



Financial Statements

Community Care of St. Catharines & Thorold

December 31, 2020

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Independent Auditor's Report



To the Directors of
Community Care of St. Catharines & Thorold

Qualified opinion

We have audited the financial statements of Community Care of St. Catharines & Thorold, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly, because of the possible effects of this limitation in scope.

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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by Section 96(2) of the Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

St. Catharines, Canada
[REDACTED]

[REDACTED]
Chartered Professional Accountants
Licensed Public Accountants

**Community Care of St. Catharines & Thorold
Statement of Financial Position**

December 31	General	Capital	Niagara Nutrition Partners	Total 2020	Total 2019
Assets					
Current					
Cash	\$ 1,940,081	\$ -	\$ 271,246	\$ 2,211,327	\$ 866,261
Short-term investments (Note 3)	681,581	264,815	-	946,396	802,053
Accounts receivable	1,831	-	-	1,831	9,904
HST receivable	59,347	-	2,304	61,651	42,933
Due to (from) division	12,294	-	(12,294)	-	-
Prepaid expenses	25,939	-	2,500	28,439	43,221
	<u>2,721,073</u>	<u>264,815</u>	<u>263,756</u>	<u>3,249,644</u>	<u>1,764,372</u>
Long-term					
Property and equipment (Note 4)	-	830,118	-	830,118	865,830
	<u>\$ 2,721,073</u>	<u>\$ 1,094,933</u>	<u>\$ 263,756</u>	<u>\$ 4,079,762</u>	<u>\$ 2,630,202</u>
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 96,493	\$ -	\$ -	\$ 96,493	\$ 103,717
Deferred revenue (Note 5)	415,610	-	182,324	597,934	466,938
	<u>512,103</u>	<u>-</u>	<u>182,324</u>	<u>694,427</u>	<u>570,655</u>
Long-term					
Deferred property and equipment contributions (Note 6)	-	224,292	-	224,292	260,734
	<u>512,103</u>	<u>224,292</u>	<u>182,324</u>	<u>918,719</u>	<u>831,389</u>
Net assets					
Internally restricted (Note 7)	765,962	288,763	42,000	1,096,725	1,061,225
Unrestricted	1,443,008	581,878	39,432	2,064,318	737,588
	<u>2,208,970</u>	<u>870,641</u>	<u>81,432</u>	<u>3,161,043</u>	<u>1,798,813</u>
	<u>\$ 2,721,073</u>	<u>\$ 1,094,933</u>	<u>\$ 263,756</u>	<u>\$ 4,079,762</u>	<u>\$ 2,630,202</u>
Commitment (Note 8)					
Credit facility (Note 9)					
On behalf of the board					
_____	Director	_____	Director		

See accompanying notes and schedule to the financial statements.

Community Care of St. Catharines & Thorold Statement of Operations

Year ended December 31	General	Capital	Niagara Nutrition Partners	Total 2020	Total 2019
Revenues					
Donations	\$ 2,775,757	\$ -	\$ 65,989	\$ 2,841,746	\$ 1,603,859
United Way, general grant	220,282	-	-	220,282	241,118
United Way, Housing Help Centre program	15,492	-	-	15,492	15,492
Region of Niagara, Housing Help Centre program	87,348	-	-	87,348	106,392
REACH food and administration grants	-	-	685,401	685,401	778,783
Infrastructure grants	-	-	59,932	59,932	40,492
Energy assistance programs	80,543	-	-	80,543	206,420
Niagara Prosperity Initiative grants	101,559	-	-	101,559	114,772
██████████	40,204	-	-	40,204	179,869
Administration fees	167,655	-	-	167,655	191,137
Other grants	499,419	-	241,582	741,001	112,787
Investment and other income	107,496	10,856	1,537	119,889	158,598
Amortization of deferred contributions (Note 6)	-	36,442	-	36,442	12,336
	<u>4,095,755</u>	<u>47,298</u>	<u>1,054,441</u>	<u>5,197,494</u>	<u>3,762,055</u>
Expenses					
Services (Page 14)	743,685	-	855,087	1,598,772	1,631,231
Salaries and benefits, general programs (Page 14)	1,660,931	-	129,430	1,790,361	1,592,832
Occupancy (Page 14)	172,758	-	9,274	182,032	211,021
Administration (Page 14)	254,570	-	15,141	269,711	301,815
Amortization of property and equipment	-	35,565	149	35,714	41,119
	<u>2,831,944</u>	<u>35,565</u>	<u>1,009,081</u>	<u>3,876,590</u>	<u>3,778,018</u>
Excess (deficiency) of revenues over expenses before other income	1,263,811	11,733	45,360	1,320,904	(15,963)
Other income (expense)					
Unrealized gain (loss) on marketable securities	41,326	-	-	41,326	54,945
Excess (deficiency) of revenues over expenses for the year	<u>\$ 1,305,137</u>	<u>\$ 11,733</u>	<u>\$ 45,360</u>	<u>\$ 1,362,230</u>	<u>\$ 38,982</u>

