Financial Statements of

COMMUNITY LIVING TORONTO

And Independent Auditors' Report thereon

Year ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Community Living Toronto

Opinion

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

- the statement of financial position as at March 31, 2021
- the statement 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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 ***"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.

KPMG

- 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 22, 2021

COMMUNITY LIVING TORONTO

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 145	$ 1,521
Accounts receivable (notes 2 and 22)	6,703	3,351
Capital funding receivable - current (note 3)	467	455
Prepaid expenses	1,278	1,874
Due from related parties (note 5)	249	193
Short-term investments (note 6)	14,597	13,562
	23,439	20,956
Capital funding receivable (note 3)	1,128	1,595
Capital assets (note 7)	25,158	23,866
Investment in subsidiary (note 4)	77	–
Due from related parties (note 5)	67	–
	$ 49,869	$ 46,417
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 8)	$ 1,365	$ –
Accounts payable and accrued liabilities (note 9)	11,241	11,885
Mortgages payable - current (note 11)	467	455
Deferred revenue	1,211	1,178
Current portion of long-term debt (note 12)	71	395
Current portion of due to related party (note 5)	120	–
	14,475	13,913
Mortgages payable - long term (note 11)	1,128	1,595
Long-term debt (note 12)	823	4,696
Due to related party (note 5)	901	–
Deferred contributions - expense of future periods (note 13(a))	8,431	7,605
Deferred contributions - capital assets (note 13(b))	1,291	1,383
	27,049	29,192
Net assets:		
Invested in capital assets (note 14)	23,867	22,483
Endowments (note 16)	83	83
Internally restricted funds (note 17)	5,562	5,562
Unrestricted	(6,692)	(10,903)
	22,820	17,225
Subsequent events (notes 11 and 25)		
Commitments (note 18)		
Guarantee (note 19)		
Contingency (note 20)		
	$ 49,869	$ 46,417

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

COMMUNITY LIVING TORONTO

Statement of Operations
(Expressed in thousands of dollars)

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

	2021	2020
Revenue:		
Ministry of Children, Community and Social Services (note 10)	$ 85,072	$ 74,650
Other revenue (note 22)	9,794	7,738
User fees	4,153	5,141
City of Toronto	3,004	2,984
United Way	1,014	1,180
Entrepreneurial ventures	1,621	1,351
Amortization of deferred contributions (note 13(a))	783	730
Realized gain on short-term investments	390	390
Interest	2	9
Unrealized gain (loss) on short-term investments	644	(560)
Equity income from investment in subsidiary (note 4)	77	–
	106,554	93,613
Expenses:		
Salaries and benefits (note 15)	65,533	63,890
Purchased services	15,302	16,804
Occupancy costs	8,235	8,222
Supplies	9,643	5,841
Travel and transportation	829	1,957
Other program costs	1,402	933
	100,944	97,647
Excess (deficiency) of revenue over expenses before the undernoted items	5,610	(4,034)
Amortization of deferred capital contributions (note 13(b))	92	107
Gain (loss) on sale/transfer of capital assets	6	(78)
Amortization of capital assets	(645)	(678)
	(547)	(649)
Excess (deficiency) of revenue over expenses	$ 5,063	$ (4,683)

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Statement of Changes in Net Assets
(Expressed in thousands of dollars)

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

					2021	2020
	Invested in capital assets	Endowments	Internally restricted funds	Unrestricted	Total	Total
Net assets, beginning of year	$ 22,483	$ 83	$ 5,562	$ (10,903)	$ 17,225	$ 22,506
Excess (deficiency) of revenue over expenses (note 14)	(547)	–	–	5,610	5,063	(4,683)
Net change in investments in capital assets (note 14)	1,931	–	–	(1,931)	–	–
Addition to endowment (note 16)	–	–	–	–	–	1
Transfer from internally restricted funds - membership fees	–	–	–	–	–	(10)
Pension remeasurements and other items (note 15)	–	–	–	532	532	(589)
Net assets, end of year	$ 23,867	$ 83	$ 5,562	$ (6,692)	$ 22,820	$ 17,225

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Statement of Cash Flows
(Expressed in thousands of dollars)

