

2021-2022

Audited

Financials



**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2022**

**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2022**

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021 and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
June 28, 2022

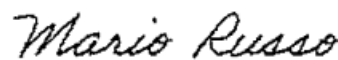
Caledon Community Services Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash	\$ 2,039,821	\$ 2,818,005
Short-term investments (Note 2)	-	126,460
Accounts receivable	243,895	242,940
Prepaid expenses	50,889	36,750
	2,334,605	3,224,155
Capital assets (Note 3)	1,367,090	1,157,944
Long-term investments (Note 4)	4,832,233	2,199,882
	\$ 8,533,928	\$ 6,581,981
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 3,016,000	\$ 2,126,800
Deferred contributions (Note 6)	285,014	357,258
	3,301,014	2,484,058
Deferred lease inducements (Note 7)	35,284	48,126
Deferred capital contributions (Note 8)	749,109	575,697
	4,085,407	3,107,881
Net Assets		
Unrestricted	4,380,745	3,399,100
Internally restricted (Note 9)	67,776	75,000
	4,448,521	3,474,100
	\$ 8,533,928	\$ 6,581,981

On behalf of the Board:



Director



Director

**Caledon Community Services
Statement of Changes in Net Assets**

For the year ended March 31	Unrestricted	Internally Restricted	2022 Total	2021 Total
Balance, beginning of the year	\$ 3,399,100	\$ 75,000	\$ 3,474,100	\$ 2,594,856
Excess of revenues over expenses	981,645	(7,224)	974,421	879,244
Balance, end of the year	\$ 4,380,745	\$ 67,776	\$ 4,448,521	\$ 3,474,100

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

Caledon Community Services Statement of Operations

For the year ended March 31	2022	2021
Revenue		
Provincial government funding (Note 10)	\$ 4,336,175	\$ 4,249,947
Fundraising (Note 11)	1,377,156	1,389,131
Federal government funding (Note 12)	1,236,139	1,246,859
Region of Peel government funding (Note 13)	247,255	507,068
Miscellaneous income (Note 14)	314,407	469,238
United Way Greater Toronto funding	175,394	337,164
Evolve Community Stores - retail	634,348	319,868
Program fees (Note 15)	308,965	177,375
Partnership funding (Note 16)	35,155	34,440
Town of Caledon funding (Note 17)	25,003	31,223
Rental income	16,032	16,863
	8,706,029	8,779,176
Expenses		
Salaries, wages and benefits	5,184,807	4,877,891
Community assistance (Note 18)	533,138	726,445
Occupancy costs	470,331	449,886
Equipment	396,630	405,081
Amortization of capital assets	277,087	251,317
Program travel (Note 19)	258,254	172,324
Office supplies and general	117,097	520,401
IT support	87,741	67,151
Repairs and maintenance	73,774	52,589
Advertising and promotion	72,807	71,339
Fundraising (Note 11)	61,589	61,810
Communications	48,447	81,395
Partnership funding (Note 16)	35,155	34,440
Program supplies	33,214	50,325
Professional fees	32,074	44,021
Insurance	24,514	22,134
Memberships	15,132	5,315
Training	9,817	6,068
	7,731,608	7,899,932
Excess of revenues over expenses	\$ 974,421	\$ 879,244

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

Caledon Community Services Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ 974,421	\$ 879,244
Items not affecting cash:		
Food and other in-kind donation revenue	(358,479)	(483,093)
Food and other in-kind donation expenses	358,479	483,093
Amortization of capital assets	277,087	251,317
Amortization of deferred capital contributions	(262,334)	(239,820)
Amortization of deferred lease inducements	(12,842)	(12,842)
Unrealized (gain) loss on investments	195,589	(268,018)
Loss (gain) on disposal of investments	(372,055)	7,172
Gain on disposal of capital assets	-	(600)
	799,866	616,453
Changes in non-cash working capital:		
Accounts receivable	(955)	79,843
Prepaid expenses	(14,139)	(1,793)
Accounts payable and accrued liabilities	889,200	846,353
Deferred contributions	(72,244)	40,232
	1,601,728	1,581,088
Cash flows from investing activities		
Proceeds on disposal of investments	3,891,163	562,927
Purchase of investments	(6,220,588)	(636,427)
Proceeds on disposal of capital assets	-	600
Purchase of capital assets	(486,233)	(171,724)
	(2,815,658)	(244,624)
Cash flows from financing activities		
Deferred capital contributions relating to capital assets	435,746	210,892
	(778,184)	1,547,356
Net (decrease) increase in cash	(778,184)	1,547,356
Cash, beginning of the year	2,818,005	1,270,649
Cash, end of the year	\$ 2,039,821	\$ 2,818,005

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

Caledon Community Services Notes to Financial Statements

March 31, 2022

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, 2022

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 2022, management estimates approximately 137,800 pounds of food at \$2.60 per pound were recovered and delivered to the community (2021 - 188,600 pounds of food at \$2.60 per pound).

