

**CHOICES Association Inc.**  
**Financial Statements**  
For the year ended March 31, 2021

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For the year ended March 31, 2021

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## Independent Auditor's Report

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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, 2021, 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, 2021, 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  
June 22, 2021

**CHOICES Association Inc.**  
**Statement of Financial Position**

**March 31** **2021** **2020**

**Assets**

**Current**

Cash	\$ 1,021,228	\$ 1,019,193
Accounts receivable	86,329	102,341
Prepaid expenses	19,910	40,476
HST receivable	207,725	361,210

**1,335,192** **1,523,220**

<b>Capital assets (Note 2)</b>	<b>2,164,647</b>	<b>2,276,930</b>
<b>Cash - restricted (Note 3)</b>	<b>57,589</b>	<b>54,841</b>

**\$ 3,557,428** **\$ 3,854,991**

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 1,209,944	\$ 1,703,953
Deferred revenue	142,503	-
Current portion of long-term debt (Note 4)	121,124	83,923
Ministry of Housing capital reserve (Note 3)	57,589	54,841

**1,531,160** **1,842,717**

<b>Long-term debt (Note 4)</b>	<b>354,253</b>	<b>478,558</b>
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**1,885,413** **2,321,275**

**Net assets**

Net assets in Nevada lottery fund	8,319	8,319
Net assets internally restricted reserve fund (Note 5)	123,000	123,000
Net assets in operating fund	1,540,696	1,402,397

**1,672,015** **1,533,716**

**\$ 3,557,428** **\$ 3,854,991**

On behalf of the Board:

Catherine Carr *Catherine (Katie) Carr* Chair - Choices Board of Directors  
Director

*K. Fremlin*  
**K. Fremlin** Director

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

<b>For the year ended March 31</b>	<b>Nevada Lottery Fund</b>	<b>Internally Restricted Reserve Fund</b>	<b>Operating Fund</b>	<b>2021</b>	<b>2020</b>
<b>Net assets, beginning of year</b>	\$ 8,319	\$ 123,000	\$ 1,402,397	\$ 1,533,716	\$ 1,567,187
<b>Excess (deficiency) of revenue over expenses for the year</b>	-	-	138,299	138,299	(33,471)
<b>Net assets, end of year</b>	\$ 8,319	\$ 123,000	\$ 1,540,696	\$ 1,672,015	\$ 1,533,716

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

## CHOICES Association Inc. Statement of Revenue and Expenses

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Provincial subsidy	\$ 9,933,090	\$ 9,911,684
Special needs funding	55,063	179,230
Ontario disability support program	483,827	523,047
Fee for service	322,936	497,197
Federal subsidy	79,286	79,286
Wage subsidy (Note 9)	25,000	-
One-time provincial subsidy (Note 9)	547,946	-
Donations	58	8,274
Interest income	364	2,152
Rent	30,780	35,910
	<b>11,478,350</b>	<b>11,236,780</b>
<b>Expenses</b>		
Administration (Note 8)	773,087	998,372
Amortization	112,283	109,505
Employee benefits	1,396,703	1,147,618
Employee salaries	4,246,549	4,488,573
Food and supplies	677,304	207,742
Insurance	60,366	58,782
Interest expense	9,444	9,828
Miscellaneous	3,210	4,387
Purchased services	2,027,934	2,556,349
Purchased services - out paid resources	715,005	697,687
Rent	115,488	132,570
Repairs and maintenance	992,178	650,348
Staff training	37,176	20,608
Staff travel	11,014	36,341
Supplies	74,733	69,228
Utilities	84,829	79,565
	<b>11,337,303</b>	<b>11,267,503</b>
Capital reserve allowance	2,748	2,748
	<b>11,340,051</b>	<b>11,270,251</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 138,299</b>	<b>\$ (33,471)</b>

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

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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Provincial subsidy	\$ 611,802	\$ 918,238
Fee for service	-	83,379
One-time provincial subsidy (Note 9)	6,436	-
Wage subsidy (Note 9)	785	-
	<b>619,023</b>	<b>1,001,617</b>
<b>Expenses</b>		
Administration (Note 8)	31,701	100,170
Amortization	32,605	31,421
Employee benefits	44,594	138,351
Employee salaries	166,453	487,867
Food and supplies	25,925	10,336
Insurance	11,907	12,462
Miscellaneous	-	17
Purchased services	25,147	93,890
Rent	16,277	12,775
Repairs and maintenance	146,877	115,909
Staff training	2,267	1,443
Staff travel	733	2,219
Supplies	1,999	8,298
Utilities	22,259	20,345
	<b>528,744</b>	<b>1,035,503</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 90,279</b>	<b>\$ (33,886)</b>

