

Financial Statements of

**VITA COMMUNITY LIVING
SERVICES OF TORONTO**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Vita Community Living Services of Toronto

We have audited the financial statements of Vita Community Living Services of Toronto (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statements of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and schedule.

(Hereinafter referred to as the "financial statements").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 15, 2021

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash (note 2)	\$ 7,679,967	\$ 6,319,119
Accounts receivable (note 3)	232,744	395,478
Due from Mens Sana Families for Mental Health (note 8)	1,386	-
Sales taxes recoverable	699,483	512,135
Prepaid expenses	99,489	74,055
	<u>8,713,069</u>	<u>7,300,787</u>
Capital assets (note 4)	4,258,227	4,508,574
	<u>\$ 12,971,296</u>	<u>\$ 11,809,361</u>

Liabilities and Net Assets

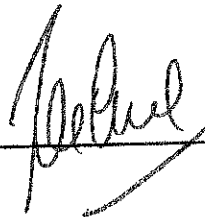
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 5,828,874	\$ 4,994,364
Advances from Villa Charities Inc. (note 6)	548,071	548,071
Deferred government grants related to capital assets	1,947,020	2,184,306
	<u>2,495,091</u>	<u>2,732,377</u>
Net assets:		
Net assets invested in capital assets (note 7(a))	2,311,207	2,324,268
Unrestricted net assets	2,336,124	1,758,352
	<u>4,647,331</u>	<u>4,082,620</u>
Economic dependence (note 11)		
Contingencies (note 12)		
	<u>\$ 12,971,296</u>	<u>\$ 11,809,361</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Ministry of Community and Social Services ("MCSS")	\$ 30,494,254	\$ 26,937,989
Fees for service and other client fees	2,736,142	3,527,019
Other (note 13)	2,012,213	2,193,475
	<u>35,242,609</u>	<u>32,658,483</u>
Expenses:		
Salaries and benefits	26,359,690	24,905,324
Purchased services (note 8)	2,882,598	1,049,168
Maintenance	1,427,852	2,254,743
Office and general	1,349,833	652,627
Rent	1,136,311	1,191,031
Food	630,967	693,814
Vehicle operation and maintenance	293,705	532,261
Insurance	184,382	173,708
Supplies	160,272	196,597
Program expenses	128,203	184,100
Residents personal needs	66,206	86,470
Transportation and travel	43,007	188,424
Professional fees	31,325	25,997
Bank and interest charges	9,373	15,839
Bad debts	(38,887)	4,016
	<u>34,664,837</u>	<u>32,154,119</u>
Excess of revenue over expenses before the undernoted item	577,772	504,364
Amortization of capital assets (net of deferred capital grants related to capital assets)	13,061	14,052
Excess of revenue over expenses	\$ 564,711	\$ 490,312

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Invested in capital assets (note 7(b))	Unrestricted	2021	2020
Net assets, beginning of year	\$ 2,324,268	\$ 1,758,352	\$ 4,082,620	\$ 3,592,308
Excess (deficiency) of revenue over expenses (note 7(b))	(13,061)	577,772	564,711	490,312
Net assets, end of year	\$ 2,311,207	\$ 2,336,124	\$ 4,647,331	\$ 4,082,620

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 564,711	\$ 490,312
Items not affecting cash:		
Amortization of capital assets	250,347	252,849
Amortization of deferred capital grants related to capital assets	(237,286)	(238,797)
Due from Mens Sana Families for Mental Health	(1,386)	-
	576,386	504,364
Changes in non-cash working capital:		
Accounts receivable	162,734	(81,462)
Provincial grant receivable	-	66,642
Prepaid expenses	(25,434)	(14,266)
Sales taxes recoverable	(187,348)	(9,747)
Accounts payable and accrued liabilities	834,510	412,172
	1,360,848	877,703
Increase in cash	1,360,848	877,703
Cash, beginning of year	6,319,119	5,441,416
Cash, end of year	\$ 7,679,967	\$ 6,319,119

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements

Year ended March 31, 2021

In 1986, Vita Community Living Services of Toronto (the "Organization") began as a division of Villa Charities Inc. and was incorporated without share capital on June 30, 1987. Since 2004, the Organization is a non-profit charitable organization funded primarily by the Ontario Ministry of Community and Social Services ("MCSS") to provide services to adults with intellectual disabilities and dual diagnosis (intellectual disability accompanied by a psychiatric diagnosis). The Organization provides residential supports, respite programs and community participation programs as well as clinical and educational services to its members.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include subsidies.

Government grants used for the purchase of capital assets are deferred and amortized to revenue on the same basis as the assets to which they relate.

Unrestricted contributions, other revenue, fees for service and other client fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful lives using the following annual rates:

Asset	Rate
Buildings	5%
Furniture and fixtures	20%
Leasehold improvements	5-10%
Vehicles	30%
Improvements from deferred grants	5%

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(c) Excess of revenue over expenses repayable:

Excess of revenue over expenses for MCSS funded programs is repayable to the provincial agency providing the funding. Repayment if any, will be in the form of reduced subsidies by the funding agency in the following year.

(d) Income tax status:

The Organization is a registered charitable organization under the provisions of the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

(e) Remuneration:

Members of the Board of Governors are volunteers who serve without remuneration.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

The fair values of cash, accounts receivable, due from Mens Sana Families for Mental Health and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short terms to maturity.

The fair value of the advances from Villa Charities Inc. are not determinable due to their related party nature and terms.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

(h) Contributed services:

The Organization does not recognize contributed services in the financial statements due to the difficulty of determining the fair value.

2. Cash in trust:

The Organization has cash held in trust totaling approximately \$1,298,000 (2020 - \$878,000) which is administered on behalf of its residents. These funds can be drawn upon by residents for personal use at any time. These funds do not form a part of the financial statements.

