

CHOICES Association Inc.
Financial Statements
For the year ended March 31, 2022

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For the year ended March 31, 2022

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Independent Auditor's Report

To the Directors of CHOICES Association Inc.

Opinion

We have audited the financial statements of CHOICES Association Inc. (the "Association"), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, revenue and expenses and cash flow 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, 2022, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Program Guidelines of the Ministry of Children, Community and Social Services as described in Note 1.

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 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Association to comply with the financial reporting provisions of the Ministry of Children, Community and Social Services. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Association and the Ministry of Children, Community and Social Services and should not be distributed to or used by parties other than the Association or the Ministry of Children, Community and Social Services.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Program Guidelines of the Ministry of Children, Community and Social Services as described in Note 1, 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.



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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
August 12, 2022

CHOICES Association Inc. Statement of Financial Position

March 31 **2022** 2021

Assets

Current

Cash	\$ 1,519,319	\$ 1,021,228
Investments (Note 6)	260,740	-
Accounts receivable	111,154	86,329
Prepaid expenses	18,244	19,910
HST receivable	359,603	207,725

2,269,060 1,335,192

Capital assets (Note 2)

5,179,799 2,164,647

Cash - restricted (Note 3)

60,337 57,589

\$ 7,509,196 \$ 3,557,428

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 1,158,731	\$ 902,283
Deferred revenue	-	142,503
Current portion of long-term debt (Note 4)	37,770	121,124
Due to MCCSS	981,771	307,661
Ministry of Housing capital reserve (Note 3)	60,337	57,589

2,238,609 1,531,160

Long-term debt (Note 4)

316,484 354,253

Deferred capital contributions (Note 2)

1,129,397 -

3,684,490 1,885,413

Net assets

Net assets in Nevada lottery fund	8,319	8,319
Net assets internally restricted reserve fund (Note 5)	249,915	123,000
Net assets in operating fund	3,566,472	1,540,696

3,824,706 1,672,015

\$ 7,509,196 \$ 3,557,428

On behalf of the Board:

Katie (Catherins) Carr

Director - Chair

J Bono

Director - Vice Chair

The accompanying notes are an integral part of these financial statements.

**CHOICES Association Inc.
Statement of Changes in Net Assets**

For the year ended March 31	Nevada Lottery Fund	Internally Restricted Reserve Fund	Operating Fund	2022	2021
Net assets, beginning of year	\$ 8,319	\$ 123,000	\$ 1,540,696	\$ 1,672,015	\$ 1,533,716
Excess of revenue over expenses for the year	-	-	127,691	127,691	138,299
Interfund transfer (Note 5)	-	126,915	(126,915)	-	-
Donated land (Note 2)	-	-	2,025,000	2,025,000	-
Net assets, end of year	\$ 8,319	\$ 249,915	\$ 3,566,472	\$ 3,824,706	\$ 1,672,015

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc. Statement of Revenue and Expenses

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 9,890,653	\$ 9,933,090
Special needs funding	45,311	55,063
Ontario disability support program	482,858	483,827
Fee for service	233,228	322,936
Federal subsidy	79,286	79,286
Wage subsidy (Note 9)	-	25,000
One-time provincial subsidy (Note 9)	495,119	547,946
Donations	127,114	58
Interest income	282	364
Rent	37,620	30,780
Amortization of deferred capital contribution	7,103	-
	11,398,574	11,478,350
Expenses		
Administration (Note 8)	1,155,889	773,087
Amortization	146,348	112,283
Employee benefits	1,439,509	1,396,703
Employee salaries	4,222,813	4,246,549
Food and supplies	216,055	677,304
Insurance	71,201	60,366
Interest expense	8,605	9,444
Miscellaneous	3,058	3,210
Purchased services	2,424,355	2,027,934
Purchased services - out paid resources	703,671	715,005
Rent	97,234	115,488
Repairs and maintenance	631,700	992,178
Staff training	12,394	37,176
Staff travel	5,680	11,014
Supplies	47,244	74,733
Utilities	82,379	84,829
	11,268,135	11,337,303
Capital reserve allowance	2,748	2,748
	11,270,883	11,340,051
Excess of revenue over expenses for the year	\$ 127,691	\$ 138,299