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

	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ 5,063	$ (4,683)
Adjusted for the following non-cash items:		
Unrealized loss (gain) on short-term investments	(644)	560
Amortization of deferred contributions - expense of future periods (note 13(a))	(783)	(730)
Amortization of deferred capital contributions (note 13(b))	(92)	(107)
Amortization of capital assets	645	678
Loss (gain) on disposal of capital assets	(6)	78
Pension benefit expense (note 15)	532	842
Pension transfer expense financed by long-term debt	894	5,091
Change in non-cash operating working capital (note 21)	(3,367)	(2,025)
Employer pension contributions (note 15)	–	(1,431)
Deferred contributions received related to future periods (note 13(a))	1,609	1,183
Decrease in internally restricted funds	–	(10)
Equity income from investment in subsidiary (note 4)	(77)	–
Cash flows from (used in) operating activities	3,774	(554)
Cash flows from financing activities:		
Capital funding receivable	455	445
Increase in bank indebtedness	1,365	–
Payments of mortgages payable	(455)	(445)
Payment of long-term debt	(5,091)	–
Proceeds from committed reducing term facility	–	5,000
Payment of committed reducing term facility	–	(84)
Due to related party	1,021	–
Cash flows from (used in) financing activities	(2,705)	4,916
Cash flows from investing activities:		
Due from related parties (note 5)	(123)	(193)
Purchase of short-term investments	(391)	(3,291)
Purchase of capital assets	(1,944)	(5,148)
Proceeds on sale of capital assets	13	–
Redemption of short-term investments	–	3,500
Receipts of endowment - externally restricted	–	1
Cash flows used in investing activities	(2,445)	(5,131)
Decrease in cash and cash equivalents	(1,376)	(769)
Cash and cash equivalents, beginning of year	1,521	2,290
Cash and cash equivalents, end of year	$ 145	$ 1,521
Supplemental disclosures relating to non-cash financing and investing activities:		
Transfer of capital assets and associated committed reducing term facility (note 7)	$ –	$ 4,916

See accompanying notes to financial statements.

Community Living Toronto ("CLTO") is a not for profit organization, incorporated without share capital under the laws of Ontario. CLTO is principally involved in serving people with developmental disabilities. CLTO is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

These financial statements have been prepared 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:

CLTO follows the deferral method of accounting for contributions.

(i) Restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Purchases of land from restricted contributions are accounted for as direct increases to net assets.

(ii) Endowment contributions are recognized as direct increases in endowment net assets. Restricted income from endowments is shown as deferred contribution and recognized as revenue in the year in which related expenses are incurred. Unrestricted income from endowments is recognized as revenue in the year earned.

(iii) Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(iv) Other revenue consists primarily of residential user fees, user fee per diems and miscellaneous services provided to customers through agencies. Revenue related to these services are recognized when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured, and amounts have been earned.

1. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents include operating accounts and guaranteed investment certificates which are highly liquid with original maturities of less than three months.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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.

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. These costs 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, CLTO 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 CLTO 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.

(d) Contributed materials and services:

During the year CLTO received contributions of materials and services. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

1. Significant accounting policies (continued):

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to CLTO's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on a straight-line basis based on the following useful life:

Buildings	15 - 25 years
Equipment, computer hardware and software	5 - 10 years

(f) Pension:

CLTO sponsors defined benefit pension plans, which cover substantially all of its employees. These plans are both contributory and non-contributory plans and are final average plans.

CLTO uses the immediate recognition approach to account for its defined benefit plans. CLTO accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalations, retirement ages of employees and other actuarial factors). The measurement date of the plan assets and accrued benefit obligation coincides with CLTO's fiscal year. The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2018.

1. Significant accounting policies (continued):

The defined benefit asset/liability is the benefit obligation less fair value of assets, adjusted for any valuation allowance. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period and are immediately recognized in the statement of changes in net assets. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are reported as pension remeasurements and other items in the statement of changes in net assets.

Past service costs arising from plan amendments are immediately recognized as pension remeasurements in the statement of changes in net assets.

On June 14, 2019, CLTO entered into a Memorandum of Agreement ("MOA") to become a participating employer in the Colleges of Applied Arts and Technology Pension Plan ("CAAT Plan"). As a result, CLTO's defined benefit pension plans ("Employee and Executive Pension Plans") have been amended to cease member contributions and freeze credited service, effective September 30, 2019. Effective October 1, 2019, CLTO agreed to remit all required employer contributions to the CAAT Plan in accordance with the terms of the plan. CLTO expenses its cash contributions to the CAAT Plan under the accounting requirements for a multi-employer plan.

