

Bellwoods Centres for Community Living Inc.

Financial Statements

For the year ended March 31, 2021

**Bellwoods Centres for Community
Living Inc.**

Financial Statements
For the year ended March 31, 2021

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Independent Auditor's Report

To the Members of Bellwoods Centres for Community Living Inc.

Opinion

We have audited the financial statements of Bellwoods Centre for Community Living Inc. (the "Organization"), which comprise the balance sheet as at March 31, 2021, and the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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 Opinion

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 these 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

Toronto, Ontario
June 21, 2021

**Bellwoods Centres for Community Living Inc.
Balance Sheet**

March 31 2021 2020

Assets

Current

Cash	\$ 1,316,625	\$ -
Investments (Note 2)	5,825,276	7,693,384
Accounts receivable	421,418	270,590
Prepaid expenses and other assets	140,019	147,501

7,703,338 **8,111,475**

Capital assets (Note 3)

5,428,486 **5,605,571**

Deposits and other assets (Note 6 and 7(b))

840,319 **875,537**

\$ 13,972,143 **\$ 14,592,583**

Liabilities and Net Assets

Current

Bank overdraft	\$ -	\$ 203,291
Accounts payable and accrued liabilities (Note 9)	2,388,640	2,230,893
Due to Ontario Ministry of Health and Long-Term Care and Toronto Central Local Health Integration Network	1,280,947	1,590,022
Due to City of Toronto	119,222	101,027
Current portion of mortgages payable (Note 4)	66,098	64,310
Current portion of loan payable - City of Toronto (Note 5)	29,751	29,310
Current portion of deferred rental contributions (Note 7 (b))	56,103	55,283
Deferred services contributions (Note 7 (c))	107,172	107,172
Deferred revenue (Note 14)	549,700	549,700

4,597,633 **4,931,008**

Mortgages payable (Note 4)

1,486,584 **1,552,682**

Loan payable - City of Toronto (Note 5)

223,967 **253,718**

**Deferred contributions for capital asset replacement
reserve (Note 6)**

1,511,245 **1,454,195**

Deferred capital contributions (Note 7 (a))

3,331,655 **3,657,603**

Deferred rental contributions (Note 7 (b))

662,611 **718,714**

11,813,695 **12,567,920**

Net Assets

Jean Lauder Memorial Fund (Note 8) **91,251** **91,251**

Unrestricted **2,067,197** **1,933,412**

2,158,448 **2,024,663**

\$ 13,972,143 **\$ 14,592,583**

On behalf of the Board:

Director: _____



The accompanying notes are an integral part of these financial statements

Bellwoods Centres for Community Living Inc. Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Ontario Ministry of Health and Long-Term Care and Toronto Central Local Health Network grants	\$ 17,224,657	\$ 15,479,221
City of Toronto grants	645,400	555,905
Rental income from tenants	472,856	367,018
Investment income	49,655	144,481
Rental contributions (Note 7(b))	55,283	54,487
Other income	237,122	326,049
	18,684,973	16,927,161
Expenses		
Salaries	10,646,227	9,670,199
Employee benefits	2,569,160	2,549,805
Administrative	2,286,973	2,233,935
Purchased services and other	1,896,488	1,163,924
Repairs and maintenance	626,856	704,818
Utilities	155,490	149,691
Interest on long-term debt (Note 4 and 5)	47,601	92,176
	18,228,795	16,564,548
Excess of revenue over expenses for the year before amortization	456,178	362,613
Amortization of deferred capital contributions and capital assets		
Amortization of deferred capital contributions	325,948	314,142
Amortization of capital assets	(648,341)	(574,348)
	(322,393)	(260,206)
Excess of revenues over expenses for the year	\$ 133,785	\$ 102,407

**Bellwoods Centres for Community Living Inc.
Statement of Changes in Net Assets**

For the year ended March 31, 2021

	Jean Lauder Memorial Fund	Unrestricted	2021 Total
Balance, beginning of year	\$ 91,251	\$ 1,933,412	\$ 2,024,663
Excess of revenue over expenses for the year	-	133,785	133,785
Balance, end of year	\$ 91,251	\$ 2,067,197	\$ 2,158,448

For the year ended March 31, 2020

	Jean Lauder Memorial Fund	Unrestricted	2020 Total
Balance, beginning of year	\$ 91,251	\$ 1,831,005	\$ 1,922,256
Excess of revenue over expenses for the year	-	102,407	102,407
Balance, end of year	\$ 91,251	\$ 1,933,412	\$ 2,024,663

