,688	11,998
Amortization of deferred capital contributions	36,503	26,392
	\$ 329,259	\$ 296,269

Caledon Community Services Notes to Financial Statements

March 31, 2019

14. Miscellaneous Income

	2019	2018
Government sales tax rebates	\$ 32,007	\$ 32,071
Investment Income - unrealized	39,787	19,367
Investment Income - realized	25,996	5,732
Gain on disposal of capital assets	-	2,618
Other	326	1,500
Partnership funding administration fees	1,000	1,000
Amortization of deferred capital contributions - other	5,660	5,189
	<u>\$ 104,776</u>	<u>\$ 67,477</u>

15. Partnership Funding

The Organization receives funding from the Ministry of Health and Long-Term Care for the Caledon Seniors Centre. The amount recognized as revenue totals \$34,011 (2019 - \$33,241). This amount is transferred to the partnership organization and is recognized as an expense.

16. Town of Caledon Government Funding

	2019	2018
Property tax rebate	\$ 29,012	\$ 27,239
Dedicated gas tax	3,983	2,389
Community grants	-	2,250
	<u>\$ 32,995</u>	<u>\$ 31,878</u>

Caledon Community Services Notes to Financial Statements

March 31, 2019

17. Community Assistance Expenses

	<u>2019</u>	<u>2018</u>
Food recovery and delivery	\$ 334,490	\$ 354,548
Employer incentives	117,242	105,387
Other in-kind	70,529	94,928
Allowances	36,935	16,786
Gift cards in-kind	26,153	18,248
Transportation	16,010	13,528
Recreation and camp fees	14,336	15,446
Other	12,717	12,952
Utilities	12,211	15,147
Young Talent Incentives	11,132	-
	<u>\$ 651,755</u>	<u>\$ 646,970</u>

18. Program Travel Expenses

	<u>2019</u>	<u>2018</u>
Clients	\$ 338,462	\$ 345,603
Staff	24,549	20,099
	<u>\$ 363,011</u>	<u>\$ 365,702</u>

Caledon Community Services Notes to Financial Statements

March 31, 2019

19. Commitments, Contingencies and Guarantees

- a) The Organization occupies leased premises for its head office, retail stores, the Transitional Care Centre, the Exchange and the Caledon Specialist Clinic under various operating leases expiring at dates up to February 2026. The organization's total obligations for the next five years, under various operating leases for occupied premises, exclusive of realty taxes and other occupancy charges, are as follows:

2020	\$ 349,013
2021	359,807
2022	310,136
2023	307,424
2024 and thereafter	375,619
	<u>1,701,999</u>

- b) In the normal course of business, the organization enters into agreements meeting the definition of a guarantee. The organization's primary guarantees subject to disclosure requirements are as follows:
- i) Indemnity has been provided to all directors and/or officers of the organization for various items including but not limited to, all costs to settle suits or actions due to association with the organization, subject to certain restrictions. The organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the organization. The maximum amount of any potential future payment cannot be reasonably estimated.
- ii) In the normal course of business, the organization has entered into agreements including indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the organization to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursements cannot be estimated.

The nature of these indemnification agreements prevents the organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued in the statement of financial position with respect to these agreements.

Caledon Community Services Notes to Financial Statements

March 31, 2019

20. Financial Instruments

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 resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the organization's receivables are from government sources and the organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

21. Comparative Figures

Comparative figures for investments and fundraising have been reclassified to conform with the current year's financial statements presentation.