(g) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, employee related obligations, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(Expressed in thousands of dollars)

1. Significant accounting policies (continued):

(h) Controlled profit-oriented enterprise:

These financial statements include CLTO's interest in a wholly owned profit-oriented enterprise using the equity method.

(i) Controlled not-for-profit organizations:

CLTO does not consolidate investments in controlled not-for-profit organizations. CLTO reports controlled not-for-profit organizations by disclosing summarized financial information.

2. Accounts receivable:

	2021	2020
Accounts receivable	$ 6,801	$ 3,444
Less allowance for doubtful accounts	98	93
	$ 6,703	$ 3,351

3. Capital funding receivable:

This balance represents amounts due from the Ministry of Children, Community and Social Services ("MCCSS") to fund the purchases of various buildings and houses. These amounts are received annually when related mortgage payments are made.

4. Investment in subsidiary:

During the year, GroundWorks Solutions Toronto Inc. ("GWS"), a wholly owned, profit-oriented subsidiary, was incorporated on May 25, 2020 for the purpose of generating profit through various initiatives.

On July 15, 2020, GWS and a third party created a partnership called StockABLE as a social purpose enterprise project to meet personal protective equipment and infection prevention and control needs, and to direct proceeds towards supporting people with an intellectual or developmental disability.

(Expressed in thousands of dollars)

4. Investment in subsidiary (continued):

GWS has been recognized in CLTO's financial statements using the equity method. A summary of the financial information for GWS as at March 31, 2021 is as follows:

Statement of financial position:	
Total assets	$ 258
Total liabilities	181
	$ 77

Statement of operations:	
Total revenues	$ 201
Total expenses	124
	$ 77
Statement of cash flows:	
Cash flows from operating activities	$ 16
Cash flows from financing activities	100
Cash flows from investing activities	–

Included in other revenue on the statement of operations of CLTO is $80 (2020 - nil) received from GWS as charitable donations.

(Expressed in thousands of dollars)

5. Related party balances and transactions:

(a) GroundUp Toronto ("GUT"):

During fiscal 2020, GUT was incorporated for the purpose of providing and operating supportive, inclusive and accessible housing with or without any public space, recreational facilities, and commercial space or buildings appropriate thereto, primarily for persons with disabilities. GUT is incorporated under the Canada Not-for-Profit Corporations Act. CLTO has the ability to control GUT by virtue of CLTO's right to appoint the majority of GUT's Board of Directors.

GUT has not been consolidated in CLTO's financial statements. A summary of the financial information for GUT as at March 31, 2021 and for the year ended March 31, 2020 is as follows:

	2021	2020
Statement of financial position:		
Total assets	$ 6,017	$ 5,107
Total liabilities	6,027	5,117
	$ (10)	$ (10)

	2021	2020
Statement of operations:		
Total revenue	$ 377	$ –
Total expenses	377	10
Statement of cash flows:		
Cash flows from (used in) operating activities	$ 158	$ (2)
Cash flows from (used in) financing activities	(1,221)	5,109
Cash flows used in investing activities	–	(5,107)

(Expressed in thousands of dollars)

5. Related party balances and transactions (continued):

(b) Related party balances and transactions:

Due from related parties includes the following balances as at March 31:

	2021	2020
Due from GUT (i)	$ 216	$ 193
Due from GWS (ii)	100	–
	316	193
Less current portion	249	193
	$ 67	$ –

(i) The balance relates to the payment of various invoices by CLTO on behalf of GUT. The balance is non-interest bearing with no fixed terms of repayment.

(ii) The loan bears interest at a rate of 5% per annum with a term of 3 years. Interest revenue of $2 (2020 - nil) in relation to this loan has been included in the statement of operations.

Due to related parties includes the following balances as at March 31:

	2021	2020
Due to GUT (iii)	$ 1,021	$ –
Less current portion	120	–
	$ 901	$ –

(iii) CLTO obtained a loan from GUT to perform various renovations. The loan bears interest at a rate of 4.45% per annum with a term of 10 years. Interest expense of $53 (2020 - nil) has been included in the statement of operations.