3. Accounts receivable:

	2021	2020
Trade	\$ 239,842	\$ 439,194
Allowance for doubtful accounts	(7,098)	(43,716)
	<u>\$ 232,744</u>	<u>\$ 395,478</u>

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,506,775	\$ -	\$ 2,506,775	\$ 2,506,775
Buildings	3,332,269	2,398,290	933,979	1,100,592
Furniture and fixtures	437,208	358,899	78,309	84,574
Leasehold improvements	1,439,085	1,250,773	188,312	208,741
Vehicles	51,426	49,662	1,764	2,520
Improvements from deferred grants	1,125,676	576,588	549,088	605,372
	\$ 8,892,439	\$ 4,634,212	\$ 4,258,227	\$ 4,508,574

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$71,311 (2020 - \$155,612), relating to payroll related taxes.

6. Advances from affiliates:

The advances are non-interest bearing, unsecured and have no fixed terms of repayment. The advances have been classified as long-term as there is no plan or intention to pay the balances within 365 days from the statement of financial position date. The Organization and Villa Charities Inc. are discussing the nature of the payable balances of \$548,071 (2020 - \$548,071) and associated terms as the advances consist of cash transfers and cost allocations between Villa Charities Inc. and the Organization for operational funding purposes.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2021

7. Net assets invested in capital assets:

(a) Net assets invested in capital assets are calculated as follows:

	2021	2020
Capital assets	\$ 4,258,227	\$ 4,508,574
Less amounts financed by deferred contributions	1,947,020	2,184,306
	<u>\$ 2,311,207</u>	<u>\$ 2,324,268</u>

(b) The change in net assets invested in capital assets is calculated as follows:

	2021	2020
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 237,286	\$ 238,797
Amortization of capital assets	(250,347)	(252,849)
	<u>\$ (13,061)</u>	<u>\$ (14,052)</u>

8. Related party transactions:

During the year, Mens Sana Families for Mental Health charged the Organization \$438,222 (2020 - \$438,615) for costs related to the day program held at 3200 Steeles Avenue West and residential support held at 7 Alamosa Drive and at 114 Indian Road.

Vita Community Living Services and Mens Sana Families for Mental Health are organizations with similar values and operating principals which joined forces to share resources. The organizations are separate organizations governed by two separate boards although the two boards have the same membership.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Financial risks (continued):

(c) COVID-19:

The global outbreak of COVID-19 has resulted in emergency measures mandated by the World Health Organization, public health authorities and federal and state governments. The extent and duration of the impact of COVID-19 on communities and the economy remains unclear. In the preparation of these financial statements, the Organization has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of assets and liabilities, and the reported amount of earnings using the best available information as of March 31, 2021. Actual results could differ from those estimates. The estimates and assumptions that the Organization considers critical could be impacted by COVID-19.

11. Economic dependence:

The future viability of the Organization is dependent upon continued support from the MCSS.

12. Contingencies:

The Organization is a defendant in actions brought against it, from time to time, in connection with its operations. While it is not possible to estimate the outcome of such proceedings at this time, the Organization's management does not believe that it will incur any significant loss or expense.

13. Transitional Housing Project Funding:

Included in other revenue is \$115,398 (2020 - \$115,398) in relation to funding received from Griffin Centre to provide staffing support of five transitional beds at 21 Rollingwood Drive and rental subsidy for a flexible space at 76 Winston Park Boulevard. Both these locations are group homes of the Organization. During the year, expenditures incurred for this transitional housing project were \$545,451 (2020 - \$562,389).

VITA COMMUNITY LIVING SERVICES OF TORONTO

Schedule of Services Contract/DSA Approval with MCCSS

Year ended March 31, 2021

Particulars	Adults' Community Accommodation	Community Support Services	COVID-19 Members Support	\$4 Wage Enhancement + \$250 MCCSS Enhancement*	COVID-19 \$3 Wage Enhancement*	PFR	COVID 2019-2020	Total
Toronto Region								
Revenue:								
Government subsidies	\$ 16,160,027	\$ 3,086,235	\$ 708,204	\$ 1,462,997	\$ 1,259,730	\$ 62,400	\$ 26,272	\$ 22,765,865
Funded by residential/other	1,156,472	220,862	-	-	-	-	-	1,377,334
	17,316,499	3,307,097	708,204	1,462,997	1,259,730	62,400	26,272	24,143,199
Expenses:								
Salaries and benefits	11,985,258	2,288,939	-	1,462,997	1,259,730	-	26,272	17,023,196
Others	3,757,014	717,513	708,204	-	-	62,400	-	5,245,131
	15,742,272	3,006,452	708,204	1,462,997	1,259,730	62,400	26,272	22,268,327
Allocated administration	1,574,227	300,645	-	-	-	-	-	1,874,872
	17,316,499	3,307,097	708,204	1,462,997	1,259,730	62,400	26,272	24,143,199
Subtotal - Toronto	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Note: Does not include unpaid Wage Enhancement of \$275,563 deferred as of March 31, 2021

Particulars	DSRS - Adults Community Accommodation	Community Support Services	COVID 2019-2020	Total
Central region				
Revenue:				
Government subsidies	\$ 6,686,145	\$ 1,068,507	\$ 9,231	\$ 7,763,883
Funded by residential/other	478,485	76,466	-	554,951
	7,164,630	1,144,973	9,231	8,318,834
Expenses:				
Salaries and benefits	4,958,851	792,470	9,231	5,760,552
Others	1,554,449	248,415	-	1,802,864
	6,513,300	1,040,885	9,231	7,563,416
Allocated administration	651,330	104,088	-	755,418
	7,164,630	1,144,973	9,231	8,318,834
Subtotal - Central region	\$ -	\$ -	\$ -	\$ -