

Norfolk Association For Community Living

Financial Statements

March 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Norfolk Association for Community Living:

Opinion

We have audited the financial statements of Norfolk Association for Community Living (the Association), which comprise the statement of financial position as at March 31, 2025, and the statements of changes in fund balances, revenues and expenditures and 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 Association as at March 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Association in accordance with 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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Millard, Rouse & Rosebrugh LLP

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SIMCOE BRANTFORD HAGERSVILLE

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 Association'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 Association'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 Association 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.

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

June 6, 2025
Simcoe, Ontario

Norfolk Association for Community Living

Statement of Financial Position

March 31, 2025

	Operating Fund	Board Reserve Fund	2025	2024
ASSETS				
Current				
Cash	\$ 539,669	\$ 448,046	\$ 987,715	\$ 429,142
Investments	-	114,615	114,615	129,012
Accounts receivable	129,477	-	129,477	258,511
HST recoverable	40,988	-	40,988	38,944
Prepaid expenses	7,397	-	7,397	22,848
	717,531	562,661	1,280,192	878,457
Property and equipment <i>(Note 4)</i>	2,526,275	-	2,526,275	2,604,157
Investment in joint venture <i>(Note 3)</i>	(4,724)	-	(4,724)	(14,873)
	\$ 3,239,082	\$ 562,661	\$ 3,801,743	\$ 3,467,741
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current				
Bank indebtedness <i>(Note 5)</i>	\$ -	\$ -	\$ -	\$ 953,444
Accounts payable	1,956,094	-	1,956,094	763,968
Current portion of long-term debt <i>(Note 6)</i>	33,717	-	33,717	32,863
Current portion of obligations under capital lease <i>(Note 7)</i>	43,317	-	43,317	-
Deferred revenue	65,067	-	65,067	27,157
Due to/from other funds	15,346	(15,346)	-	-
	2,113,541	(15,346)	2,098,195	1,777,432
Long-term debt <i>(Note 6)</i>	705,140	-	705,140	739,533
Obligations under capital lease <i>(Note 7)</i>	61,358	-	61,358	-
	2,880,039	(15,346)	2,864,693	2,516,965
Fund balances				
Unrestricted	359,043	-	359,043	369,347
Internally restricted	-	578,007	578,007	581,429
	359,043	578,007	937,050	950,776
	\$ 3,239,082	\$ 562,661	\$ 3,801,743	\$ 3,467,741

See accompanying notes to financial statements

Norfolk Association for Community Living
Statement of Changes in Fund Balances
Year Ended March 31, 2025

	Operating Fund	Board Reserve Fund	2025	2024
Fund balance - beginning of year	\$ 369,346	\$ 581,429	\$ 950,775	\$ 1,098,690
Deficiency of revenue over expenses	(10,303)	(3,422)	(13,725)	(147,915)
Interfund transfer	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 359,043	\$ 578,007	\$ 937,050	\$ 950,775

See accompanying notes to financial statements

Norfolk Association for Community Living

Statement of Revenues and Expenditures

Year Ended March 31, 2025

	Operating Fund	Board Reserve Fund	2025	2024
REVENUE				
MCCSS	\$ 14,138,325	\$ -	\$ 14,138,325	\$ 13,136,656
Contract - passport	1,237,134	-	1,237,134	1,270,800
Other	696,945	22,275	719,220	306,072
Rent	124,311	-	124,311	249,677
Interest	26,015	16,853	42,868	19,275
United Way of Haldimand-Norfolk	16,650	-	16,650	17,803
ODSP - MSN	16,529	-	16,529	17,428
Joint venture net income	10,149	-	10,149	-
	16,266,058	39,128	16,305,186	15,017,711
Expenses				
Advertising	12,070	-	12,070	25,438
Amortization	255,826	-	255,826	252,658
Benefits	2,266,831	-	2,266,831	2,036,583
Interest on long-term debt	20,297	-	20,297	19,915
Interest on obligations under capital lease	16,526	-	16,526	-
Office	189,254	-	189,254	137,982
Professional fees	192,782	-	192,782	170,187
Rent	86,754	-	86,754	223,575
Repairs and maintenance	457,127	-	457,127	426,461
Salaries	11,233,391	-	11,233,391	10,022,687
Services	271,546	-	271,546	733,707
Supplies and equipment	955,840	42,550	998,390	899,136
Transportation and communication	295,933	-	295,933	174,990
Utilities	22,184	-	22,184	42,307
	16,276,361	42,550	16,318,911	15,165,626
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (10,303)	\$ (3,422)	\$ (13,725)	\$ (147,915)