(Expressed in thousands of dollars)

5. Related party balances and transactions (continued):

The future payments required on the amount due to GUT for the next five years and thereafter are as follows:

2022	$ 120
2023	120
2024	120
2025	120
2026	120
Thereafter	421
	$ 1,021

6. Short-term investments

	2021		2020	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	$ 1,344	$ 1,360	$ 969	$ 978
Equities	4,021	4,301	3,932	3,518
Fixed income	7,918	8,021	8,013	8,174
Other funds	915	915	893	892
	$ 14,198	$ 14,597	$ 13,807	$ 13,562

(Expressed in thousands of dollars)

7. Capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	$ 17,792	$ –	$ 17,792	$ 17,792
Buildings	19,866	13,713	6,153	4,840
Equipment, computer hardware and software	6,693	5,480	1,213	1,234
	$ 44,351	$ 19,193	$ 25,158	$ 23,866

On May 3, 2019, CLTO entered into a purchase and sale agreement to acquire property at 65 The East Mall Crescent, Etobicoke, Ontario for an amount of $4,900. The transaction closed on July 15, 2019. CLTO recorded the property at acquisition price in the amount of $5,089, of which $2,258 and $2,831 was attributed to land and building, respectively.

On March 24, 2020, CLTO entered into an agreement to transfer the property at 65 The East Mall Crescent, Etobicoke, Ontario ("65 The East Mall") to GUT. The carrying value of the property at the time of transfer was $4,994. As consideration for the transfer, GUT assumed the debt obligation associated with the property from CLTO in the amount of $4,916 (note 8). A loss from the transfer of the property had been recorded in the amount of $78 in fiscal 2020.

On April 1, 2020, an agreement was signed between CLTO and GUT for CLTO to lease the property. Related lease expenses of $324 (2020 - nil) have been included in the statement of operations. GUT has also provided a loan for CLTO to renovate the property (note 5).

8. Credit facilities:

On August 23, 2019, CLTO entered into an agreement with TD Canada Trust ("TD") for credit facilities. The credit facilities include a $5,000 operating loan at the bank prime rate plus 0.5% and a committed reducing term facility of $5,000 at the bank prime rate plus 0.5% or at a fixed rate depending on the form of borrowing. During the prior year, CLTO borrowed an amount of $5,000 under the committed reducing term facility to finance the purchase of the property outlined in note 7. On March 31, 2020, GUT assumed the outstanding amount under this facility as part of the transfer of this property.

8. Credit facilities (continued):

On March 24, 2020, CLTO obtained a restated credit agreement with TD to include GUT as a borrower under the agreement. The credit facilities are as follows:

(a) Operating loan available at the borrower's option by way of prime rate based loans in CAD $ for working capital and general corporate purposes. This is available to GUT and CLTO to a maximum of $5,000 and bears interest at prime plus 0.5% per annum.

(b) Committed reducing term facility available to GUT of $4,916 to finance the purchase of the property located at 65 The East Mall (note 7).

(c) Demand loan available at GUT's option by way of prime rate based loans to a maximum of $1,200 to finance leasehold improvements at 65 The East Mall and bears interest at prime plus 0.5% per annum.

On March 4, 2021, CLTO obtained an amending agreement with TD to increase the operating loan amount to $9,000. No changes have been made to the borrowing rate. Certain financial covenants have been amended. As at March 31, 2021, CLTO had drawn $1,160 (2020 - nil) and GUT has borrowed $1,063 (2020 - nil) under this facility.

The amended credit facilities are secured by the following:

- Continuing collateral mortgage representing a first charge on certain real property beneficially owned by and registered in the name of CLTO and GUT in the principal amount of $11,200.

- General security agreement.

- Assignment of fire insurance, rents and leases on certain property.

- Unlimited guarantee of advances executed by CLTO in support of GUT or GUT in support of CLTO.

- General hypothecation of stocks and bonds with a Securities Control Agreement and power of attorney on marketable securities held at TD Waterhouse.

Under the terms of the credit facilities agreement, CLTO is required to comply with certain financial and non-financial covenants. As at March 31, 2021, CLTO was in compliance with the covenants.

(Expressed in thousands of dollars)

9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable as follows:

	2021	2020
Payroll remittances	$ 668	$ 519
Workplace safety and insurance board	38	107
	$ 706	$ 626

10. Ministry of Children, Community and Social Services:

CLTO's final amount to be received from or repayable to the MCCSS for the year ended March 31, 2021 will not be determined until MCCSS has reviewed CLTO's financial and statistical returns for that period. The management of CLTO considers the amounts receivable from or repayable to MCCSS to include all proper adjustments for non-allowance costs.

