

Financial Statements of

**VITA COMMUNITY LIVING
SERVICES OF TORONTO**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

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, 2020
- 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.



Page 2

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.
- 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.



Page 3

- 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 16, 2020

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Financial Position

March 31, 2020, with comparative information for 2019

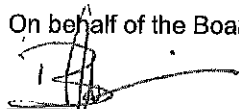
	2020	2019
Assets		
Current assets:		
Cash (note 2)	\$ 6,319,119	\$ 5,441,416
Accounts receivable (note 3)	395,478	314,016
Provincial grant receivable	-	66,642
Sales taxes recoverable	512,135	502,388
Prepaid expenses	74,055	59,789
	<u>7,300,787</u>	<u>6,384,251</u>
Capital assets (note 4)	4,508,574	4,761,423
	<u>\$ 11,809,361</u>	<u>\$ 11,145,674</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 4,994,364	\$ 4,582,192
Advances from Villa Charities Inc. (note 6)	548,071	548,071
Deferred government grants related to capital assets	2,184,306	2,423,103
	<u>2,732,377</u>	<u>2,971,174</u>
Net assets:		
Net assets invested in capital assets (note 7(a))	2,324,268	2,338,320
Unrestricted net assets	1,758,352	1,253,988
	<u>4,082,620</u>	<u>3,592,308</u>
Commitments (note 9)		
Economic dependence (note 11)		
COVID-19 (note 14)		
	<u>\$ 11,809,361</u>	<u>\$ 11,145,674</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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Ministry of Community and Social Services ("MCSS")	\$ 26,937,989	\$ 26,295,653
Fees for service and other client fees	3,527,019	3,514,470
Other	2,193,475	2,713,024
	<u>32,658,483</u>	<u>32,523,147</u>
Expenses:		
Salaries and benefits	24,905,324	25,083,276
Maintenance	2,254,743	1,718,206
Purchased services (note 8)	1,049,168	1,102,226
Rent	1,191,031	952,020
Office and general	652,627	656,047
Vehicle operation and maintenance	532,261	618,001
Food	693,814	612,944
Supplies	196,597	240,282
Program expenses	184,100	214,637
Transportation and travel	188,424	160,959
Residents personal needs	86,470	148,028
Insurance	173,708	142,790
Professional fees	25,997	67,014
Bank and interest charges	15,839	13,149
Bad debts	4,016	111
	<u>32,154,119</u>	<u>31,729,690</u>
Excess of revenue over expenses before the undernoted item	504,364	793,457
Amortization of capital assets (net of deferred capital grants related to capital assets)	14,052	14,573
Excess of revenue over expenses	\$ 490,312	\$ 778,884

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Invested in capital assets (note 7(b))	Unrestricted	2020	2019
Net assets, beginning of year	\$ 2,338,320	\$ 1,253,988	\$ 3,592,308	\$ 2,813,424
Excess (deficiency) of revenue over expenses (note 7(b))	(14,052)	504,364	490,312	778,884
Net assets, end of year	\$ 2,324,268	\$ 1,758,352	\$ 4,082,620	\$ 3,592,308

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 490,312	\$ 778,884
Items not affecting cash:		
Amortization of capital assets	252,849	253,371
Amortization of deferred capital grants related to capital assets (note 1(a))	(238,797)	(238,798)
	504,364	793,457
Changes in non-cash working capital:		
Accounts receivable	(81,462)	(56,580)
Provincial grant receivable	66,642	165,864
Prepaid expenses	(14,266)	84,794
Sales taxes recoverable	(9,747)	(92,487)
Accounts payable and accrued liabilities	412,172	311,478
	877,703	1,206,526
Investing activities:		
Due from Mens Sana Families for Mental Health	-	17,076
Increase in cash	877,703	1,223,602
Cash, beginning of year	5,441,416	4,217,814
Cash, end of year	\$ 6,319,119	\$ 5,441,416

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements

Year ended March 31, 2020

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, 2020

1. Significant accounting policies (continued):

(c) Excess of revenue over expenses repayable:

Excess of revenue over expenses 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, 2020

1. Significant accounting policies (continued):

The fair values of cash, accounts receivable 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 \$878,000 (2019 - \$790,000) 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:

	2020	2019
Trade	\$ 439,194	\$ 354,838
Allowance for doubtful accounts	(43,716)	(40,822)
	<u>\$ 395,478</u>	<u>\$ 314,016</u>

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,506,775	\$ -	\$ 2,506,775	\$ 2,506,775
Buildings	3,332,269	2,231,677	1,100,592	1,267,206
Furniture and fixtures	437,208	352,634	84,574	90,839
Leasehold improvements	1,439,085	1,230,344	208,741	231,347
Vehicles	51,426	48,906	2,520	3,600
Improvements from deferred grants	1,125,676	520,304	605,372	661,656
	\$ 8,892,439	\$ 4,383,865	\$ 4,508,574	\$ 4,761,423

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$155,612 (2019 - \$80,484), relating to payroll related taxes.

6. Advances from Villa Charities Inc.:

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 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, 2020

7. Net assets invested in capital assets:

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

	2020	2019
Capital assets	\$ 4,508,574	\$ 4,761,423
Less amounts financed by deferred contributions	2,184,306	2,423,103
	<u>\$ 2,324,268</u>	<u>\$ 2,338,320</u>

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

	2020	2019
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 238,797	\$ 238,798
Amortization of capital assets	(252,849)	(253,371)
	<u>\$ (14,052)</u>	<u>\$ (14,573)</u>

8. Related party transactions:

During the year, Mens Sana Families for Mental Health charged the Organization \$438,615 (2019 - \$437,470) 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, 2020

9. Commitments:

The Organization leases premises and vehicles under various operating leases. The minimum lease payments for the next five years and thereafter are approximately as follows:

2021	\$	712,700
2022		684,700
2023		505,100
2024		263,900
2025		150,800
Thereafter		-
	\$	2,317,200

10. Financial risks:

The Organization is exposed to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risks by monitoring its operating requirements. There has been no change to the risk exposures from 2019.

11. Economic dependence:

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

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2020

12. Transitional Housing Project Funding:

Included in other revenue is \$115,398 (2019 - \$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 \$562,389 (2019 - \$502,604).

13. Service Contract/DSA Approval with MCSS:

The Organization has a Service Contract/DSA Approval with MCSS. The following summarizes, by service (project code), any surplus or deficit that relates to the Service Contract/DSA Approval as at March 31, 2020.

Any surplus amounts are reflected in accounts payable and accrued liabilities.

The following reconciles the deficiency of revenues over expenses for the above service detail codes to the excess of revenues over expenses as reported in the statement of operations:

Excess of revenue over expenses	\$	490,312
Amortization of capital assets (net of deferred capital grants related to capital assets)		14,052
Additions to capital assets		-
Additions to deferred grants		-
Other revenues		(3,634,777)
Other expenses		3,130,413
	\$	-

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2020

14. COVID-19:

Prior to March 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Organization is not known at this time.

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Staff resources have been realigned to serve the needs of the facilities
- All day programs have been closed based on public health recommendations
- Mandatory working from home for those able to do so
- The Organization anticipates to continue to receive funding from MCSS

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management has assessed that there are no financial impacts that are quantifiable and confirm conditions known as at March 31st, therefore there are no adjustments that have been reflected in these financial statements.

