

Financial Statements of

**VITA COMMUNITY LIVING  
SERVICES OF TORONTO**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Vita Community Living Services of Toronto

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

- the statement of financial position as at March 31, 2022
- the statements of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and schedule.

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

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.



Page 3

- 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*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 23, 2022

# VITA COMMUNITY LIVING SERVICES OF TORONTO

## Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 7,781,796	\$ 7,679,967
Accounts receivable (note 3)	138,325	232,744
Due from Mens Sana Families for Mental Health (note 8)	-	1,386
Sales taxes recoverable	732,499	699,483
Prepaid expenses	65,997	99,489
	<u>8,718,617</u>	<u>8,713,069</u>
Capital assets (note 4)	4,023,820	4,258,227
	<u>\$ 12,742,437</u>	<u>\$ 12,971,296</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 5,136,916	\$ 5,828,874
Due to Mens Sana Families for Mental Health (note 8)	8,671	-
	<u>5,145,587</u>	<u>5,828,874</u>
Advances from Villa Charities Inc. (note 6)	548,071	548,071
Deferred government grants related to capital assets	1,725,447	1,947,020
	<u>2,273,518</u>	<u>2,495,091</u>
Net assets:		
Net assets invested in capital assets (note 7(a))	2,298,373	2,311,207
Unrestricted net assets	3,024,959	2,336,124
	<u>5,323,332</u>	<u>4,647,331</u>
Economic dependence (note 11)		
Contingencies (note 12)		
	<u>\$ 12,742,437</u>	<u>\$ 12,971,296</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# VITA COMMUNITY LIVING SERVICES OF TORONTO

## Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ministry of Community and Social Services ("MCSS")	\$ 30,640,935	\$ 30,494,254
Fees for service and other client fees	2,545,191	2,736,142
Other (note 13)	1,562,497	2,012,213
	<u>34,748,623</u>	<u>35,242,609</u>
Expenses:		
Salaries and benefits	26,579,095	26,359,691
Purchased services (note 8)	2,098,542	2,882,598
Maintenance	1,578,217	1,427,852
Rent	1,200,410	1,136,311
Office and general	825,527	1,349,833
Food	638,268	630,967
Vehicle operation and maintenance	331,678	293,705
Insurance	211,572	184,382
Program expenses	202,933	128,203
Residents personal needs	201,969	66,206
Supplies	120,069	160,272
Transportation and travel	41,958	43,007
Professional fees	20,520	31,325
Bank and interest charges	9,030	9,373
Bad debts	-	(38,887)
	<u>34,059,788</u>	<u>34,664,838</u>
Excess of revenue over expenses before the undernoted item	688,835	577,772
Amortization of capital assets (net of deferred capital grants related to capital assets)	12,834	13,061
Excess of revenue over expenses	<u>\$ 676,001</u>	<u>\$ 564,711</u>

See accompanying notes to financial statements.

# VITA COMMUNITY LIVING SERVICES OF TORONTO

## Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets (note 7(b))	Unrestricted	2022	2021
Net assets, beginning of year	\$ 2,311,207	\$ 2,336,124	\$ 4,647,331	\$ 4,082,620
Excess (deficiency) of revenue over expenses (note 7(b))	(12,834)	688,835	676,001	564,711
Net assets, end of year	\$ 2,298,373	\$ 3,024,959	\$ 5,323,332	\$ 4,647,331

See accompanying notes to financial statements.

# VITA COMMUNITY LIVING SERVICES OF TORONTO

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 676,001	\$ 564,711
Items not affecting cash:		
Amortization of capital assets	234,407	250,347
Amortization of deferred capital grants related to capital assets	(221,573)	(237,286)
	688,835	577,772
Changes in non-cash working capital:		
Accounts receivable	94,419	162,734
Prepaid expenses	33,492	(25,434)
Sales taxes recoverable	(33,016)	(187,348)
Accounts payable and accrued liabilities	(691,958)	834,510
	91,772	1,362,234
Financing activities:		
Due to Mens Sana Families for Mental Health	8,671	-
Investing activities:		
Due from Mens Sana Families for Mental Health	1,386	(1,386)
Increase in cash	101,829	1,360,848
Cash, beginning of year	7,679,967	6,319,119
Cash, end of year	\$ 7,781,796	\$ 7,679,967

See accompanying notes to financial statements.



