

2019-2020

Audited

Financials



**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2020**

**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2020**

Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 21



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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, 2020, 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, 2020, 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, 2020, current assets as at March 31, 2020 and net assets as at April 1 and March 31 for the 2020 year. The audit opinion on the financial statements for the year ended March 31, 2019 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.



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 8, 2020

Caledon Community Services Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash	\$ 1,270,649	\$ 976,755
Short-term investments (Note 2)	-	31,469
Accounts receivable	322,783	289,915
Prepaid expenses	34,957	67,383
	<u>1,628,389</u>	<u>1,365,522</u>
Capital assets (Note 3)	1,237,537	1,289,644
Long-term investments (Note 4)	1,991,996	1,326,065
	<u>\$ 4,857,922</u>	<u>\$ 3,981,231</u>

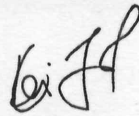
Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,280,447	\$ 730,404
Deferred contributions (Note 6)	317,026	277,788
	<u>1,597,473</u>	<u>1,008,192</u>
Deferred lease inducements (Note 7)	60,968	73,809
Deferred capital contributions (Note 8)	604,625	582,773
	<u>2,263,066</u>	<u>1,664,774</u>
Net Assets	<u>2,594,856</u>	<u>2,316,457</u>
	<u>\$ 4,857,922</u>	<u>\$ 3,981,231</u>

On behalf of the Board:



Director



Director

Caledon Community Services Statement of Operations and Net Assets

For the year ended March 31	2020	2019
Revenue		
Provincial government funding (Note 9)	\$ 3,832,593	\$ 3,670,150
Fundraising (Note 10)	1,210,692	1,176,327
Program fees (Note 11)	633,957	701,964
Evolve Community Stores - retail	770,610	794,861
Federal government funding (Note 12)	787,290	784,611
Region of Peel government funding (Note 13)	341,305	329,259
United Way of Peel Region funding	155,906	130,900
Miscellaneous income (loss) (Note 14)	(88,241)	104,776
Rental income	49,456	58,214
Partnership funding (Note 15)	34,441	34,011
Town of Caledon funding (Note 16)	108,957	32,995
	<u>7,836,966</u>	<u>7,818,068</u>
Expenses		
Salaries, wages and benefits	4,938,828	4,837,103
Community assistance (Note 17)	641,360	651,755
Occupancy costs	441,748	436,904
Program travel (Note 18)	346,807	363,011
Amortization of capital assets	304,309	380,148
Equipment	150,131	99,311
Fundraising (Note 10)	143,754	152,690
Advertising and promotion	119,302	102,128
Office supplies and general	95,696	98,900
Communications	75,536	70,904
Repairs and maintenance	75,024	74,891
IT support	69,942	68,788
Program supplies	44,275	44,298
Professional fees	39,091	67,794
Insurance	17,961	16,755
Training	11,547	9,435
Memberships	8,815	13,675
Partnership funding (Note 15)	34,441	34,011
	<u>7,558,567</u>	<u>7,522,501</u>
Excess of revenues over expenses	\$ 278,399	\$ 295,567
Net assets, beginning of year	<u>2,316,457</u>	<u>2,020,890</u>
Net assets, end of year	<u>\$ 2,594,856</u>	<u>\$ 2,316,457</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	2020	2019
Cash flows from operating activities		
Excess of revenues over expenses	\$ 278,399	\$ 295,567
Items not affecting cash:		
Food and other in-kind donation revenue	(510,021)	(514,078)
Food and other in-kind donation expenses	510,021	514,078
Amortization of capital assets	304,309	380,148
Amortization of deferred capital contributions	(230,351)	(273,970)
Amortization of deferred lease inducements	(12,841)	(12,841)
Unrealized loss (gain) on investments	160,581	(30,019)
Gain on disposal of investments	(8,898)	(9,061)
Gain on disposal of capital assets	(3,613)	-
	<u>487,586</u>	<u>349,824</u>
Changes in non-cash working capital:		
Accounts receivable	(32,868)	(50,381)
Prepaid expenses	32,426	(32,422)
Accounts payable and accrued liabilities	550,043	154,943
Deferred contributions	39,238	(4,137)
	<u>1,076,425</u>	<u>417,827</u>
Cash flows from investing activities		
Proceeds on disposal of investments	169,475	635,612
Purchase of investments	(955,620)	(644,518)
Proceeds on disposal of capital assets	3,613	-
Purchase of capital assets	(252,202)	(243,608)
	<u>(1,034,734)</u>	<u>(252,514)</u>
Cash flows from financing activities		
Deferred capital contributions relating to capital assets	<u>252,203</u>	<u>232,672</u>
Net increase in cash	293,894	397,985
Cash, beginning of the year	<u>976,755</u>	<u>578,770</u>
Cash, end of the year	<u>\$ 1,270,649</u>	<u>\$ 976,755</u>

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

Caledon Community Services Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization

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.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

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.

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.

Caledon Community Services Notes to Financial Statements

March 31, 2020

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.