See accompanying notes and schedule to the financial statements.

**Community Care of St. Catharines & Thorold
Statement of Changes in Net Assets**

Year ended December 31	General	Capital	Niagara Nutrition Partners	Total 2020	Total 2019
Internally restricted					
Balance, beginning of year	\$ 765,962	\$ 263,763	\$ 31,500	\$ 1,061,225	\$ 1,025,725
Transfer from unrestricted fund		25,000	10,500	35,500	35,500
Balance, end of year	\$ 765,962	\$ 288,763	\$ 42,000	\$ 1,096,725	\$ 1,061,225
Unrestricted					
Balance, beginning of year	\$ 162,871	\$ 570,145	\$ 4,572	\$ 737,588	\$ 734,106
Excess (deficiency) of revenues over expenses for the year	1,305,137	11,733	45,360	1,362,230	38,982
Transfer to internally restricted fund	(25,000)	-	(10,500)	(35,500)	(35,500)
Balance, end of year	\$ 1,443,008	\$ 581,878	\$ 39,432	\$ 2,064,318	\$ 737,588

See accompanying notes and schedule to the financial statements.

Community Care of St. Catharines & Thorold Statement of Cash Flows

Year ended December 31	2020	2019
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses for the year	\$ 1,362,230	\$ 38,982
Amortization of deferred property and equipment contributions	(36,442)	(12,336)
Amortization of property and equipment	35,565	40,906
Amortization of property and equipment, Niagara Nutrition Partners	149	213
Loss (gain) on sale of marketable securities	1,059	(633)
Unrealized (gain) loss on short-term investments	(48,146)	(60,729)
	1,314,415	6,403
Change in non-cash working capital items		
Accounts receivable	8,073	(1,197)
HST receivable	(18,718)	8,848
Prepaid expenses	14,782	19,878
Accounts payable and accrued liabilities	(7,224)	25,605
Deferred revenue	130,996	(57,091)
	1,442,324	2,446
Investing		
Purchase of property and equipment	-	(11,461)
Purchase of investments	(179,258)	(96,099)
Redemption of investments	82,000	115,000
	(97,258)	7,440
Increase (decrease) in cash	1,345,066	9,886
Cash		
Beginning of year	866,261	856,375
End of year	\$ 2,211,327	\$ 866,261

Community Care of St. Catharines & Thorold

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Community Care of St. Catharines & Thorold was established to provide food and other basic necessities to needy residents of the community. Over the years the agency has expanded its programs and supports in response to the needs of those served through an integrated service delivery model. It is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is a registered charity and exempt from income taxes under section 149(1)(f) of the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Fund accounting

Community Care has three divisions that they report separately for user's convenience: General, Capital, and Niagara Nutrition Partners.

Revenues and expenses related to Community Care's program delivery and administrative activities, not including those for Niagara Nutrition Partners, are reported in General. Revenues and expenses related to capital activities are reported in Capital. Revenues and expenses related to Niagara Nutrition Partners program delivery and administrative activities are reported in Niagara Nutrition Partners.

The general restricted fund reports the net assets which have been internally restricted by the Board as an operational reserve for Community Care, not including operations for Niagara Nutrition Partners. The capital restricted fund reports the net assets which have been internally restricted by the Board for future significant capital repairs. The Niagara Nutrition Partners restricted fund reports the net assets which have been internally restricted by the Board as an operational reserve for Niagara Nutrition Partners.

Revenue recognition

Unrestricted contributions are recognized as revenue of the appropriate division in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate division in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the General division in the year in which the related expenses are incurred.