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 1 - Revenue and Expenses
Day Programs

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 329,336	\$ 611,802
One-time provincial subsidy (Note 9)	-	6,436
Wage subsidy (Note 9)	-	785
	329,336	619,023
Expenses		
Administration (Note 8)	47,250	31,701
Amortization	49,776	32,605
Employee benefits	20,907	44,594
Employee salaries	75,411	166,453
Food and supplies	1,676	25,925
Insurance	12,597	11,907
Purchased services	18,231	25,147
Rent	14,100	16,277
Repairs and maintenance	74,182	146,877
Staff training	8	2,267
Staff travel	253	733
Supplies	3,317	1,999
Utilities	11,628	22,259
	329,336	528,744
Excess of revenue over expenses	\$ -	\$ 90,279

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 2 - Revenue and Expenses
Family Home Program

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 223,553	\$ 367,488
Ontario disability support program	110,400	120,253
One-time provincial subsidy (Note 9)	1,998	1,958
Wage subsidy (Note 9)	-	20
	<u>335,951</u>	<u>489,719</u>
Expenses		
Administration (Note 8)	33,251	22,026
Employee benefits	12,978	13,433
Employee salaries	78,206	80,136
Food and supplies	40	5,852
Miscellaneous	68	-
Purchased services	211,260	228,329
Staff training	148	-
Staff travel	-	8
Supplies	-	9
	<u>335,951</u>	<u>349,793</u>
Excess of revenue over expenses	\$ -	\$ 139,926

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 3 - Revenue and Expenses
Supported Independent Living Program

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 581,511	\$ 652,014
Ontario disability support program	3,693	2,637
Wage subsidy (Note 9)	-	1,982
One-time provincial subsidy (Note 9)	38,284	44,449
	<u>623,488</u>	<u>701,082</u>
Expenses		
Administration (Note 8)	63,014	69,482
Employee benefits	117,203	116,401
Employee salaries	307,767	286,218
Food and supplies	1,845	24,482
Insurance	2,070	350
Purchased services	61,330	102,225
Rent	7,385	5,275
Repairs and maintenance	46,612	98
Staff training	916	3,752
Staff travel	4,004	4,799
Supplies	11,005	10,930
Utilities	337	192
	<u>623,488</u>	<u>624,204</u>
Excess of revenue over expenses	\$ -	\$ 76,878

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 4 - Revenue and Expenses
Group Living Support Program

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 8,528,997	\$ 8,301,786
Special needs funding	45,016	52,970
Ontario disability support program	368,765	360,937
One-time subsidy provincial subsidy (Note 9)	447,634	493,818
Wage subsidy (Note 9)	-	19,048
	9,390,412	9,228,559
Expenses		
Administration (Note 8)	1,002,758	649,878
Amortization	52,557	43,604
Employee benefits	1,254,705	1,212,382
Employee salaries	3,694,764	3,631,590
Food and supplies	202,079	621,045
Insurance	56,534	48,109
Miscellaneous	2,990	3,210
Purchased services	1,898,148	1,389,185
Purchased services - out paid resources	703,671	715,005
Rent	75,749	93,936
Repairs and maintenance	336,588	795,178
Staff training	11,037	31,157
Staff travel	902	5,241
Supplies	32,312	61,795
Utilities	65,618	55,054
	9,390,412	9,356,369
Deficiency of revenue over expenses	\$ -	\$ (127,810)

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 5 - Revenue and Expenses
Inclusion and Respite Support Program