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 \$2.60 per pound. In 2020, management estimates approximately 141,600 pounds of food at \$2.60 per pound were recovered and delivered to the community (2019 - 134,000 pounds of food at \$2.50 per pound).

Caledon Community Services Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Contributed Materials

a) Evolve - Inventory

The organization receives contributions of goods and material (inventory) and processes these 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, 2020

2. Short-Term Investments

	2020	2019
Guaranteed Investment Certificates, 5 years, 2.65% matured on November 16, 2019, at amortized cost	\$ -	\$ 31,469
	<u>\$ -</u>	<u>\$ 31,469</u>

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 569,147	\$ (529,959)	\$ 545,307	\$ (504,567)
Furniture and equipment	360,150	(346,163)	355,309	(335,403)
Vehicles	1,292,866	(754,680)	1,078,569	(608,493)
Leasehold improvements	1,933,517	(1,287,341)	1,924,293	(1,165,371)
	<u>4,155,680</u>	<u>(2,918,143)</u>	<u>3,903,478</u>	<u>(2,613,834)</u>
	<u>\$ 1,237,537</u>		<u>\$ 1,289,644</u>	

Caledon Community Services Notes to Financial Statements

March 31, 2020

4. Long-Term Investments

The carrying amounts of investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
At amortized cost:		
Guaranteed Investment Certificates, 5 years, 1.86%, maturing on August 12, 2021	124,150	121,877
At fair value:		
Portfolio of marketable securities	<u>1,867,846</u>	<u>1,204,188</u>
	<u>1,991,996</u>	<u>1,326,065</u>

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.

Caledon Community Services Notes to Financial Statements

March 31, 2020

4. Long-Term Investments (continued)

Subsequent to year end, COVID-19 has had a significant effect on the financial markets. The organization's investments in marketable securities measured at fair value are reported in these financial statements at their values on March 31, 2020. The organization's marketable portfolio is experiencing a decline in value. The extent of any future impact on the organization's investments or operations as a result of COVID-19 is unknown.

5. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	\$ 249,496	\$ 211,638
Accrued liabilities	32,527	24,080
Wages payable	127,819	117,546
Vacation accrual	160,271	156,731
Government remittances payable	61,774	61,180
Program funding payable	648,560	159,229
	<u>\$ 1,280,447</u>	<u>\$ 730,404</u>

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.

Caledon Community Services Notes to Financial Statements

March 31, 2020

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:

	2020	2019
Balance, beginning of year	\$ 277,788	\$ 281,925
Add: amounts received during the year	1,075,824	770,198
Less: amounts recognized as revenue in the year	(1,036,586)	(774,335)
Balance, end of year	<u>\$ 317,026</u>	<u>\$ 277,788</u>

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.

	2020	2019
Balance, beginning of year	\$ 73,809	\$ 86,650
Less: Amortization to occupancy costs expense	(12,841)	(12,841)
	<u>\$ 60,968</u>	<u>\$ 73,809</u>

Caledon Community Services Notes to Financial Statements

March 31, 2020

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:

	2020	2019
Balance, beginning of the year	\$ 582,773	\$ 624,071
Add: Contributions received during the year		
Central West LHIN	154,104	223,912
Ministry of Transportation	98,099	-
Other	-	8,760
Less: amounts amortized to revenue	(230,351)	(273,970)
Balance, end of year	<u>\$ 604,625</u>	<u>\$ 582,773</u>

Amortization of deferred capital contributions is comprised of the following:

	2020	2019
Provincial Government:		
Central West LHIN (Note 9)	\$ 174,454	\$ 141,281
Headwaters Healthcare Centre (Note 9)	6,599	4,932
Ministry of Transportation (Note 9)	4,905	-
Fundraising - community donations (Note 10)	4,487	85,594
Immigration, Refugees and Citizenship Canada, Language Instruction for Newcomers to Canada (LINC) (Note 12)	2,277	-
Region of Peel (Note 13)	31,969	36,503
Other (Note 14)	5,660	5,660
	<u>\$ 230,351</u>	<u>\$ 273,970</u>

Caledon Community Services Notes to Financial Statements

March 31, 2020

9. Provincial Government Funding

	2020	2019
Ministry of Health and Long-Term Care:		
Central West LHIN:		
Supportive Housing	\$ 1,545,472	\$ 1,734,639
Community Support Services	1,070,607	968,928
One-time funding	301,994	31,513
Amortization of deferred capital contributions	174,454	141,281
	<u>3,092,527</u>	<u>2,876,361</u>
Ministry of Training, Colleges and Universities:		
Jobs Caledon Contract	441,224	450,274
Youth Job Connection	71,923	111,458
Canada-Ontario Job Grant	6,759	53,260
	<u>519,906</u>	<u>614,992</u>
Headwaters Health Care Centre:		
Caledon Specialist Clinic	170,924	170,396
Amortization of deferred capital contributions	6,599	4,932
	<u>177,523</u>	<u>175,328</u>
Ministry of Transportation:		
Community Transportation Pilot Project	37,732	3,469
Amortization of deferred capital contributions	4,905	-
	<u>42,637</u>	<u>3,469</u>
	<u>\$ 3,832,593</u>	<u>\$ 3,670,150</u>

In addition, the organization received one-time funding from the Ministry of Health and Long-Term Care - Central West LHIN of \$456,098 (2019 - \$255,425). Of this amount, \$301,994 (2019 - \$31,513) is recorded above. The difference of \$154,104 (2019 - \$223,912) is included in deferred capital contributions.