Contributed goods and services

The organization benefits from a substantial amount of volunteer services and donations in kind. No amounts have been reflected in the financial statements for these items.

Community Care of St. Catharines & Thorold

Notes to the Financial Statements

December 31, 2020

2. Significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at amortized cost. Amortization is recorded at the following annual rates over the estimated useful lives of the related assets:

Building	4%	declining balance
Parking lot	5%	declining balance
Equipment and furniture	10% - 20%	declining balance
Computer hardware	30%	declining balance
Vehicles	30%	declining balance

Financial instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in revenues.

Financial assets measured at fair value include short-term investments in mutual funds.

Financial assets and liabilities measured at amortized cost include cash, short-term investments, accounts receivable, HST receivable, and accounts payable and accrued liabilities.

The fair value of investments quoted in an active market has been determined using the closing price at year end.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in revenues.

Community Care of St. Catharines & Thorold

Notes to the Financial Statements

December 31, 2020

2. Significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

Items subject to significant management estimate include amortization rates, residuals and estimated useful lives of property and equipment, and amortization rates of deferred revenue.

3. Short-term investments

Short-term investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
Mutual funds	<u>\$ 946,396</u>	<u>\$ 802,053</u>

4. Property and equipment

		<u>2020</u>	<u>2019</u>
	Accumulated Cost Amortization	Net Book Value	Net Book Value
Land	\$ 287,000 \$ -	\$ 287,000	\$ 287,000
Building	922,178 468,214	453,964	472,879
Parking lot	78,185 41,962	36,223	38,129
Equipment and furniture	323,982 281,802	42,180	52,464
Computer hardware	97,203 93,794	3,409	4,870
Vehicles	91,435 84,093	7,342	10,488
	<u>\$ 1,799,983</u> <u>\$ 969,865</u>	<u>\$ 830,118</u>	<u>\$ 865,830</u>

Community Care of St. Catharines & Thorold Notes to the Financial Statements

December 31, 2020

5. Deferred revenue

The deferred revenue reported in the General and Niagara Nutrition Partners divisions represents restricted operating contributions received that are related to subsequent periods. Changes in the deferred revenue balance of these divisions are as follows:

	General	Niagara Nutrition Partners	Total 2020	Total 2019
Beginning balance	\$ 194,689	\$ 272,249	\$ 466,938	\$ 524,029
Add: amounts received in the current year	915,389	816,570	1,731,959	1,227,900
Less: amounts recognized as revenue in the year	<u>(694,468)</u>	<u>(906,495)</u>	<u>(1,600,963)</u>	<u>(1,284,991)</u>
Ending balance	<u>\$ 415,610</u>	<u>\$ 182,324</u>	<u>\$ 597,934</u>	<u>\$ 466,938</u>

6. Deferred property and equipment contributions

The deferred contributions reported in the capital division represent externally restricted capital contributions received for purposes of purchasing property and equipment. Changes in the deferred contributions balance are as follows:

	2020	2019
Beginning balance	\$ 260,734	\$ 273,070
Less: amortization of deferred contributions	<u>(36,442)</u>	<u>(12,336)</u>
Ending balance	<u>\$ 224,292</u>	<u>\$ 260,734</u>

7. Internally restricted fund balances

Funds in the amount of \$765,962 (2019 - \$765,962) have been restricted to approximate four months operating requirements of Community Care, not including operations for Niagara Nutrition Partners. The Board policy requires a six month operating reserve.

Funds in the amount of \$288,763 (2019 - \$263,763) have been restricted for future significant purchases and repairs to the building. During the year \$nil (2019 - \$nil) of restricted funds were invested in capital assets.

Funds in the amount of \$42,000 (2019 - \$31,500) have been restricted to approximate four months operating requirements of Niagara Nutrition Partners. The organization's goal is a six month operating reserve.

8. Commitment

Community Care is committed to a premises lease in the amount of \$35,320 annually for its warehouse facility which expires June 30, 2024.

Community Care of St. Catharines & Thorold Notes to the Financial Statements

December 31, 2020

9. Credit facility

The organization's credit facility includes a revolving line of credit of \$200,000 bearing interest at prime. The amount outstanding on the line of credit as at December 31, 2020 was \$nil (2019 - \$nil). The line of credit is payable on demand. The facility is secured by a general security agreement constituting a first ranking security interest in all assets of the organization.