11. Mortgages payable:

Mortgages payable consists of 25 (2020 - 25) mortgages, which bear interest at varying rates from 1.11% to 8.00% (2020 - 1.11% to 8.00%). These mortgages mature at various dates from April 1, 2021 to June 1, 2025 (2020 - April 1, 2021 to June 1, 2025). Total interest expense on mortgages payable is $40 (2020 - $57).

Future principal payments required on mortgages for the next five years and thereafter are as follows:

2022	$ 467
2023	419
2024	333
2025	125
2026	61
Thereafter	190
	$ 1,595

(Expressed in thousands of dollars)

11. Mortgages payable (continued):

Property	Interest rate	Renewal date	Monthly payment inclusive of interest (Actual amount)	Principal Balance, March 31, 2021	Principal balance, March 31, 2020
	Particulars				
Annette	2.960%	July 1, 2023	$ 1,769	$ 140	$ 157
Mavety	2.700%	April 1, 2024	1,958	70	91
Exford	2.310%	April 1, 2025	2,485	114	141
Aspenwood	2.490%	December 1, 2024	2,061	174	194
Wellesworth	0.680%	April 1, 2024	1,560	57	76
Fairview	0.680%	March 1, 2024	1,868	68	90
Lakeshore	4.050%	April 1, 2023	1,230	30	43
Quarry	4.050%	April 1, 2023	1,940	47	68
Marydon	1.300%	February 1, 2022	794	9	18
Dale	1.300%	May 1, 2022	1,243	17	32
Whitehorn	1.300%	May 1, 2022	1,338	17	33
Sheppard	1.300%	June 1, 2022	1,631	58	76
Royal York	1.300%	June 1, 2022	1,615	58	77
Burnview	1.300%	June 1, 2022	1,726	43	63
Kingston	1.300%	June 1, 2022	974	15	26
Folcroft	1.915%	July 1, 2022	2,049	79	102
Roundwood	2.820%	August 1, 2022	2,570	179	206
Hepscott	1.840%	August 1, 2022	968	16	27
Willard	2.620%	October 1, 2022	2,165	91	114
Resolution	1.970%	December 1, 2022	1,143	24	37
Reidmount	1.970%	December 1, 2022	1,801	37	58
Empire	6.145%	December 1, 2023	1,609	49	64
Hobden Place	5.755%	May 1, 2024	2,248	78	100
Simpson	5.755%	May 1, 2024	2,737	95	121
Margaret	8.000%	June 1, 2025	698	30	36
Total			$ 42,180	1,595	2,050
Less current portion				467	455
Total long-term portion				$ 1,128	$ 1,595

Subsequent to year end, CLTO has renewed the mortgages relating to Wellesworth and Fairview which were due on April 1, 2021, and Lakeshore and Quarry which were due on June 1, 2021 for a further period ranging from 22 months to 36 months. Interest rates have been changed to 0.68% to 4.05%. For financial statement presentation purposes, these mortgages have been classified into short-term and long-term components based on the terms of their respective mortgage renewal agreements.

(Expressed in thousands of dollars)

12. Long-term debt:

On June 14, 2019, CLTO entered into a MOA to effect the transfer of assets and liabilities from CLTO's Employee and Executive Pension Plans to the CAAT Plan. As part of the MOA, CLTO is required to pay an amount of $9,210 (the "Transfer Price") to fund the determined CAAT Plan deficiency. On March 6, 2020, CLTO paid $4,500 of the Transfer Price. On the same day, CLTO entered into a loan agreement with the CAAT Plan to finance an amount of $5,091 (the "Transfer Price Loan") being the remaining Transfer Price of $4,710 and additional interest of $381. The Transfer Price Loan was agreed to be repaid monthly over a term of 10 years, bearing interest at 7%.

During the year, the remaining Transfer Price of $4,710 plus accrued interest was repaid. An additional $894 has been accrued as a true-up expense for additional liabilities incurred during the year. These include professional fees and transferred membership liabilities beyond the agreed assumptions used to calculate the Transfer Price. This will be amortized over the next 9 years as agreed under the MOA bearing interest at 7%.