See accompanying notes to financial statements

Norfolk Association for Community Living

Statement of Cash Flows

Year Ended March 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (13,725)	\$ (147,915)
Items not affecting cash:		
Gain on disposal of property and equipment	(104,037)	-
Amortization	255,826	252,658
Joint venture	(10,149)	-
	127,915	104,743
Changes in non-cash working capital:		
Accounts receivable	129,034	(49,503)
Prepaid expenses	15,451	52,159
Accounts payable	1,192,126	(314,939)
HST recoverable	(2,046)	136,445
Deferred revenue	37,910	(78,374)
	1,372,475	(254,212)
Cash flow from operating activities	1,500,390	(149,469)
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(116,416)
Proceeds on disposal of property and equipment	104,037	-
Cash flow from (used by) investing activities	104,037	(116,416)
FINANCING ACTIVITIES		
Repayment of long-term debt	(33,539)	(31,136)
Repayment of obligations under capital lease	(73,268)	-
Cash flow used by financing activities	(106,807)	(31,136)
INCREASE (DECREASE) IN CASH FLOW	1,497,620	(297,021)
Cash (deficiency) - beginning of year	(395,290)	(98,269)
CASH (DEFICIENCY) - END OF YEAR	\$ 1,102,330	\$ (395,290)
CASH CONSISTS OF:		
Cash	\$ 987,715	\$ 429,142
Investments	114,615	129,012
Bank indebtedness	-	(953,444)
	\$ 1,102,330	\$ (395,290)

See accompanying notes to financial statements

Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

1. PURPOSE OF THE ORGANIZATION

Norfolk Association for Community Living (the Association) is a not-for-profit corporation under the Canada Corporations Act and is a registered charity with the Canada Revenue Agency. The Association's mission is to promote and support the inclusion of people with disabilities in all aspects of community life. As a registered charity, the Association is exempt from tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents and their carrying amounts approximate fair value.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for related party transactions, which are recored at the carrying or exchange amount depending on the circumstances. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Associations' financial instruments consistent of cash, investments, accounts receivable, bank indebtedness and accounts payable are recorded at amortized cost and approximate fair value due to the immediate or short-term maturity of these instruments.

The carrying value of long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Association for debt with similar terms.

Revenue recognition

The Association follows the restricted fund method of accounting for contributions. For contributions for which there is a restricted fund, revenue is recognized in the appropriate restricted fund in the period when it is received. For contributions which are not restricted, revenue is recognized in the operating fund in the year in which the related expenses are incurred.

Government grants and funding are recorded when there is reasonable assurance that the Association has complied with and will continue to comply with all necessary conditions to obtain the grants and funding.

Other revenue is recognized when it is received or receivable and collection can be reasonably assured. This applies to contract revenue for passports which is recognized when the service is used or provided. General donations are recorded when they are received. Interest is accrued as it is earned. Rent is recorded on a monthly basis in accordance with the rental agreement.

Expenses

Expenses are reported on the accrual basis of accounting, which record the costs of goods and services acquired in the period whether or not payment has been made for the invoices received.

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Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund accounting

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Association, such resources are classified in the accounting records according to the activities or objectives specified. Separate accounts are maintained for each fund as follows:

Operating Fund:

The operating fund of the Association records amounts used for the day to day operations of the Association and includes departmentalised areas. It also records the assets and liabilities relating to ongoing operations and investment in joint venture.

Board Reserve Fund:

The board reserve fund has been established for accumulating funds from fundraising events, membership fees, and special donations. Expenditures in this fund are for direct costs associated with fundraising events, support service enhancements, and other expenditures, as determined by the Board of Directors.

Property and equipment

Property and equipment are recorded at cost and contributed land, buildings, and equipment are recorded at fair value at the date of contribution.