10. Niagara Community Foundation endowment fund

Community Care together with the Niagara Community Foundation established an endowment fund to contribute to the future financial viability of the organization. Community Care is entitled to investment income from this endowment fund at December 31 annually as allocated by Niagara Community Foundation. This investment income is recognized when it is received.

During 2020, the organization received \$8,084 (2019 - \$6,364) in investment income from this fund.

11. Contributed goods and services

Community Care receives benefits from a substantial amount of volunteer services as well as donations in-kind of food, clothing and toys. No amounts have been reflected in the financial statements for these items. Management has estimated the value of food donations to be approximately \$1,350,000 (2019 - \$1,800,000), the value of volunteer services to be \$75,000, (2019 - \$550,000) the value of clothing to be \$300,000 (2019 - \$600,000) and the value of toys to be \$175,000 (2019 - \$220,000). Total goods and services donated are estimated at \$1,900,000 (2019 - \$3,170,000) for the year.

Community Care of St. Catharines & Thorold

Notes to the Financial Statements

December 31, 2020

12. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposures and concentrations at December 31, 2020:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or expected 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 organization is mainly exposed to other price risk.

(i) Other price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. The organization is exposed to price risk through its investment in mutual funds.

Community Care of St. Catharines & Thorold Notes to the Financial Statements

December 31, 2020

13. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The organization has experienced operational impact from COVID-19 to provide limited in-person services and to mobilize the staff to work from home as a result of provincial lockdown and stay-at-home orders. However, the organization has experienced significant increases in donations throughout the year. The increased donations resulted in a sharp increase in revenue. Additionally, the organization applied for, and received, financial assistance from various programs aimed at reducing the effects of the pandemic. The organization is continuing to monitor COVID-19 developments and financial assistance programs.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the companies for future periods.

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Community Care of St. Catharines & Thorold Schedule of Expenses

Year ended December 31	General	Niagara Nutrition Partners	Total 2020	Total 2019
Services				
Energy assistance programs	\$ 80,543	\$ -	\$ 80,543	\$ 206,420
Christmas Bureau	160,337	-	160,337	129,205
Food, funded by REACH	-	552,153	552,153	646,418
Food program	80,226	243,002	323,228	232,295
Jumpstart	-	-	-	28,007
Niagara Prosperity Initiative	101,559	-	101,559	114,772
██████████	257,741	-	257,741	179,476
Delivery and pickup	45,354	-	45,354	39,391
Health services and emergency	852	-	852	3,072
Infrastructure	-	59,932	59,932	34,492
Clothing and personal needs	17,073	-	17,073	17,683
	<u>\$ 743,685</u>	<u>\$ 855,087</u>	<u>\$ 1,598,772</u>	<u>\$ 1,631,231</u>
Salaries and benefits, general programs				
Salaries	\$ 1,446,289	\$ 118,796	\$ 1,565,085	\$ 1,382,307
Benefits	214,642	10,634	225,276	210,525
	<u>\$ 1,660,931</u>	<u>\$ 129,430</u>	<u>\$ 1,790,361</u>	<u>\$ 1,592,832</u>
Occupancy				
Building and equipment maintenance	\$ 90,869	\$ -	\$ 90,869	\$ 118,876
Utilities	50,110	-	50,110	46,462
Rent	20,400	9,274	29,674	34,528
Property insurance	11,379	-	11,379	11,155
	<u>\$ 172,758</u>	<u>\$ 9,274</u>	<u>\$ 182,032</u>	<u>\$ 211,021</u>
Administration				
Professional services	\$ 47,688	\$ 800	\$ 48,488	\$ 42,026
Office supplies and equipment maintenance	106,218	2,108	108,326	53,787
Telephone and facsimile	10,290	3,130	13,420	16,557
Promotion and publicity	38,447	6,553	45,000	128,693
Travel	13,322	2,182	15,504	21,854
Directors' liability insurance	6,913	-	6,913	6,913
Bank charges	21,688	-	21,688	17,895
Postage	9,632	368	10,000	7,800
Education	372	-	372	6,290
	<u>\$ 254,570</u>	<u>\$ 15,141</u>	<u>\$ 269,711</u>	<u>\$ 301,815</u>