

Bellwoods Centres for Community Living Inc.

Financial Statements

For the year ended March 31, 2023

Bellwoods Centres for Community Living Inc.

Financial Statements
For the year ended March 31, 2023

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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, 2023, 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, 2023, 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 8, 2023

Bellwoods Centres for Community Living Inc.

Balance Sheet

March 31 **2023** 2022

Assets

Current

Cash	\$ 3,046,481	\$ 1,337,822
Investments (Note 2)	5,443,259	5,845,516
Accounts receivable	842,574	1,039,984
Prepaid expenses and other assets	214,579	167,388
	<u>9,546,893</u>	<u>8,390,710</u>

Capital assets (Note 3)	4,254,493	4,800,846
Deposits and other assets (Note 6 and 7(b))	759,256	800,226
	<u>5,013,749</u>	<u>5,601,072</u>

\$ 14,560,642 **\$ 13,991,782**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 9)	2,212,965	2,471,728
Due to Ontario Ministry of Health and Long-Term Care and Ontario Health	3,156,796	1,985,422
Due to City of Toronto	170,602	157,837
Current portion of mortgage payable (Note 4)	69,822	67,934
Current portion of loan payable - City of Toronto (Note 5)	30,654	30,199
Current portion of deferred rental contributions (Note 7(b))	57,831	56,954
Deferred services contributions (Note 7(c))	107,172	107,172
Deferred revenue	36,653	15,560
	<u>5,842,495</u>	<u>4,892,806</u>

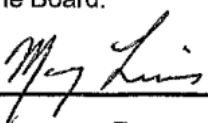
Mortgage payable (Note 4)	1,348,828	1,418,650
Loan payable - City of Toronto (Note 5)	163,108	193,762
Capital asset reserve (Note 6)	1,625,343	1,568,293
Deferred capital contributions (Note 7(a))	2,679,761	3,005,707
Deferred rental contributions (Note 7(b))	547,824	605,655
	<u>6,364,864</u>	<u>6,792,067</u>
	<u>12,207,359</u>	<u>11,684,873</u>

Net Assets

Jean Lauder Memorial Fund (Note 8)	91,251	91,251
Unrestricted	2,262,032	2,215,658
	<u>2,353,283</u>	<u>2,306,909</u>

\$ 14,560,642 **\$ 13,991,782**

On behalf of the Board:

Director: 

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	2023	2022
Revenue		
Ontario Ministry of Health and Long-Term Care and Ontario Health grants	\$ 15,781,148	\$ 16,409,563
City of Toronto grants	799,413	582,289
Rental income from tenants	435,068	512,991
Investment income	53,279	30,711
Rental contributions (Note 7(b))	56,954	56,105
Other income	631,670	484,143
	17,757,532	18,075,802
Expenses		
Salaries	10,294,878	10,252,029
Employee benefits	2,522,946	2,602,604
Administrative	1,899,497	2,012,465
Purchased services and other	1,781,531	1,998,053
Repairs and maintenance	786,420	547,839
Utilities	162,270	177,779
Interest on long-term debt (Note 4 and 5)	43,209	45,373
	17,490,751	17,636,142
Excess of revenue over expenses for the year before amortization	266,781	439,660
Amortization of deferred capital contributions and capital assets		
Amortization of deferred capital contributions	325,946	325,948
Amortization of capital assets	(546,353)	(617,147)
	(220,407)	(291,199)
Excess of revenues over expenses for the year	\$ 46,374	\$ 148,461

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

For the year ended March 31, 2023

	Jean Lauder Memorial Fund	Unrestricted	2023 Total
Balance, beginning of year	\$ 91,251	\$ 2,215,658	\$ 2,306,909
Excess of revenue over expenses for the year	-	46,374	46,374
Balance, end of year	\$ 91,251	\$ 2,262,032	\$ 2,353,283