The property and equipment are amortized using the straight line method over the following periods:

Buildings	40 years
Building - Brock Street	17 years
Building - Garden Street	20 years
Furniture and fixtures	10 years
Computer equipment	3 years
Motor vehicles	5 years
Motor vehicles under capital lease	term of the lease
Furniture and fixtures	5 years
LED sign	5 years

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Investments in joint venture

The Association accounts for its investment in joint venture using the equity method. Under this method, the investment is initially recorded at cost and is adjusted for the Association's proportionate share of any post-acquisition Joint Venture net income (losses).

Ministry of Children, Community and Social Services (MCCSS) has proportionate interest on the joint venture, and in the event the joint venture disposes of its property it will be liable to distribute the net proceed of disposal to MCCSS through the property management fund as an expenditure in accordance with the proportionate share as indicated in Note 3 to the financial statements.

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Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property and equipment's fair market value. Assets under capital leases are amortized based on the term of the lease. All other leases are accounted for as operating leases. Rental payments are expensed as incurred.

Restricted funds

Restrictions are stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the Association, usually by the contributor of the resources. Internal restrictions are imposed in a formal manner by the Association itself, usually by resolution of the Board of Directors.

Contributed services

Volunteers contribute time each year to assist the Association in carrying out its service delivery activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in these financial statements include the useful life of property and equipment, determination of accruals and deferred revenue.

Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

3. INVESTMENT IN JOINT VENTURE

The Association entered into a joint venture agreement with Community Living Access Support Services to jointly own the lands at the St. Williams property and to develop, market, and manage the project. Each party has a 50% interest in the joint venture project. The Association has accounted for its 50% interest in the joint venture using the equity method.

The Ministry of Children, Community, and Social Services has a proportionate interest in the fair value of the property of 31%.

The Association's 50% share of the joint venture's assets, liabilities, operations, and cash flow as at March 31 and for the years then ended are as follows:

	2025	2024
Financial Position		
Assets	\$ 628,136	\$ 637,220
Liabilities	(632,860)	(652,093)
Net Assets	\$ (4,724)	\$ (14,873)
Result of operations		
Revenue	\$ 77,664	\$ 80,892
Expenses	67,515	80,891
Excess (deficiency) of revenues over expenses	\$ 10,149	\$ 1
Cash flows		
Cash from (used in) operations	\$ 10,930	\$ 2,891
Cash used in investing and financing activities	6,353	(7,169)
Decrease in cash	\$ 17,283	\$ (4,278)

The joint venture follows the deferral method of accounting for contributions while Norfolk Association for Community Living follows the restricted fund method of accounting for contributions. Contributions for the purchase of capital assets are deferred and amortized over the useful life of the asset along with the cost of the asset purchased.

4. PROPERTY AND EQUIPMENT

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 333,653	\$ -	\$ 333,653	\$ -
Buildings	3,081,604	1,091,344	3,081,604	1,014,304
Motor vehicles	-	-	401,189	344,808
Computer equipment	163,102	163,102	199,686	187,064
Furniture and fixtures	625,496	565,861	810,699	694,384
Leasehold improvements	239,262	239,262	311,325	293,439
Motor vehicles under capital lease	177,944	35,217	-	-
	\$ 4,621,061	\$ 2,094,786	\$ 5,138,156	\$ 2,533,999
Net book value	\$ 2,526,275		\$ 2,604,157	

Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

5. BANK INDEBTEDNESS

The Association has an available line of credit for \$1,050,000. The interest rate is Royal Bank Prime plus 1% per annum. The outstanding balance as at March 31, 2025 was \$nil (2024 - \$900,000). The line of credit is secured by the property listed in Note 4.