# VITA COMMUNITY LIVING SERVICES OF TORONTO

## Notes to Financial Statements

Year ended March 31, 2022

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In 1986, Vita Community Living Services of Toronto (the "Organization") began as a division of Villa Charities Inc. and was incorporated without share capital on June 30, 1987. Since 2004, the Organization is a non-profit charitable organization funded primarily by the Ontario Ministry of Community and Social Services ("MCSS") to provide services to adults with intellectual disabilities and dual diagnosis (intellectual disability accompanied by a psychiatric diagnosis). The Organization provides residential supports, respite programs and community participation programs as well as clinical and educational services to its members.

### 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

#### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include subsidies.

Government grants used for the purchase of capital assets are deferred and amortized to revenue on the same basis as the assets to which they relate.

Unrestricted contributions, other revenue, fees for service and other client fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### (b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful lives using the following annual rates:

Asset	Rate
Buildings	5%
Furniture and fixtures	20%
Leasehold improvements	5-10%
Vehicles	30%
Improvements from deferred grants	5%

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# VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

(c) Excess of revenue over expenses repayable:

Excess of revenue over expenses for MCSS funded programs is repayable to the provincial agency providing the funding. Repayment if any, will be in the form of reduced subsidies by the funding agency in the following year.

(d) Income tax status:

The Organization is a registered charitable organization under the provisions of the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

(e) Remuneration:

Members of the Board of Governors are volunteers who serve without remuneration.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (f) Financial instruments (continued):

The fair values of cash, accounts receivable, due from Mens Sana Families for Mental Health and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short terms to maturity.

The fair value of the advances from Villa Charities Inc. are not determinable due to their related party nature and terms.

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

### (h) Contributed services:

The Organization does not recognize contributed services in the financial statements due to the difficulty of determining the fair value.

## 2. Cash in trust:

The Organization has cash held in trust totaling approximately \$1,444,000 (2021 - \$1,298,000) which is administered on behalf of its residents. These funds can be drawn upon by residents for personal use at any time. These funds do not form a part of the financial statements.

## 3. Accounts receivable:

	2022	2021
Trade	\$ 145,423	\$ 239,842
Allowance for doubtful accounts	(7,098)	(7,098)
	<u>\$ 138,325</u>	<u>\$ 232,744</u>

# VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 4. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,506,775	\$ -	\$ 2,506,775	\$ 2,506,775
Buildings	3,332,269	2,559,429	772,840	933,979
Furniture and fixtures	437,208	365,164	72,044	78,309
Leasehold improvements	1,439,085	1,268,688	170,397	188,312
Vehicles	51,426	50,191	1,235	1,764
Improvements from deferred grants	1,125,676	625,147	500,529	549,088
	<u>\$ 8,892,439</u>	<u>\$ 4,868,619</u>	<u>\$ 4,023,820</u>	<u>\$ 4,258,227</u>

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$147,674 (2021 - \$71,311), relating to payroll related taxes.

## 6. Advances from Villa Charities Inc.:

The advances are non-interest bearing, unsecured and have no fixed terms of repayment. The advances have been classified as long-term as there is no plan or intention to pay the balances within 365 days from the statement of financial position date. The Organization and Villa Charities Inc. are discussing the nature of the payable balances of \$548,071 (2021 - \$548,071) and associated terms as the advances consist of cash transfers and cost allocations between Villa Charities Inc. and the Organization for operational funding purposes.

# VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 7. Net assets invested in capital assets:

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

	2022	2021
Capital assets	\$ 4,023,820	\$ 4,258,227
Less amounts financed by deferred contributions	1,725,447	1,947,020
	<u>\$ 2,298,373</u>	<u>\$ 2,311,207</u>

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

	2022	2021
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 221,573	\$ 237,286
Amortization of capital assets	(234,407)	(250,347)
	<u>\$ (12,834)</u>	<u>\$ (13,061)</u>

## 8. Related party transactions:

During the year, Mens Sana Families for Mental Health charged the Organization \$435,367 (2021 - \$438,222) for costs related to the day program held at 3200 Steeles Avenue West and residential support held at 7 Alamosa Drive and at 114 Indian Road.

