

Financial Statements of

**VITA COMMUNITY LIVING
SERVICES OF TORONTO**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S 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, 2024
- the statements of revenues and expenses 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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 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.



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- 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

August 30, 2024

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Financial Position

March 31, 2024, with comparative information for 2023

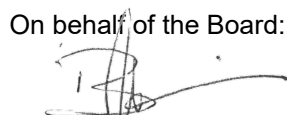
	2024	2023
Assets		
Current assets:		
Cash (note 2)	\$ 9,326,212	\$ 9,012,347
Accounts receivable (note 3)	600,395	343,804
Sales taxes recoverable	753,874	767,872
Prepaid expenses	83,590	348,345
	<u>10,764,071</u>	<u>10,472,368</u>
Capital assets (note 4)	16,281,032	11,712,707
	<u>\$ 27,045,103</u>	<u>\$ 22,185,075</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 7,868,709	\$ 6,365,816
Current portion of mortgage payable (note 6)	40,193	-
	<u>7,908,902</u>	<u>6,365,816</u>
Mortgage payable (note 6)	2,381,422	-
Deferred government grants related to capital assets (note 14)	7,162,103	7,629,133
	<u>9,543,525</u>	<u>7,629,133</u>
Net assets:		
Net assets invested in capital assets (note 7(a))	6,697,314	4,083,574
Unrestricted net assets	2,895,362	4,106,552
	<u>9,592,676</u>	<u>8,190,126</u>
Economic dependence (note 11)		
Contingencies (note 12)		
	<u>\$ 27,045,103</u>	<u>\$ 22,185,075</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Revenues and Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Ministry of Community and Social Services ("MCSS")	\$ 34,421,264	\$ 32,393,238
Fees for service and other client fees	3,882,126	3,033,597
Other (note 13)	1,936,537	2,476,307
	<u>40,239,927</u>	<u>37,903,142</u>
Expenses:		
Salaries and benefits	30,665,320	29,689,222
Maintenance	2,369,791	1,562,894
Purchased services (note 8)	1,275,854	1,661,631
Rent	1,046,623	1,052,682
Office and general	768,342	886,115
Food	729,751	678,266
Vehicle operation and maintenance	564,765	367,712
Program expenses	446,110	207,108
Supplies	238,843	127,908
Insurance	233,117	195,152
Transportation and travel	140,419	92,748
Bank and interest charges	139,485	12,241
Residents personal needs	130,820	127,630
Professional fees	27,245	160,240
	<u>38,776,485</u>	<u>36,821,549</u>
Excess of revenue over expenses before the undernoted item	1,463,442	1,081,593
Amortization of capital assets (net of deferred capital grants related to capital assets)	60,892	21,599
Excess of revenue over expenses	\$ 1,402,550	\$ 1,059,994

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Invested in capital assets (note 7(b))	Unrestricted	2024	2023
Net assets, beginning of year	\$ 4,083,574	\$ 4,106,552	\$ 8,190,126	\$ 5,323,332
Excess (deficiency) of revenue over expenses (note 7(b))	(60,892)	1,463,442	1,402,550	1,059,994
Invested in capital assets (note 7(c))	2,674,632	(2,674,632)	-	-
Net assets, end of year	\$ 6,697,314	\$ 2,895,362	\$ 9,592,676	\$ 6,383,326

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,402,550	\$ 1,059,994
Items not affecting cash:		
Amortization of capital assets	527,922	363,713
Amortization of deferred capital grants related to capital assets	(467,030)	(342,114)
	1,463,442	1,081,593
Changes in non-cash working capital:		
Accounts receivable	(256,591)	(205,479)
Prepaid expenses	264,755	(282,348)
Sales taxes recoverable	13,998	(35,373)
Accounts payable and accrued liabilities	1,502,893	1,228,900
	2,988,497	1,787,293
Financing activities:		
Advances from Villa Charities Inc.	-	(548,071)
Due to Mens Sana Families for Mental Health	-	(8,671)
Deferred grants	-	6,245,800
Restricted contribution for investment in land	-	1,806,800
Increase in mortgage payable	2,450,000	-
Payments of mortgage payable	(28,385)	-
	2,421,615	7,495,858
Investing activities:		
Additions to capital assets	(5,096,247)	(8,052,600)
Increase in cash	313,865	1,230,551
Cash, beginning of year	9,012,347	7,781,796
Cash, end of year	\$ 9,326,212	\$ 9,012,347

See accompanying notes to financial statements.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements

Year ended March 31, 2024

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%

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2024

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, 2024

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 \$1,762,000 (2023 - \$1,574,000) 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.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Accounts receivable:

	2024		2023	
Trade	\$	639,690	\$	383,099
Allowance for doubtful accounts		(39,295)		(39,295)
	\$	600,395	\$	343,804

4. Capital assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 7,153,385	\$ -	\$ 7,153,385	\$ 4,313,575
Buildings	11,834,506	3,302,682	8,531,824	6,727,111
Furniture and fixtures	437,208	377,693	59,515	72,044
Leasehold improvements	1,439,085	1,299,068	140,017	154,497
Vehicles	51,426	50,821	605	1,235
Improvements from deferred grants	1,125,676	729,990	395,686	444,245
	\$ 22,041,286	\$ 5,760,254	\$ 16,281,032	\$ 11,712,707

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$90,890 (2023 - \$80,992), relating to payroll related taxes.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Mortgage payable:

During the year the Organization entered into a fixed-rate term loan for the purchase of a residential property. The term loan is repayable in blended principal and interest payments with a maturity date of June 2028. The term loan is secured by a registered first ranking mortgage on the property in the amount of \$3.48 million, an assignment of rents, registered general security agreement and insurance coverage.