Caledon Community Services Notes to Financial Statements

March 31, 2020

10. Fundraising

	2020	2019
Revenue:		
Food donations	\$ 365,139	\$ 334,490
Santa Fund	259,640	198,901
Other community donations	255,327	224,299
Home for the Holidays Gala	242,840	253,379
Youth programs	56,893	50,725
Third party events	26,366	28,939
Amortization of deferred capital contributions	4,487	85,594
	<u>1,210,692</u>	<u>1,176,327</u>
Expenses:		
Home for the Holidays Gala	91,006	88,643
Miscellaneous	20,447	47,855
Santa Fund	15,193	9,099
Youth programs	17,108	7,093
	<u>143,754</u>	<u>152,690</u>
	<u>\$ 1,066,938</u>	<u>\$ 1,023,637</u>

11. Program Fees

	2020	2019
Region of Peel Transhelp	\$ 465,240	\$ 416,856
Region of Peel Passenger Assistance Program	32,158	162,372
Long-Term Care Transportation and Wellness	119,119	109,817
Transitional Care Centre	10,783	12,015
Ministry of Transportation Community Transportation Pilot Project	6,026	4
Lifeline	581	600
Other	50	300
	<u>\$ 633,957</u>	<u>\$ 701,964</u>

Caledon Community Services Notes to Financial Statements

March 31, 2020

12. Federal Government Funding

	2020	2019
Employment and Social Development Canada:		
Life for Youth Grant	\$ 512,821	\$ 439,201
Transitions Opportunities Fund	-	81,733
Summer Career Placements	48,365	37,581
	<u>561,186</u>	<u>558,515</u>
Immigration, Refugees and Citizenship Canada:		
Language Instruction for Newcomers to Canada (LINC) grant	223,827	226,096
Language Instruction for Newcomers to Canada (LINC) grant - amortization of deferred capital contribution	2,277	-
	<u>226,104</u>	<u>226,096</u>
	<u>\$ 787,290</u>	<u>\$ 784,611</u>

13. Region of Peel Government Funding

	2020	2019
Collaborative Sustainability	\$ 179,141	\$ 171,019
Dedicated Gas Tax	101,032	102,049
Community Investment	15,521	19,688
Amortization of deferred capital contributions	13,642	-
	<u>31,969</u>	<u>36,503</u>
	<u>\$ 341,305</u>	<u>\$ 329,259</u>

Caledon Community Services Notes to Financial Statements

March 31, 2020

14. Miscellaneous Income (Loss)

	2020	2019
Government sales tax rebates	\$ 3,975	\$ 32,333
Investment income (loss) - unrealized	(160,581)	30,019
Investment income - realized	58,092	35,764
Gain on disposal of capital assets	3,613	-
Partnership funding administration fees	1,000	1,000
Amortization of deferred capital contributions - other	5,660	5,660
	<u>\$ (88,241)</u>	<u>\$ 104,776</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 \$34,441 (2019 - \$34,011). This amount is transferred to the partnership organization and is recognized as an expense.

16. Town of Caledon Government Funding

	2020	2019
Property tax rebate	\$ 30,400	\$ 29,012
Dedicated gas tax	3,557	3,983
Community grants	75,000	-
	<u>\$ 108,957</u>	<u>\$ 32,995</u>

Caledon Community Services Notes to Financial Statements

March 31, 2020

17. Community Assistance Expenses

	2020	2019
Food recovery and delivery	\$ 365,139	\$ 334,490
Other in-kind	82,199	70,529
Employer incentives	60,233	117,242
Allowances	42,558	36,935
Transportation	21,839	16,010
Other	21,689	12,717
Gift cards in-kind	20,734	26,153
Recreation and camp fees	13,756	14,336
Utilities	10,213	12,211
Young talent incentives	3,000	11,133
	<u>\$ 641,360</u>	<u>\$ 651,756</u>

18. Program Travel Expenses

	2020	2019
Clients	\$ 308,959	\$ 338,462
Staff	37,848	24,549
	<u>\$ 346,807</u>	<u>\$ 363,011</u>

Caledon Community Services Notes to Financial Statements

March 31, 2020

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:

2021	\$	359,807
2022		363,078
2023		312,237
2024		181,131
2025 and thereafter		194,487
		<u>1,410,740</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, 2020

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. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the effect on its financial condition, liquidity, operations, industry, and workforce. As a result, a number of its essential fundraisers have been postponed or cancelled and management anticipates a temporary decline in donation and fundraising revenue. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