Caledon Community Services Notes to Financial Statements

March 31, 2022

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, 2022

2. Short-Term Investments

	2022	2021
Guaranteed Investment Certificate, 5 years, 1.86%, matured on August 12, 2021, at amortized cost	\$ -	\$ 126,460

3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 235,036	\$ (114,828)	\$ 159,084	\$ (59,514)
Furniture and equipment	150,732	(62,031)	91,789	(42,307)
Vehicles	1,179,011	(688,709)	888,788	(526,215)
Leasehold improvements	1,729,799	(1,061,920)	1,668,684	(1,022,365)
	3,294,578	(1,927,488)	2,808,345	(1,650,401)
	\$ 1,367,090		\$ 1,157,944	

Caledon Community Services Notes to Financial Statements

March 31, 2022

4. Long-Term Investments

The carrying amounts of investments are comprised of the following:

	2022	2021
At market value:		
Guaranteed Investment Certificates, 3 years, 3.55%, maturing on March 31, 2025	\$ 255,024	\$ -
At fair value:		
Portfolio of marketable securities	4,577,209	2,199,882
	\$ 4,832,233	\$ 2,199,882

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, 2022

5. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable	\$ 591,430	\$ 255,645
Accrued liabilities	31,350	34,970
Wages payable	177,059	186,201
Vacation accrual	187,803	195,567
Government remittances payable	77,650	79,476
Program funding payable	1,950,708	1,374,941
	\$ 3,016,000	\$ 2,126,800

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:

	2022	2021
Balance, beginning of year	\$ 357,258	\$ 317,026
Add: amounts received during the year	3,609,007	3,211,684
Less: amounts recognized as revenue in the year	(3,681,251)	(3,171,452)
Balance, end of year	\$ 285,014	\$ 357,258

Caledon Community Services Notes to Financial Statements

March 31, 2022

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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 48,126	\$ 60,968
Less: Amortization to occupancy costs expense	<u>(12,842)</u>	<u>(12,842)</u>
	<u>\$ 35,284</u>	<u>\$ 48,126</u>

Caledon Community Services Notes to Financial Statements

March 31, 2022

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:

	2022	2021
Balance, beginning of the year	\$ 575,697	\$ 604,625
Add: Contributions received during the year		
Central West LHIN	355,180	35,574
Other	80,566	175,318
Less: amounts amortized to revenue	(262,334)	(239,820)
Balance, end of year	\$ 749,109	\$ 575,697

Amortization of deferred capital contributions is comprised of the following:

	2022	2021
Provincial Government:		
Central West LHIN (Note 10)	\$ 179,541	\$ 172,212
Ministry of Transportation (Note 10)	29,007	24,314
Immigration, Refugees and Citizenship Canada, Language Instruction for Newcomers to Canada (LINC) (Note 12)	20,673	11,566
Fundraising - community donations (Note 11)	18,211	1,389
Region of Peel (Note 13)	4,368	20,073
Other (Note 14)	10,534	10,266
	\$ 262,334	\$ 239,820

Caledon Community Services Notes to Financial Statements

March 31, 2022

9. Internally Restricted Funds

During the 2021 fiscal year, the organization's Board of Directors approved the transfer of \$75,000 to establish the Employee Training and Development Fund to fund certain training and development initiatives. This balance can only be utilized to cover training and development costs as approved by the Board of Directors.

During the 2022 fiscal year, this fund incurred expenses of \$7,224. The balance of the fund as of March 31, 2022 was \$67,776.

Caledon Community Services Notes to Financial Statements

March 31, 2022

10. Provincial Government Funding

	2022	2021
Ministry of Health and Long-Term Care:		
Central West LHIN:		
Supportive Housing	\$ 1,930,660	\$ 1,842,465
Community Support Services	982,658	1,128,791
One-time funding	298,008	191,195
Amortization of deferred capital contributions	179,541	172,212
Pandemic pay	138,616	149,026
	3,529,483	3,483,689
Ministry of Training, Colleges and Universities:		
Jobs Caledon Contract	442,853	464,123
Youth Job Connection	-	57,040
Headwaters Health Care Centre:		
Caledon Specialist Clinic	170,924	170,924
Ministry of Transportation:		
Community Transportation Pilot Project	163,908	49,857
Amortization of deferred capital contributions	29,007	24,314
	192,915	74,171
	\$ 4,336,175	\$ 4,249,947

In addition, the organization received one-time funding from the Ministry of Health and Long-Term Care - Central West LHIN of \$593,414 (2021 - \$226,769). Of this amount, \$298,008 (2021 - \$191,195) is recorded above. The difference of \$288,836 (2020 - \$35,574) and \$6,570 is included in deferred capital contributions and accounts payable and accrued liabilities respectively.