For the year ended March 31, 2022

	Jean Lauder Memorial Fund	Unrestricted	2022 Total
Balance, beginning of year	\$ 91,251	\$ 2,067,197	\$ 2,158,448
Excess of revenue over expenses for the year	-	148,461	148,461
Balance, end of year	\$ 91,251	\$ 2,215,658	\$ 2,306,909

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	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 46,374	\$ 148,461
Adjustments to reconcile excess of revenues over expenditures to net cash provided by operating activities		
Amortization of deferred capital contributions	(325,946)	(325,948)
Rental contributions	(56,954)	(56,105)
Amortization of capital assets	546,353	617,147
Change in non-cash operating working capital related to operations		
Accounts receivable	197,410	(618,566)
Prepaid expenses, deposits and other assets	(6,221)	12,724
Accounts payable and accrued liabilities	(258,763)	83,082
Due to Ontario Ministry of Health and Long-Term Care and Ontario Health	1,171,374	704,475
Due to City of Toronto	12,765	38,615
Deferred revenue	21,093	(534,140)
	<u>1,347,485</u>	<u>69,745</u>
Investing activities		
Net changes in investments	402,257	(20,240)
Adjustment to capital assets, net	-	10,493
	<u>402,257</u>	<u>(9,747)</u>
Financing activities		
Repayment of mortgages payable	(67,934)	(66,098)
Repayment of loan payable - City of Toronto	(30,199)	(29,751)
Contributions of capital asset replacement reserve	57,050	57,048
	<u>(41,083)</u>	<u>(38,801)</u>
Increase in cash during the year	1,708,659	21,197
Cash, beginning of year	1,337,822	1,316,625
Cash, end of year	\$ 3,046,481	\$ 1,337,822

Bellwoods Centres for Community Living Inc.

Notes to Financial Statements

March 31, 2023

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of Bellwoods Centres for Community Living Inc. (Bellwoods, Bellwoods Centres or the Organization):

(a) **Mission Statement**

Bellwoods Centres for Community Living Inc. is a community-based not-for-profit organization 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 charity 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 and funding that are externally restricted by the contributor or funder for identified and/or specified purposes. Upon receipt of such contributions or funding, the amount received or recognized as receivable (if the amount to be received can be reasonably estimated and collection is reasonably assured), is initially recorded as a liability as deferred revenue until such time as the identified and/or specified expenses or expenditures are incurred by the Organization, at which time an equal amount of deferred revenue is recognized and recorded as revenue corresponding to such expenses or expenditures.

Contributions or funding externally restricted by the contributor or funder for the purchase and acquisition of depreciable capital assets are similarly deferred and recognized as revenue on the same basis as amortization of the related capital asset.

Donations and unrestricted contributions are recorded as revenue on receipt.

Rents paid or owing by tenants is recognized as earned and recorded as revenue as housing services are provided or delivered.

Investment income is recognized as earned and, as applicable, either recorded as revenue in the statement of operations or added to the Capital Asset Reserve (Note 6).

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2023

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 recognizes contributions to its 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 Organization depends on the donation of volunteer services and supplies. Given the difficulty of valuing donated services and supplies, such services and supplies are not accounted for in the accompanying financial statements.

(g) Controlled Not-for-Profit Entity

The Organization does not consolidate a not-for-profit entity that it controls in the accompanying financial statements. Financial information of the controlled entity is disclosed in Note 11.

(h) Financial Instruments

Long-term debt, is initially measured at fair value (net of transaction costs) and 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 subsequently measured at cost (less any provisions for impairment in value).

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Estimates are reviewed periodically and as adjustments become necessary, such adjustments are reported in the year known. Actual results could differ from such estimates.

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2023

2. Guaranteed Investment Certificates

Guaranteed Investment Certificates ("GICs") represent Canadian GICs issued by the Organization's bank with terms to maturity ranging from April 2023 to April 2024 (2022 - May 2022 to October 2022) and bearing interest at rates varying from 3.55% to 4.55% (2022 - 0.4% to 1.0%). All GICs are classified as current since they can be promptly liquidated.