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



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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Provincial subsidy	\$ 367,488	\$ 537,607
Ontario disability support program	120,253	111,172
One-time provincial subsidy (Note 9)	1,958	-
Wage subsidy (Note 9)	20	-
	<b>489,719</b>	<b>648,779</b>
<b>Expenses</b>		
Administration (Note 8)	22,026	27,641
Employee benefits	13,433	25,424
Employee salaries	80,136	108,584
Food and supplies	5,852	7
Purchased services	228,329	170,898
Staff training	-	836
Staff travel	8	7,109
Supplies	9	-
	<b>349,793</b>	<b>340,499</b>
<b>Excess of revenue over expenses</b>	<b>\$ 139,926</b>	<b>\$ 308,280</b>

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

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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Provincial subsidy	\$ 652,014	\$ 607,539
Ontario disability support program	2,637	10,631
Wage subsidy (Note 9)	1,982	-
One-time provincial subsidy (Note 9)	44,449	-
	<u>701,082</u>	<u>618,170</u>
<b>Expenses</b>		
Administration (Note 8)	69,482	76,610
Employee benefits	116,401	106,333
Employee salaries	286,218	290,295
Food and supplies	24,482	7,647
Insurance	350	426
Miscellaneous	-	80
Purchased services	102,225	222,555
Rent	5,275	14,176
Repairs and maintenance	98	5,279
Staff training	3,752	5,785
Staff travel	4,799	10,032
Supplies	10,930	8,287
Utilities	192	-
	<u>624,204</u>	<u>747,505</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 76,878</b>	<b>\$ (129,335)</b>

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

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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Provincial subsidy	\$ 8,301,786	\$ 7,848,300
Special needs funding	52,970	106,939
Ontario disability support program	360,937	401,244
One-time subsidy provincial subsidy (Note 9)	493,818	-
Wage subsidy (Note 9)	19,048	-
	<b>9,228,559</b>	<b>8,356,483</b>
<b>Expenses</b>		
Administration (Note 8)	649,878	780,900
Amortization	43,604	42,625
Employee benefits	1,212,382	859,258
Employee salaries	3,631,590	3,386,131
Food and supplies	621,045	189,424
Insurance	48,109	45,894
Miscellaneous	3,210	4,290
Purchased services	1,389,185	1,819,448
Purchased services - out paid resources	715,005	697,687
Rent	93,936	105,619
Repairs and maintenance	795,178	477,450
Staff training	31,157	12,323
Staff travel	5,241	12,914
Supplies	61,795	51,825
Utilities	55,054	49,326
	<b>9,356,369</b>	<b>8,535,114</b>
<b>Deficiency of revenue over expenses</b>	<b>\$ (127,810)</b>	<b>\$ (178,631)</b>

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

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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
One-time provincial subsidy (Note 9)	\$ 1,285	\$ -
Fee for service	<u>322,936</u>	<u>413,818</u>
	<b>324,221</b>	<b>413,818</b>
<b>Expenses</b>		
Administration (Note 8)	-	13,051
Employee benefits	9,893	18,252
Employee salaries	46,738	158,924
Food and supplies	-	32
Purchased services	268,597	217,593
Staff training	-	221
Staff travel	233	4,067
Supplies	<u>-</u>	<u>27</u>
	<b>325,461</b>	<b>412,167</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (1,240)</b>	<b>\$ 1,651</b>

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

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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Special needs funding	\$ 2,093	\$ 72,127
Wage subsidy (Note 9)	3,165	-
Donations	58	8,274
Interest income	364	2,152
	<u>5,680</u>	<u>82,553</u>
<b>Expenses</b>		
Employee salaries	35,414	56,772
Food and supplies	-	296
Purchased services	10,000	26,244
Supplies	-	791
	<u>45,414</u>	<u>84,103</u>
<b>Deficiency of revenue over expenses</b>	<b>\$ (39,734)</b>	<b>\$ (1,550)</b>