The accompanying notes are an integral part of these financial statements

Bellwoods Centres for Community Living Inc. Statement of Cash Flows

For the year ended March 31	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 133,785	\$ 102,407
Adjustments to reconcile excess of revenues over expenditures to net cash provided by operating activities		
Amortization of deferred capital contributions	(325,948)	(314,142)
Rental contributions	(55,283)	(54,487)
Amortization of capital assets	648,341	574,348
Change in non-cash operating working capital related to operations		
Accounts receivable	(150,828)	417,834
Prepaid expenses, deposits and other assets	42,700	31,573
Accounts payable and accrued liabilities	157,747	(172,820)
Due to Ontario Ministry of Health and Long-Term Care and Toronto Central Local Health Integration Network	(309,075)	980,819
Due to City of Toronto	18,195	(42,425)
	<u>159,634</u>	<u>1,523,107</u>
Investing activities		
Net changes in investments	1,868,108	(1,693,087)
Additions to capital assets	(471,256)	(312,979)
	<u>1,396,852</u>	<u>(2,006,066)</u>
Financing activities		
Repayment of mortgages payable	(64,310)	(46,583)
Repayment of loan payable - City of Toronto	(29,310)	(28,875)
Contributions of capital asset replacement reserve	57,050	57,050
Contributions received for capital purposes	-	283,591
	<u>(36,570)</u>	<u>265,183</u>
Increase (decrease) in cash during the year	1,519,916	(217,776)
Cash (bank overdraft), beginning of year	(203,291)	14,485
Cash (bank overdraft), end of year	\$ 1,316,625	\$ (203,291)

Bellwoods Centres for Community Living Inc.

Notes to Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

(a) Mission Statement

Bellwoods Centres for Community Living Inc. (the "Organization") is a community-based not-for-profit organization which is committed to enabling adults with physical disabilities to live as independently as possible in the community.

The Organization is incorporated without share capital under the Laws of Ontario. The Organization is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue income tax receipts to donors.

(b) Basis of Accounting

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

(c) Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include grants, bequests and other donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Rental income from tenants is recognized as earned when rental services are provided.

Investment income is recognized in the statement of operations when earned, other than income earned on the capital asset replacement reserve which is added to the deferred contribution reserve balance (Note 6).

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies - (Continued)

(d) Capital Assets

Purchased capital assets are recorded at acquisition cost less accumulated amortization. Capital assets are amortized on a straight-line basis over the following periods:

Buildings	20 years
Buildings improvements	18 to 25 years
Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Term of lease

(e) Employee Benefits

The Organization accounts for contributions to a defined contribution pension plan and group RRSP as an expense of the year to which the contributions relate.

(f) Contributed Volunteer Services and Contributed Materials

The work of the Organization is dependent on the volunteer services of many members and others. The nature and amount of the volunteer services are not reflected in these financial statements because of the difficulty of determining the fair value. Contributed materials are also not reflected in these financial statements.

(g) Controlled Not-for-Profit Entity

A controlled not-for-profit entity is not consolidated in these financial statements, but rather financial information about the controlled entity is disclosed in the notes to these financial statements (Note 11).

(h) Financial Instruments

Long-term debt, which comprises mortgages payable and loan payable - City of Toronto, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. Transaction costs are amortized using the straight-line method.

All other financial instruments, including accounts receivable, fixed income investments and accounts payable are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization 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 revenue and expenses during the reporting period. The estimates are reviewed periodically and as adjustments become necessary they are reported in the year in which they become known. Actual results could differ from such estimates.

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2021

2. Investments

Investments, which comprise of Canadian guaranteed investment certificates ("GICs") with terms to maturity of more than 90 days at the date of purchase, have maturity dates ranging between April 2021 and September 2021 and bear interest at rates varying from 0.35% to 0.40% (2020 -1.10% to 1.95%).

3. Capital Assets

(a) Capital assets consist of the following:

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1	\$ -	\$ 1	\$ -
Buildings	9,021,532	5,911,011	9,021,532	5,460,319
Building improvements	3,179,296	1,662,741	2,800,078	1,500,060
Furniture and equipment	787,683	664,928	695,645	659,709
Computer equipment	173,148	173,146	173,148	173,146
Leasehold improvements	780,431	101,779	780,431	72,030
	13,942,091	8,513,605	13,470,835	7,865,264
		\$ 5,428,486		\$ 5,605,571

The land upon which the 300 Shaw Street building is erected was donated by the City of Toronto with the provision that it be used to erect a residence for persons with cerebral palsy or other similar disabilities. This land is carried at nominal value.

(b) The 1082 Dundas Street West project building is a barrier-free facility with 31 accessible, independent apartments for persons with physical disabilities and requiring 24-hour personal support services.