For the year ended March 31	2022	2021
Revenue		
One-time provincial subsidy (Note 9)	\$ -	\$ 1,285
Fee for service	<u>233,228</u>	<u>322,936</u>
	233,228	324,221
Expenses		
Employee benefits	6,578	9,893
Employee salaries	22,004	46,738
Purchased services	204,239	268,597
Staff travel	<u>407</u>	<u>233</u>
	233,228	325,461
Deficiency of revenue over expenses	\$ -	\$ (1,240)

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 6 - Revenue and Expenses
Other Programs

For the year ended March 31	2022	2021
Revenue		
Special needs funding	\$ 295	\$ 2,093
Wage subsidy (Note 9)	-	3,165
Donations	127,114	58
Interest income	282	364
Amortization of deferred capital contributions	7,103	-
	<u>134,794</u>	<u>5,680</u>
Expenses		
Amortization	7,103	-
Employee salaries	-	35,414
Purchased services	-	10,000
	<u>7,103</u>	<u>45,414</u>
Excess (deficiency) of revenue over expenses	\$ 127,691	\$ (39,734)

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 7- Revenue and Expenses
Ministry of Housing Program

For the year ended March 31	2022	2021
Revenue		
Federal subsidy	\$ 79,286	\$ 79,286
Rent	37,620	30,780
	<u>116,906</u>	<u>110,066</u>
Expenses		
Amortization	36,912	36,074
Interest expense	8,605	9,444
Purchased services	4,215	4,451
Repairs and maintenance	59,630	50,025
Utilities	4,796	7,324
	<u>114,158</u>	<u>107,318</u>
Capital reserve allowance	<u>2,748</u>	<u>2,748</u>
Excess of revenue over expenses	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 8- Revenue and Expenses
Intensive Support Residence Program

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 115,435	\$ -
Wage subsidy (Note 9)	7,203	-
	<u>122,638</u>	<u>-</u>
Expenses		
Administration (Note 8)	9,616	-
Employee benefits	27,138	-
Employee salaries	44,661	-
Food and supplies	10,415	-
Purchased services	26,932	-
Repairs and maintenance	2,867	-
Staff training	285	-
Staff travel	114	-
Supplies	610	-
	<u>122,638</u>	<u>-</u>
Excess of revenue over expenses	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Schedule 9- Revenue and Expenses
Partner Facility Renewal

For the year ended March 31	2022	2021
Revenue		
Provincial subsidy	\$ 111,821	\$ -
Expenses		
Repairs and maintenance	<u>111,821</u>	<u>-</u>
Excess of revenue over expenses	\$ -	\$ -

CHOICES Association Inc. Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 127,691	\$ 138,299
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	146,348	112,283
Amortization of deferred capital contributions	(7,103)	-
Changes in non-cash working capital balances		
Accounts receivable	(24,825)	16,012
HST receivable	(151,878)	153,485
Prepaid expenses	1,666	20,566
Accounts payable and accrued liabilities	256,448	(494,009)
Ministry of Housing capital reserve	2,748	2,748
Deferred revenue	(142,503)	142,503
Due to MCCSS	674,110	-
	<u>882,702</u>	<u>91,887</u>
Cash flows from investing activities		
Change in cash - restricted	(2,748)	(2,748)
Purchase of investments	(260,740)	-
	<u>(263,488)</u>	<u>(2,748)</u>
Cash flows from financing activity		
Repayment of long-term debt	(121,123)	(87,104)
Increase in cash during the year	498,091	2,035
Cash, beginning of year	1,021,228	1,019,193
Cash, end of year	\$ 1,519,319	\$ 1,021,228

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc. Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Purpose of the Association

CHOICES Association Inc. (the "Association") was incorporated without share capital on June 15, 1981 under the laws of the Province of Ontario and is a registered charity exempt from tax under the *Income Tax Act*.

The Association's mission is to actively pursue a continuum of service that will enhance the quality of life for individuals with developmental disabilities and to promote the worth and self-worth of the individuals they serve.