3. Capital Assets

Capital assets represent the following:

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1	\$ -	\$ 1	\$ -
Buildings	9,021,532	6,733,294	9,021,532	6,318,402
Building improvements	3,168,803	1,928,910	3,168,803	1,834,972
Furniture and equipment	787,683	680,478	787,683	672,703
Computer equipment	173,148	173,146	173,148	173,146
Leasehold improvements	780,431	161,277	780,431	131,529
	13,931,598	9,677,105	13,931,598	9,130,752
		\$ 4,254,493		\$ 4,800,846

Land represents the land at 300 Shaw Street in Toronto. This land was donated to the Organization by the City of Toronto and recorded at the nominal value of \$1. In accordance with the terms of the City of Toronto's donation, the Organization must maintain a residence for persons with cerebral palsy (or similar disabilities) on the property.

Buildings and building improvements represent apartment buildings located at 1082 Dundas Street West and 300 Shaw Street in Toronto that ease independent living for persons with physical disabilities.

Bellwoods Centres for Community Living Inc.

Notes to Financial Statements

March 31, 2023

4. Mortgage Payable

Mortgage payable represents a first mortgage on the Organization's building at 1082 Dundas Street West in Toronto.

	2023	2022
First National Financial GP Corporation ("FNF") mortgage	\$ 1,418,650	\$ 1,486,584
Less current portion	(69,822)	(67,934)
	\$ 1,348,828	\$ 1,418,650

The first mortgage is held by First National Financial GP Corporation ("FNF") and bears interest at 2.76% per annum. The mortgage requires monthly payments of principal and interest of \$8,990 per month and is due on June 1, 2030. The mortgage is secured by a first charge on the building at 1082 Dundas Street West and guaranteed by the Canada Mortgage and Housing Corporation (CMHC).

Principal repayments are as follows:

2024	\$ 69,822
2025	71,763
2026	73,757
2027	75,807
2028	77,914
Thereafter	<u>1,049,587</u>
	\$ 1,418,650

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2023

5. Loan Payable - City of Toronto

	2023	2022
Loan payable due on April 1, 2029	\$ 193,762	\$ 223,961
Less current portion	(30,654)	(30,199)
	\$ 163,108	\$ 193,762

The loan payable from the City of Toronto is unsecured and bears interest at 1.50% requiring monthly payments of principal and interest of \$2,778 per month.

Principal repayments are as follows:

2024	\$ 30,654
2025	31,115
2026	31,584
2027	32,059
2028	32,542
Thereafter	35,808
	\$ 193,762

6. Capital Asset Reserve

The Organization's capital asset reserve represents funds set aside annually and held for the repair and maintenance of the Organization's apartment building located at 300 Shaw Street, Toronto.

	2023	2022
Balance, beginning of year	\$ 1,568,293	\$ 1,511,245
Funds set aside during the year	57,050	57,048
Balance, end of year	\$ 1,625,343	\$ 1,568,293

Annually, the Organization sets aside and adds approximately \$25,500 of approved funding to the capital asset reserve.

In addition, under the terms of the Organization's mortgage payable and loan payable to the city of Toronto, the Organization sets aside and adds 8% of its effective rental income to its capital asset reserve (4% is held in escrow by FNF and 4% is held by the Organization for the City of Toronto).

As of March 31, 2023, FNF held \$208,897 in escrow (2022 - \$192,036) for the Organization recorded as non-current deposits and other assets.

Bellwoods Centres for Community Living Inc.

Notes to Financial Statements

March 31, 2023

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.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,005,707	\$ 3,331,655
Less amounts recognized as revenue during the year	(325,946)	(325,948)
Balance, end of year	<u>\$ 2,679,761</u>	<u>\$ 3,005,707</u>

Deferred capital contributions include a forgivable loan received from the Canada Mortgage and Housing Corporation ("CMHC") in 2006. Provided the Organization abides by all the terms and conditions of this loan until maturity, the loan will be forgiven when it comes due on June 21, 2031.