Bellwoods Centres for Community Living Inc.
Notes to Financial Statements

March 31, 2021

4. Mortgage Payable

The mortgage payable consists of the following:

	2021	2020
First National Financial GP Corporation ("FNF") mortgage payable in blended monthly installments of \$8,990, bearing interest at 2.76% per annum, due on June 1, 2030	\$ 1,552,682	\$ 1,616,992
Less current portion	(66,098)	(64,310)
	<u>\$ 1,486,584</u>	<u>\$ 1,552,682</u>

The FNF mortgage is collateralized by the building at 1082 Dundas Street West and is guaranteed by CMHC.

On March 1, 2020, the mortgage was renewed and previously was payable in blended monthly installments of \$11,191 bearing interest at 5.40% per annum and was due on March 1, 2020.

Principal repayments are as follows:

2022	\$	66,098
2023		67,934
2024		69,822
2025		71,763
2026		73,757
Thereafter		<u>1,203,308</u>
		<u>\$ 1,552,682</u>

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2021

5. Loan Payable - City of Toronto

The loan payable - City of Toronto consists of the following:

	2021	2020
Loan payable due on April 1, 2029	\$ 253,718	\$ 283,028
Less current portion	(29,751)	(29,310)
	\$ 223,967	\$ 253,718

The loan from the City of Toronto is part of the funding provided by the three levels of government for the supportive housing project (1082 Dundas Street West) at the south end of the Shaw Street property (Note 3(b)). This loan is repayable in equal monthly blended payments of interest and principal of \$2,778. The loan bears interest at a fixed rate, which has been established at 1.50%.

Principal repayments are as follows:

2022	\$	29,751
2023		30,199
2024		30,654
2025		31,115
2026		31,584
Thereafter		100,415
	\$	253,718

6. Deferred Contributions for Capital Asset Replacement Reserve

The Organization maintains a replacement reserve for repairs and maintenance for the building at 300 Shaw Street and commits \$25,500 of approved funding annually to this reserve. Prior to 2020, under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC") for the building at 300 Shaw Street, the Organization was required to maintain a reserve for repairs and maintenance to be used for expenditures approved by CMHC. Under the terms of the agreement, the Organization was required to commit \$25,500 annually to the replacement reserve fund.

Under the terms of the FNF mortgage (Note 4) and City of Toronto loan (Note 5), the Organization is required to commit 8% (4% respectively, for both FNF and the City of Toronto) of the effective rental income to the replacement reserve fund, 4% of which is being held by FNF in escrow. During the year ended March 31, 2021, the amount held in escrow amounted to \$175,174 (2020 - \$158,314) and is recorded in deposits and other assets on the balance sheet.

Bellwoods Centres for Community Living Inc.
Notes to Financial Statements

March 31, 2021

6. Deferred Contributions for Capital Asset Replacement Reserve - (Continued)

The changes in the deferred contributions for capital asset replacement reserve balance are as follows:

	2021	2020
Balance, beginning of year	\$ 1,454,195	\$ 1,397,145
Replacement provision	57,050	57,050
Balance, end of year	\$ 1,511,245	\$ 1,454,195

7. Deferred Capital, Rental and Services Contributions

(a) Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2021	2020
Balance, beginning of year	\$ 3,657,603	\$ 3,688,154
Contributions received for capital purposes	-	283,591
Less amounts recognized as revenue during the year	(325,948)	(314,142)
Balance, end of year	\$ 3,331,655	\$ 3,657,603

Included in deferred capital contributions is a forgivable loan from CMHC, which is part of the funding provided by the three levels of government for the supportive housing project (1082 Dundas Street West) at the south end of the Shaw Street property (Note 3 (b)). This loan was granted by CMHC on behalf of the Ontario Ministry of Municipal Affairs and Housing.

The loan is repayable on May 1, 2034. According to the agreement, the loan is forgivable if the Organization is in compliance with the conditions set. As at March 31, 2021, management believes the Organization is in compliance with the conditions set. Since the Organization expects to remain in compliance with the conditions required for the loan to be forgiven, this loan has not been recorded as a loan payable.

Interest is to be charged at the higher of [i] current prime rate for a commercial first mortgage having a five-year term, plus 2% or [ii] the interest rate applicable to the first mortgage registered against the title to the property, plus 2%; however, this interest will also be forgiven as long as the conditions are met. As at March 31, 2021, management believes the Organization is in compliance with the conditions set and, accordingly, no interest has been accrued.