Basis of Presentation

These financial statements have been prepared in accordance with the financial reporting provisions of the Program Guidelines of the Ministry of Children, Community and Social Services (the "MCCSS"). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations ("ASNPO") as follows:

- a) Allocations to the Ministry of Housing (the "MOH") capital reserve fund are made through the statement of revenue and expenses rather than the statement of funds;
- b) Amortization is provided on restricted capital assets in an amount equal to the reduction in the principal balance outstanding on mortgage funds in accordance with the Ministry of Housing guidelines. Similarly, amortization is provided on unrestricted capital assets with outstanding mortgage balances equal to the reduction in principal balance on the outstanding mortgages. Other unrestricted capital assets are amortized in accordance with ASNPO;
- c) Major repairs, upgrades, expenditures and replacement of capital assets that are either funded as an allocation from the MOH capital reserve fund, or funded by MCCSS are expensed in the year of acquisition.

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case they are recorded at nominal value. Amortization on capital assets is provided as follows:

Restricted buildings	equal to the reduction in principal balance on outstanding mortgage
Unrestricted buildings with mortgages	equal to the reduction in principal balance on outstanding mortgage
Unrestricted non-mortgaged buildings	straight-line over 40 years
Vehicles	straight- line over 6 years

CHOICES Association Inc.

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (Continued)

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions, including subsidies and special needs funding are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Revenue from unrestricted donations is recognized as donation revenue as it is received and is receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions of depreciable capital assets are deferred and amortized into revenue on the basis that corresponds with the amortization of the related capital asset. Contributions of non-depreciable capital assets are recognized as direct increases in net assets.

Revenue from programs and services is recognized as revenue when the service is provided and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Goods and Services

The Association, from time to time, receives donations of goods. Additionally volunteers contribute extensive time each year to assist the Association in carrying out its activities. Contributed goods and services are only recognized in the financial statements when the fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed depreciable capital assets.

Use of Estimates

The preparation of the financial statements in accordance with the financial reporting provisions established by the MCCSS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from management's best estimates as additional information becomes available in the future.

Allocation of Central Administration Expenses

The Association allocates central administration costs to programs in accordance with the MCCSS financial policy directive. Central administration expenses (Note 8), which do not pertain specifically to a project, are allocated based on management's best estimate on the service or effort expended, the amount of revenue related to the project and are expected not to exceed 10% of total expenditures.

CHOICES Association Inc. Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (Continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Capital Assets

Capital assets (unrestricted):

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land and buildings				
Westfield Residence	\$ 780,420	\$ -	\$ 780,420	\$ -
Silver Court Residence	391,497	391,497	391,497	353,728
Mohawk Residence	745,074	745,074	745,074	698,632
Dennis Residence	1,109,000	2,556	-	-
Duncan Residence	964,500	1,966	-	-
Meaghan Residence	1,088,000	2,581	-	-
Vehicles	125,898	125,898	125,898	107,775
	\$ 5,204,389	\$ 1,269,572	\$ 2,042,889	\$ 1,160,135

Capital assets (restricted):

Capital assets acquired through funds provided by the Government of Ontario consist of the following:

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land and buildings				
Orkney Road Residence	\$ 416,741	\$ -	\$ 416,741	\$ -
Harvest Road Residence	473,986	-	473,986	-
Carlisle Residence	462,522	266,209	462,522	247,754
Rockton Residence	554,301	396,359	554,301	377,903
	\$ 1,907,550	\$ 662,568	\$ 1,907,550	\$ 625,657
Total net book value		\$ 5,179,799		\$ 2,164,647

CHOICES Association Inc. Notes to Financial Statements

March 31, 2022

2. Capital Assets (Continued)

The Association operates several group homes, the acquisition of which was funded by the Province of Ontario through its respective Ministries: the MCCSS and the MOH. Accordingly, the Province of Ontario has registered its financial interest on title thereby restricting the disposition of these facilities. The Association is required under the Portfolio Operating Agreement, Section 7.1, to obtain written consent prior to the disposition of these residences, to which consent may be withheld. In the event of such disposition, the excess of proceeds less any encumbrances against the respective project would be payable to the Province of Ontario through the respective Ministries. Due to fluctuations in market values and the uncertainty regarding the timing of any disposition, the extent of such liability is not determinable and has not been recorded in the financial statements. During the year, there were no dispositions which would require a liability to be recorded to MCCSS or the MOH.