Caledon Community Services Notes to Financial Statements

March 31, 2022

11. Fundraising

	2022	2021
Revenue:		
Food donations	\$ 358,479	\$ 485,692
Santa Fund	231,407	269,495
Other community donations	542,282	408,033
Home for the Holidays Gala	132,979	133,992
Youth programs	50,428	47,265
Third party events	43,370	43,265
Amortization of deferred capital contributions	18,211	1,389
	1,377,156	1,389,131
Ex penses:		
Home for the Holidays Gala	24,993	34,463
Miscellaneous	6,729	3,223
Santa Fund	21,838	15,790
Youth programs	8,029	8,334
	61,589	61,810
	\$ 1,315,567	\$ 1,327,321

Caledon Community Services Notes to Financial Statements

March 31, 2022

12. Federal Government Funding

	2022	2021
Employment and Social Development Canada:		
Life for Youth Grant	\$ 537,534	\$ 379,425
Summer Career Placements	22,475	40,073
Other	8,684	4,054
	568,693	423,552
Immigration, Refugees and Citizenship Canada:		
Language Instruction for Newcomers to Canada (LINC) grant	357,953	332,608
Language Instruction for Newcomers to Canada (LINC) grant - amortization of deferred capital contribution	20,673	11,566
	378,626	344,174
COVID-19		
Canada emergency wage subsidy	223,064	449,361
Canada emergency rent subsidy	65,756	29,772
	288,820	479,133
	\$ 1,236,139	\$ 1,246,859

13. Region of Peel Government Funding

	2022	2021
Collaborative Sustainability	\$ 100,000	\$ 139,051
Dedicated Gas Tax	-	237,911
Community Investment	12,014	-
Amortization of deferred capital contributions	130,873	110,033
	4,368	20,073
	\$ 247,255	\$ 507,068

Caledon Community Services Notes to Financial Statements

March 31, 2022

14. Miscellaneous Income

	2022	2021
Government sales tax rebates	\$ 128,882	\$ 130,962
Investment income (loss) - unrealized	(195,589)	268,018
Investment income - realized	294,080	58,392
Gain on disposal of capital assets	-	600
Ontario Trillium grant	76,500	-
Partnership funding administration fees	-	1,000
Amortization of deferred capital contributions - other	10,534	10,266
	\$ 314,407	\$ 469,238

15. Program Fees

	2022	2021
Region of Peel Transhelp	\$ 278,522	\$ 164,234
Long-Term Care Transportation and Wellness	23,936	10,193
Transitional Care Centre	1,853	315
Ministry of Transportation Community Transportation Pilot Project	4,354	2,033
Other	300	600
	\$ 308,965	\$ 177,375

16. 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 \$35,155 (2021 - \$34,440). This amount is transferred to the partnership organization and is recognized as an expense.

Caledon Community Services Notes to Financial Statements

March 31, 2022

17. Town of Caledon Government Funding

	2022	2021
Property tax rebate	\$ 22,000	\$ 31,223
Dedicated gas tax	3,003	-
	\$ 25,003	\$ 31,223

18. Community Assistance Expenses

	2022	2021
Food recovery and delivery	\$ 358,794	\$ 485,647
Gift cards in-kind	68,951	2,840
Allowances	41,053	26,806
Other in-kind	20,863	21,905
Other	17,014	137,377
Utilities	10,024	23,113
Employer incentives	9,017	26,407
Recreation and camp fees	4,818	995
Transportation	2,604	1,355
	\$ 533,138	\$ 726,445

19. Program Travel Expenses

	2022	2021
Clients	\$ 220,059	\$ 138,531
Staff	38,195	33,793
	\$ 258,254	\$ 172,324

Caledon Community Services Notes to Financial Statements

March 31, 2022

20. 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 May 2028. 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:

2022	\$ 417,984
2023	320,843
2024	224,903
2025	229,410
2026 and thereafter	<u>246,695</u>
	<u>1,439,835</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

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21. 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.

22. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy continues to evolve. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. 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.