Bellwoods Centres for Community Living Inc.
Notes to Financial Statements

March 31, 2021

7. Deferred Capital, Rental and Services Contributions - (Continued)

(b) Deferred Rental Contributions

Deferred rental contributions represent funds received from the Toronto Central Community Care Access Centre for the buy-down of the rental charges at the Deauville Place Apartments and 180 Sudbury Project II. The purpose of these units is to provide affordable rental housing to alternate level of care patients. For the Deauville Place Apartments, the monthly rental charges are bought down for a period of 20 years commencing April 1, 2012. For the 180 Sudbury Project II, the monthly rental charges are bought down for a period of 20 years, commencing in fiscal 2013.

The changes in the deferred rental contributions balance are as follows:

	2021	2020
Balance, beginning of year	\$ 773,997	\$ 828,484
Less rental contributions recognized during the year	(55,283)	(54,487)
Balance, end of year	718,714	773,997
Less current portion	(56,103)	(55,283)
	\$ 662,611	\$ 718,714

As at March 31, 2021, prepaid rent for the Deauville Place Apartments of \$315,144 (2020 - \$337,223) and \$350,000 (2020 - \$380,000) for the 180 Sudbury Project II is included in deposits and other assets.

(c) Deferred Service Contributions

Deferred services contributions represent funds received from Toronto Central Community Care Access Centre to provide services to the tenants of the 180 Sudbury Project II once the units have been occupied. As at March 31, 2021, \$107,172 (2020 - \$107,172) of the contributions can be utilized relating to services to be provided in future years.

8. Jean Lauder Memorial Fund

In 1999, the Organization received \$140,000 from the Estate of Jean Lauder. There were no restrictions imposed on the use of these funds. This amount is internally restricted by the Organization's Board of Directors and was called the Jean Lauder Memorial Fund. In subsequent years, the Board of Directors internally restricted an additional \$22,050 for this fund. Effective March 31, 2019, the Board of Directors approved a transfer of \$70,799 from the Jean Lauder Memorial Fund to the Unrestricted Fund for use on specified capital expenditures.

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2021

9. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$215,557 (2020 - \$204,198).

10. Commitments

The future minimum annual lease payments under operating leases are as follows:

2022	\$ 397,299
2023	401,173
2024	405,648
2025	409,656
2026	117,219
Thereafter	<u>314,455</u>
	<u>\$ 2,045,450</u>

11. Controlled Not-for-Profit Entity

Bellwoods (Dundas Street West) Community Housing Complex Inc. ("Bellwoods Housing") is a separate legal entity, incorporated without share capital under the laws of Ontario, whose financial information is not consolidated with the Organization's financial statements, but rather is reported separately. The Board of Directors of Bellwoods Housing is comprised of individuals who were formerly members of the Board of Directors of the Organization. Bellwoods Housing received registered charitable status in September 2006.

The financial summary of Bellwoods Housing as at March 31, 2021 is as follows:

Total assets	\$ 1
Total liabilities	<u>-</u>
Net assets	<u>\$ 1</u>

The land on which the project described in Note 3(b) is located was donated by the Organization to Bellwoods Housing. Bellwoods Housing owns the land and the building transfers to Bellwoods Housing at the end of the lease. The Organization is leasing the land back for 50 years for \$1 per year, with the lease expiring on March 21, 2056.

The financial statements of Bellwoods Housing records the donated land at a nominal value of \$1, being the carrying value of the land received from the Organization. The carrying value of the land of Bellwoods Housing is not representative of its fair value.

There were no operations in Bellwoods Housing during the year.

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2021

12. Contingencies

The Organization is subject to various claims and potential claims related to operations. Where the potential liability is likely and able to be estimated, management has recorded its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

13. Financial Instruments

The Organization is exposed to financial risks through transactions in financial instruments.

Credit Risk

The Organization is exposed to credit risk in connection with its accounts receivable and its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. As at March 31, 2021 and 2020, no provision for doubtful amounts receivable was considered necessary.

Interest Rate Risk

The Organization is exposed to interest rate risk with respect to its fixed rate debt and its investments in fixed income investments because the fair value will fluctuate due to changes in market interest rates. The Organization's long-term debt includes the mortgage with FNF and loan from the City of Toronto.

Liquidity Risk

The Organization is exposed to minimal liquidity risk as it does not anticipate any significant difficulties in meeting its financial liabilities.

14. Deferred Revenue

Deferred revenue represents funds received from the Local Health Integration Network ("LHIN") for the harmonization of Red Cross employees during fiscal 2018 and 2019. During the year ended March 31, 2021, \$Nil (2020 - \$Nil) was spent for this purpose.

15. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Canada and around the world. Management and the Board of Directors are actively monitoring the effect on the Organization's financial condition, liquidity, operations and workforce. There is uncertainty as to the duration and hence the potential impact. As a result, the Organization is unable to estimate the potential future impact on operations at this time.