During the year, the Association received donated land having a fair value of \$2,025,000 which has been recorded as a direct increase in net assets, and donated buildings having a fair value of \$1,136,500, recorded as deferred contributions, which will be amortized on the same basis as the related buildings.

3. Ministry of Housing Capital Reserve

The Ministry of Housing Capital Reserve Fund has been established to provide for the future major expenditures of the residences. The Association increases this reserve each year by \$2,748.

4. Long-term Debt

	2022	2021
Mortgage - \$3,793 monthly payments of principal and interest at 2.31% semi-annually, secured by Carlisle and Rockton Residences, maturing November 2024	\$ 354,254	\$ 391,166
Mortgages, repaid	-	84,211
	354,254	475,377
Less: Current portion	37,770	121,124
	\$ 316,484	\$ 354,253

Principal repayments for the next three years are as follows:

2023	\$ 37,770
2024	38,647
2025	277,837
	\$ 354,254

CHOICES Association Inc. Notes to Financial Statements

March 31, 2022

5. Internally Restricted Reserve Fund

The internally restricted fund has been created for to be used for future real estate purchases or as directed by the Board of Directors. During the year the Board approved a transfer of \$126,915 (2021 - \$Nil) from the operating fund to the internally restricted fund.

6. Investments

The investment held is a Guaranteed Investment Certificate earning interest of 1% maturing March 29, 2023.

7. Financial Instrument Risks

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 Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Association is subject to credit risk through its accounts receivable. This risk has not changed from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of its long-term debt. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with its financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Association's accounts payable and accrued liabilities, contingencies and long-term debt. This risk has not changed from the prior year.

CHOICES Association Inc. Notes to Financial Statements

March 31, 2022

8. Administrative Expenses

The Association's administrative expenses are allocated based on project costs, which are based on management's best estimate on the service or effort expended, as follows:

	<u>2022</u>	<u>2021</u>
Expenses		
Employee salaries	\$ 430,623	\$ 437,884
Employee benefits	67,096	63,272
Insurance	7,447	7,407
Miscellaneous	179,691	703
Purchased services	192,034	136,644
Rent	46,112	66,560
Repairs and maintenance	159,227	6,000
Staff training	8,210	9,778
Staff travel	3,013	1,710
Supplies	50,125	33,227
Utilities	12,311	9,902
	<u>\$ 1,155,889</u>	<u>\$ 773,087</u>
Allocation to programs		
Day Programs	\$ 47,250	\$ 31,701
Family Home Program	33,251	22,026
Supported Independent Living Program	63,014	69,482
Group Living Support Program	1,002,758	649,878
Intensive Support Residence Program	9,616	-
	<u>\$ 1,155,889</u>	<u>\$ 773,087</u>

9. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which has had a significant impact on various programs run by the Association.

During the year, the Association received funding from the Government of Ontario and the Government of Canada including \$Nil (2021 - \$25,000) in wage subsidies, \$Nil (2021 - \$54,382) in residential relief, \$Nil (2021 - \$255,855) in pandemic pay and \$495,119 (2021 - \$269,212) in temporary wage enhancements.

There could be further impacts on the Association from COVID-19 that could affect the timing and amounts recognized in the Organization's financial results. The full potential impact of the ongoing pandemic on the Organization is not known at this time.

CHOICES Association Inc.
Notes to Financial Statements

March 31, 2022

10. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.