Vita Community Living Services and Mens Sana Families for Mental Health are organizations with similar values and operating principals which joined forces to share resources. The organizations are separate organizations governed by two separate boards although the two boards have the same membership.

# VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 9. Commitments:

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

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2023	\$	581,100
2024		362,200
2025		190,700
2026		32,200
2027		14,800
Thereafter		-
	\$	1,181,000

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## 10. Financial risks:

The Organization is exposed to the following financial risks:

(a) Credit risk:

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

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risks by monitoring its operating requirements. There has been no change to the risk exposures from 2021.

# VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 10. Financial risks (continued):

### (c) COVID-19:

The global outbreak of COVID-19 has resulted in emergency measures mandated by the World Health Organization, public health authorities and federal and state governments. The extent and duration of the impact of COVID-19 on communities and the economy remains unclear. In the preparation of these financial statements, the Organization has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of assets and liabilities, and the reported amount of earnings using the best available information as of March 31, 2022. Actual results could differ from those estimates. The estimates and assumptions that the Organization considers critical could be impacted by COVID-19.

## 11. Economic dependence:

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

## 12. Contingencies:

The Organization is a defendant in actions brought against it, from time to time, in connection with its operations. While it is not possible to estimate the outcome of such proceedings at this time, the Organization's management does not believe that it will incur any significant loss or expense.

## 13. Transitional Housing Project Funding:

Included in other revenue is \$115,398 (2021 - \$115,398) in relation to funding received from Griffin Centre to provide staffing support of five transitional beds at 21 Rollingwood Drive and rental subsidy for a flexible space at 76 Winston Park Boulevard. Both these locations are group homes of the Organization. During the year, expenditures incurred for this transitional housing project were \$547,442 (2021 - \$545,451).

# VITA COMMUNITY LIVING SERVICES OF TORONTO

Schedule of Services Contract/DSA Approval with MCCSS

Year ended March 31, 2022

Particulars	Adults' Community Accommodation	Adults' DS Community Support Services	COVID-19 \$3 Wage Enhancement*	PFR	CRRF	Total
Toronto Region						
Revenue:						
Government subsidies	\$ 16,528,437	\$ 3,522,757	\$ 2,519,454	\$ 260,200	\$ 172,033	\$ 23,002,881
Funded by residential/other	1,123,802	222,900	-	-	-	1,346,702
	17,652,239	3,745,657	2,519,454	260,200	172,033	24,349,583
Expenses:						
Salaries and benefits	12,874,921	2,626,628	2,547,558	-	13,686	18,062,793
Others	3,411,786	863,716	-	260,200	94,512	4,630,214
	16,286,707	3,490,344	2,547,558	260,200	108,198	22,693,007
Allocated administration	1,365,532	255,313	-	-	63,835	1,684,680
	17,652,239	3,745,657	2,547,558	260,200	172,033	24,377,687
Subtotal - Toronto	\$ -	\$ -	\$ (28,104)	\$ -	\$ -	\$ (28,104)

Particulars	DSRS - Adults Community Accommodation	Community Support Services	PFR	Total
Central region				
Revenue:				
Government subsidies	\$ 6,536,947	\$ 1,068,507	\$ 32,600	\$ 7,638,054
Funded by residential/other	400,280	72,866	-	473,146
	6,937,227	1,141,373	32,600	8,111,200
Expenses:				
Salaries and benefits	5,057,644	832,127	-	5,889,771
Others	1,342,330	220,852	32,600	1,595,782
	6,399,974	1,052,979	32,600	7,485,553
Allocated administration	537,253	88,394	-	625,647
	6,937,227	1,141,373	32,600	8,111,200
Subtotal - Central region	\$ -	\$ -	\$ -	\$ -