The following amounts are outstanding with respect to the Transfer Price Loan:

	2021	2020
Term loan, bearing interest at 7% (2020 - 7%), requiring monthly repayments of principal and interest of $11 (2020 - $58), due on June 30, 2030	$ 894	$ 5,091
Less current portion of long-term debt	71	395
	$ 823	$ 4,696

Scheduled principal repayments are as follows:

2022	$ 71
2023	77
2024	82
2025	88
2026 and thereafter	576
	$ 894

(Expressed in thousands of dollars)

13. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

	2021	2020
Balance, beginning of year	$ 7,605	$ 7,152
Amount received related to future period	1,609	1,183
Amount recognized as revenue	(783)	(730)
Balance, end of year	$ 8,431	$ 7,605

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	$ 1,383	$ 1,490
Less amounts amortized to revenue	92	107
Balance, end of year	$ 1,291	$ 1,383

14. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2021	2020
Capital assets	$ 25,158	$ 23,866
Amounts financed by:		
Deferred contributions	(1,291)	(1,383)
Mortgages payable	(1,595)	(2,050)
Capital funding receivable	1,595	2,050
	$ 23,867	$ 22,483

(Expressed in thousands of dollars)

14. Invested in capital assets (continued):

Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	$ 92	$ 107
Amortization of capital assets	(645)	(678)
Gain (loss) on sale/transfer of capital assets	6	(78)
	$ (547)	$ (649)
Net change in invested in capital assets:		
Purchase of capital assets	$ 1,944	$ 5,148
Proceeds on sale of capital assets	(13)	–
Repayment of mortgage	(455)	(445)
Capital funding received	455	445
Transfer of committed reducing term facility used to finance capital asset additions	–	(4,916)
	$ 1,931	$ 232

15. Pension plan:

Information about CLTO's Employee and Executive Pension Plans is as follows:

	Employee plan		Executive plan		Total	
	2021	2020	2021	2020	2021	2020
Accrued benefit obligation	$ –	$ (87,881)	$ –	$ (7,178)	$ –	$ (95,059)
Market value of assets	396	97,452	188	7,879	584	105,331
Valuation allowance	(396)	(9,571)	(188)	(701)	(584)	(10,272)
Accrued pension asset	$ –	$ –	$ –	$ –	$ –	$ –

(Expressed in thousands of dollars)

15. Pension plan (continued):

Continuity of the accrued benefit asset (obligation) as follows:

	Employee plan		Executive plan		Total	
	2021	2020	2021	2020	2021	2020
Balance, beginning of year	$ –	$ –	$ –	$ –	$ –	$ –
Benefit expense	(497)	(763)	(35)	(79)	(532)	(842)
Employer contributions	–	1,269	–	162	–	1,431
Remeasurements and other items	497	(506)	35	(83)	532	(589)
Balance, end of year	$ –	$ –	$ –	$ –	$ –	$ –

Based on current interpretations of the pension guidelines, management assessed that a valuation allowance was required in the amount of $584 (2020 - $10,272). The change has been applied as a gain directly to net assets in the amount of $9,688 (2020 - $1,490).

On June 14, 2019, CLTO entered into a MOA to become a participating employer in the CAAT Plan. As a result, the future benefit accruals and earnings have been frozen for the Employee and Executive Pension Plans and CLTO is not required to make any additional contributions in respect of the plans, effective September 30, 2019. This resulted in a curtailment gain of nil (2020 - $8,670) which has been applied as a direct increase to net assets.

Effective October 1, 2019, CLTO agreed to remit all required employer contributions to the CAAT Plan in accordance with the terms of the plan. As the CAAT Plan is a multi-employer defined benefit pension plan, any pension plan surpluses or deficits are joint responsibility of all eligible organizations and their employees. As a result, CLTO does not recognize any share of the CAAT Plan surplus or deficit, as CLTO's portion of the amount is not determinable.

On October 8, 2020, CLTO completed the transfer of the Employee and Executive Pension Plans assets to the CAAT Plan following receipt of transfer approval from the Financial Services Regulatory Authority. The transfer of assets was the final stage of the transfer process. The liabilities for all past benefits under the Employee and Executive Pension Plans have now been transferred to the CAAT Plan together with the assets of the Employee and Executive Pension Plans, and the CAAT Plan has assumed responsibility for all pension benefit under the Employee and Executive Pension Plans. Small amounts of cash are left in the Employee and Executive Pension Plans to cover final plan expenses. If not used for expenses, they will subsequently be transferred to the CAAT Plan. A valuation allowance of the same amount has been applied to the plan assets. During the year, CLTO made contributions to the CAAT Plan of $2,504 (2020 - $1,064) which is included as an expense in the statement of operations (note 1(f)).