The Organization continues to be in compliance with all the terms and conditions of the CMHC loan.

Further, given management believes the Organization will remain in full compliance with all the terms and conditions of the CMHC loan until the loan comes due in 2031, the CMHC loan is recorded as a deferred capital contribution and amortized accordingly.

In addition, interest at the greater of prime for commercial 5-year first mortgages and the rate on any first mortgage registered on the property, plus 2%, will also be forgiven provided the Organization complies with all the terms and conditions of the CMHC loan until 2031. Given the Organization's history and expectation of full compliance with all the terms and conditions of the CMHC loan at all relevant times, the Organization has not accrued for any interest expense on the CMHC loan.

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2023

7. Deferred Capital, Revenue and Unspent Funding 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:

	2023	2022
Balance, beginning of year	\$ 662,609	\$ 718,714
Less rental contributions recognized during the year	(56,954)	(56,105)
Balance, end of year	605,655	662,609
Less current portion	(57,831)	(56,954)
	\$ 547,824	\$ 605,655

As at March 31, 2023, prepaid rent for the Deauville Place Apartments of \$260,359 (2022 - \$288,910) and \$290,000 (2022 - \$320,000) for the 180 Sudbury Project II is included in non-current 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, 2023, \$107,172 (2022 - \$107,172) of the contributions can be utilized relating to services to be provided in future years.

8. Jean Lauder Memorial Fund

Unrestricted net assets includes \$91,251 (2022 - \$91,251) for the Jean Lauder Memorial Fund.

In 1999, the Organization received an unrestricted donation of \$140,000 from the Estate of Jean Lauder.

Since then, the Organizations' Board of Directors has restricted these funds internally as The Jean Lauder Memorial Fund ("Fund"), approved the expenditure of \$70,799 of this gift on specified capital projects in 2019 and increased the Fund by designating additional unrestricted net assets of \$22,050 as part of the Fund.

Bellwoods Centres for Community Living Inc. Notes to Financial Statements

March 31, 2023

9. Government Remittances

As of March 31, 2023, government remittances of \$285,848 (2022 - \$270,884) for employees' withholding taxes payable are included in accounts payable and accrued liabilities.

10. Commitments

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

2024	\$ 405,648
2025	261,768
2026	117,219
2027	119,958
2028	122,496
Thereafter	<u>72,001</u>
	<u>\$ 1,099,090</u>

11. Bellwoods Housing

Bellwoods (Dundas Street West) Community Housing Complex Inc. ("Bellwoods Housing") is a separate not-for-profit entity and registered charity incorporated without share capital under the laws of Ontario. Bellwoods is the sole member of Bellwoods Housing and, as a result, Bellwoods Housing is controlled by Bellwoods Centres for Community Living.

In 2006, the Organization donated and leased back its land at 1082 Dundas Street West to Bellwoods Housing for the nominal value of \$1 for 50 years at \$1 per year. At the end of the lease on March 21, 2056, ownership of the Organization's building at 1082 Dundas Street West will transfer to Bellwoods Housing.

Given the only asset of Bellwoods Housing is donated land recorded at the nominal value of \$1, and the only source of income of Bellwoods Housing is \$1 per year in annual lease payments by Bellwoods Centres, the accounts of Bellwoods Housing have not been consolidated with the accounts of Bellwoods Centres in the accompanying financial statements.

Bellwoods Centres for Community Living Inc.

Notes to Financial Statements

March 31, 2023

12. Financial Instruments

The Organization is exposed to the following financial risks:

Credit Risk

The Organization is exposed to credit risk in connection with its accounts receivable and fixed income investments whereby one party to such financial instruments may cause a loss for the other party by failing to discharge its obligation. As at March 31, 2023 and 2022, no provision for doubtful accounts receivable or accrued interest receivable was considered necessary.

Interest Rate Risk

The Organization is exposed to interest rate risk whereby the fair value of its long term, fixed rate debt and fixed income investments may fluctuate due to changes in market interest rates.

Liquidity Risk

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