6. LONG-TERM DEBT

	2025	2024
Brock St. loan bearing interest at 2.75% per annum, repayable in monthly blended payments of \$1,416. The loan matures on March 15, 2026 and is secured by general security agreement and collateral mortgage over the property.	\$ 161,178	\$ 173,530
12 Grenada Drive loan bearing interest at 2.66% per annum, repayable in monthly blended payments of \$1,392. The loan matures on October 6, 2025 and is secured by general security agreement and collateral mortgage over the property.	263,826	274,150
73 Oak Street loan bearing interest at 2.45% per annum, repayable in monthly blended payments of \$1,562. The loan matures on November 30, 2026 and is secured by general security agreement and collateral mortgage over the property.	313,853	324,716
	738,857	772,396
Amounts payable within one year	(33,717)	(32,863)
	\$ 705,140	\$ 739,533

Principal repayment terms are approximately:

2026	\$ 33,717
2027	34,613
2028	35,515
2029	36,476
2030	37,445
Thereafter	561,091
	\$ 738,857

Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

7. OBLIGATIONS UNDER CAPITAL LEASE

	2025	2024
Enterprise lease bearing interest at 18.21% per annum, repayable in monthly blended payments of \$818. The lease matures on May 31, 2028 and is secured by Toyota Rav 4 with a carrying value of \$23,464.	\$ 17,263	\$ -
Enterprise lease bearing interest at 18.21% per annum, repayable in monthly blended payments of \$818. The lease matures on May 31, 2028 and is secured by Toyota Rav 4 with a carrying value of \$23,464.	17,263	-
Enterprise lease bearing interest at 18.22% per annum, repayable in monthly blended payments of \$818. The lease matures on May 31, 2028 and is secured by Toyota Rav 4 with a carrying value of \$23,451.	17,251	-
Enterprise lease bearing interest at 18.19% per annum, repayable in monthly blended payments of \$819. The lease matures on June 30, 2028 and is secured by Toyota Rav 4 with a carrying value of \$24,110.	17,626	-
Enterprise lease bearing interest at 18.19% per annum, repayable in monthly blended payments of \$819. The lease matures on June 30, 2028 and is secured by Toyota Rav 4 with a carrying value of \$24,110.	17,626	-
Enterprise lease bearing interest at 18.18% per annum, repayable in monthly blended payments of \$820. The lease matures on June 30, 2028 and is secured by Toyota Rav 4 with a carrying value of \$24,128.	17,646	-
	104,675	-
Amounts payable within one year	(43,317)	-
	\$ 61,358	\$ -

Future minimum capital lease payments are approximately:

2026	\$ 43,317
2027	43,317
2028	43,317
2029	8,889
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Total minimum payments	138,840
Less interest amount at various rates	<hr/> 34,165
	<hr/> \$ 104,675

Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

8. ECONOMIC DEPENDENCE

The Ministry of Children, Community and Social Services provides the majority of the funding for the Association and as such the Association's ability to continue viable operations is dependent upon continued funding by the Ministry. The funding is based on approved expenditure levels for each program as set out by an agreement between the Ministry and the Association. Any excess of revenue over expenditures subsidized by the Ministry can either be requested by the Ministry to be returned or offset against future years' funding.

9. COMMITMENTS

The Association has commitments for leased premises, certain equipment, and services. The minimum annual payments over the next year is as follows:

2026	<u>\$ 15,157</u>
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10. CONTINGENT LIABILITIES

The Association has a contingent liability relating to the expired union contract with the Association's employees. The contract expired April 1, 2023 and negotiations are on-going which may result in a retro-active payment relating to the fiscal year ending March 31, 2025 between \$450,000 and \$1,000,000.

The Association has ongoing staff grievance's at year end. The amount of this potential liability is not determinable and there has been no accrual made for such amount.

Norfolk Association for Community Living

Notes to Financial Statements

Year Ended March 31, 2025

11. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through financial instruments and has a framework to monitor, evaluate, and manage these risks. The following analysis provides information about risk exposure and concentration as of March 31, 2025:

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The nature and significant number of customers and the significance of the funding received from MCSS minimizes the exposure to credit risk as the Association does not extend significant credit in the form of trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from customers and other related sources and financial obligations with banking institutions. The nature and significant number of customers and suppliers minimizes liquidity risk as the Association does not maintain significant trade payables or receivables. Current amounts due in respect of long-term financial obligations are considered manageable.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Association is mainly exposed to interest rate risk. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Association is exposed to interest rate risk in respect of its long-term financial obligations and bank indebtedness. Interest rate risk is minimized as the interest rate is fixed.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other financial risks arising from these financial instruments.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.