(Expressed in thousands of dollars)

15. Pension plan (continued):

As part of the MOA, CLTO was required to pay a Transfer Price of $9,210 to fund the determined CAAT Plan deficiency. CLTO has recorded this amount as an expense in the statement of operations in fiscal 2020. On March 6, 2020, CLTO paid $4,500 of the Transfer Price. The remaining $4,710 was due through monthly payments over a term of 10 years, bearing interest at 7%. This amount was repaid during the current year (note 12).

During the year, CLTO also recorded a pension true-up expense of $894 (2019 - nil) to accrue for additional expenses and any transferred membership liability that are beyond the agreed assumptions used to calculate the Transfer Price. This will be amortized over the next nine years as agreed under the MOA, bearing interest at 7% (note 12).

16. Endowments:

Endowments consist of the following:

	2021	2020
Endowments, the income from which is externally restricted	$ 55	$ 55
Endowments, the income from which is unrestricted	28	28
	$ 83	$ 83

17. Internally restricted funds:

	2021	2020
Capital reserve	$ 2,628	$ 2,628
Endowments, internally restricted, the income from which is unrestricted	1,406	1,406
Membership revenue	128	128
Reserve, management contingency fund	600	600
Reserve, general	800	800
	$ 5,562	$ 5,562

(Expressed in thousands of dollars)

18. Commitments:

The following is a schedule of future annual minimum lease payments required under operating leases for premises used as day programs and residences that have initial lease terms in excess of one year, as at March 31, 2021:

2022	$ 1,274
2023	925
2024	831
2025	747
2026	701
Thereafter	2,623
	$ 7,101

19. Guarantee:

CLTO has provided a guarantee of advances executed by GUT under the restated credit facility agreement, dated March 24, 2020 (note 8).

20. Contingency:

On May 30, 2017, a settlement was reached between CLTO and the Non-Union Group of Employees regarding CLTO's pay equity maintenance process. Part of the settlement included a requirement for CLTO to complete the pay equity maintenance process for non-unionized employees for 2015 onwards. During fiscal 2020, CLTO concluded the pay equity maintenance review process for all non-union positions. On January 17, 2020, amounts owed to non-unionized employees from 2015 to 2019 as a result of the review were paid.

(Expressed in thousands of dollars)

21. Statement of cash flows:

Change in non-cash operating working capital comprise the following items:

	2021	2020
Accounts receivable	$ (3,352)	$ (243)
Prepaid expenses	596	(548)
Accounts payable and accrued liabilities	(644)	(629)
Deferred revenue	33	(605)
	$ (3,367)	$ (2,025)

22. Government assistance:

In 2020, the federal government launched the Canada Emergency Wage Subsidy ("CEWS") program in response to the COVID-19 pandemic. Total CEWS recorded as other revenue in the statement of operations and net assets amounted to $2,441. Included in accounts receivable is $2,441 related to CEWS. Management believes that it is in compliance with all eligibility criteria under the CEWS program.

23. Financial risks:

(a) Interest rate risk:

CLTO's credit facilities have a variable interest based on the bank's prime lending rate (note 8). As a result, CLTO is exposed to interest rate risk due to fluctuations in this rate. There has been no significant change to the risk exposure from 2020.

(b) Liquidity risk:

Liquidity risk is the risk that CLTO will encounter difficulty in meeting obligations associated with financial liabilities. CLTO manages its liquidity risk by monitoring its operating requirements. CLTO prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no significant change to the risk exposure from 2020.

23. Financial risks (continued):

(c) Economic risk:

On March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economy environment due to government-imposed lockdowns and social distancing requirements. The economic conditions and CLTO's response to the COVID-19 pandemic has an operational and financial impact to CLTO. The full extent of the financial impact is currently indeterminable due to the evolving nature of the COVID-19 pandemic.

24. Economic dependence:

The future viability of CLTO is dependent upon continued support from the MCCSS.

CLTO receives a substantial amount of funding from the MCCSS, pursuant to a Service Contract entered into by both parties. The funding agreement for 2022 with the MCCSS has not yet been finalized.

25. Subsequent event:

During the year, CLTO had entered into a sales agreement with a third party for the sale of a building. The sale closed subsequent to year end on April 8, 2021 for a price of $1,915,000.