	2024	2023
Term loan, bears interest at 6.88%, is repayable in blended monthly payments of \$17,129 and terms to renew on June 2028	\$ 2,421,615	\$ -
Less current portion	40,193	-
	<u>\$ 2,381,422</u>	<u>\$ -</u>

Interest during the year on the term loan amounted to \$125,775 (2023 - nil).

Scheduled principal payments over the amortization period of the mortgage is as follows:

2025	\$ 40,193
2026	43,047
2027	46,103
2028	49,377
2029	52,884
Thereafter	2,190,011
	<u>\$ 2,421,615</u>

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Net assets invested in capital assets:

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

	2024	2023
Capital assets	\$ 16,281,032	\$ 11,712,707
Less amounts financed by mortgage payable	(2,421,615)	-
Less amounts financed by deferred contributions	(7,162,103)	7,629,133
	<u>\$ 6,697,314</u>	<u>\$ 4,083,574</u>

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

	2024	2023
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 467,030	\$ 342,114
Amortization of capital assets	(527,922)	(363,713)
	<u>\$ (60,892)</u>	<u>\$ (21,599)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 5,096,247	\$ 8,052,600
Amounts funded by mortgage payable	(2,421,615)	-
Amounts funded by deferred contributions	-	(8,052,600)
	<u>\$ 2,674,632</u>	<u>\$ -</u>

8. Related party transactions:

During the year, Mens Sana Families for Mental Health charged the Organization \$152,791 (2023 - \$190,861) for rental fees and \$500,218 (2023 - \$444,530) for costs related to the day program 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, 2024

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:

2025	190,700
2026	32,200
2027	14,800
Thereafter	-
	<hr/>
	\$ 237,700

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 2023.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate mortgage payable. Further details about the mortgages payable are included in note 6.

VITA COMMUNITY LIVING SERVICES OF TORONTO

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 (2023 - \$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 \$555,818 (2023 - \$535,081).

14. Deferred government grants related to capital assets:

Deferred government grants for capital assets represent the unamortized amount of grants and other contributions received or receivable for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the consolidated statement of operations and is amortized in relation to the asset to which it relates. The changes in the deferred contributions for capital asset balances are as follows:

	2024	2023
Balance, beginning of year	\$ 7,629,133	\$ 1,725,447
Additions to capital contributions	-	8,052,600
Reallocation to net assets for land transfer	-	(1,806,800)
Amortization of deferred capital contributions	(467,030)	(342,114)
	<u>\$ 7,162,103</u>	<u>\$ 7,629,133</u>

VITA COMMUNITY LIVING SERVICES OF TORONTO

Schedule of Services Contract/DSA Approval with MCCSS

Year ended March 31, 2024

Particulars	Adults' Community Accommodation	Adults' DS Community Support Services	MCCSS Funding	PFR	CRRF	Total
Toronto Region						
Revenue:						
Government subsidies	\$ 20,029,770	\$ 3,497,585	\$ 23,527,355	\$ 432,800	\$ -	\$ 23,960,155
Funded by residential/other	1,479,939	239,252	1,719,194	-	-	1,719,194
	21,509,709	3,736,837	25,246,549	432,800	-	25,679,349
Expenses:						
Salaries and benefits	17,587,110	3,051,876	20,638,986	-	-	20,638,986
Others	1,919,623	335,203	2,254,827	432,800	-	2,687,627
	19,506,733	3,387,079	22,893,813	432,800	-	23,326,613
Allocated administration	2,002,976	349,758	2,352,736	-	-	2,352,736
	21,509,709	3,736,837	25,246,549	432,800	-	25,679,349
Subtotal - Toronto	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Particulars	DSRS - Adults Community Accommodation	Community Support Services	PFR	Total
Central region				
Revenue:				
Government subsidies	\$ 9,250,185	\$ 1,210,924	\$ -	\$ 10,461,109
Funded by residential/other	742,670	91,068	-	833,738
	9,992,855	1,301,992	-	11,294,847
Expenses:				
Salaries and benefits	8,181,313	1,064,845	-	9,246,158
Others	886,524	116,053	-	1,002,577
	9,067,837	1,180,898	-	10,248,735
Allocated administration	925,018	121,094	-	1,046,112
	9,992,855	1,301,992	-	11,294,847
Subtotal - Central region	\$ -	\$ -	\$ -	\$ -