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

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

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Special needs funding	\$ -	\$ 164
Federal subsidy	79,286	79,286
Rent	30,780	35,910
	<u>110,066</u>	<u>115,360</u>
<b>Expenses</b>		
Amortization	36,074	35,459
Interest expense	9,444	9,828
Purchased services	4,451	5,721
Repairs and maintenance	50,025	51,710
Utilities	7,324	9,894
	<u>107,318</u>	<u>112,612</u>
<b>Capital reserve allowance</b>	<u>2,748</u>	<u>2,748</u>
<b>Excess of revenue over expenses</b>	<u>\$ -</u>	<u>\$ -</u>

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

**CHOICES Association Inc.**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 138,299	\$ (33,471)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization	112,283	109,505
Changes in non-cash working capital balances		
Accounts receivable	16,012	(11,101)
HST receivable	153,485	(178,255)
Prepaid expenses	20,566	(17,703)
Accounts payable and accrued liabilities	(494,009)	260,836
Ministry of Housing capital reserve	2,748	2,748
Deferred revenue	142,503	-
	<b>91,887</b>	<b>132,559</b>
<b>Cash flows from investing activity</b>		
Change in cash - restricted	(2,748)	(2,748)
<b>Cash flows from financing activity</b>		
Repayment of long-term debt	(87,104)	(84,326)
<b>Increase in cash during the year</b>	<b>2,035</b>	<b>45,485</b>
<b>Cash, beginning of year</b>	<b>1,019,193</b>	<b>973,708</b>
<b>Cash, end of year</b>	<b>\$ 1,021,228</b>	<b>\$ 1,019,193</b>

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

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# CHOICES Association Inc.

## Notes to Financial Statements

March 31, 2021

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### 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 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 equal to the reduction in principal balance on the outstanding mortgages;
- c) Major repairs, upgrades, expenditures and replacement of capital assets are either funded as an allocation from the MOH capital reserve fund, or expensed in the year of acquisition.

#### **Capital Assets**

Capital assets are stated at cost. 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. Vehicles are amortized on a straight-line basis over six years.

#### **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.



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## CHOICES Association Inc. Notes to Financial Statements

March 31, 2021

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### 1. Significant Accounting Policies (Continued)

#### **Revenue Recognition** (continued)

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.

#### **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.

#### **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.

#### **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. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

## CHOICES Association Inc. Notes to Financial Statements

**March 31, 2021**

### 2. Capital Assets

#### Capital assets (unrestricted):

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land and buildings				
Westfield Residence	\$ 780,420	\$ -	\$ 780,420	\$ -
Silver Court Residence	391,497	353,728	391,497	330,951
Mohawk Residence	745,074	698,632	745,074	670,380
Vehicles	125,898	107,775	125,898	82,596
	<b>\$ 2,042,889</b>	<b>\$ 1,160,135</b>	<b>\$ 2,042,889</b>	<b>\$ 1,083,927</b>

#### Capital assets (restricted):

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

	2021		2020	
	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	247,754	462,522	229,716
Rockton Residence	554,301	377,903	554,301	359,866
	<b>\$ 1,907,550</b>	<b>\$ 625,657</b>	<b>\$ 1,907,550</b>	<b>\$ 589,582</b>
<b>Total net book value</b>		<b>\$ 2,164,647</b>		<b>\$ 2,276,930</b>

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.

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## CHOICES Association Inc. Notes to Financial Statements

**March 31, 2021**

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### 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.

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### 4. Long-term Debt

	2021	2020
Mortgage - \$3,793 monthly payments of principal and interest at 2.31% semi-annually, secured by Carlisle and Rockton Residences, maturing November 2024	\$ 391,166	\$ 427,240
Mortgage - \$2,071 monthly payments of principal and interest, at 4.3% annually, secured by Silver Court Residence, maturing February 2022	37,769	60,546
Mortgage - \$2,562 monthly payments of principal and interest at 4.3% annually, secured by Mohawk Residence, maturing January 2022	46,442	74,695
	475,377	562,481
Less: Current portion	121,124	83,923
	\$ 354,253	\$ 478,558

Principal repayments for the next four years are as follows:

2022		\$ 121,124
2023		37,770
2024		38,647
2025		277,836
		\$ 475,377

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### 5. Internally Restricted Reserve Fund

On April 24, 2012, the Board of Directors resolved to create an Internally Restricted Reserve Fund with proceeds from the sale of the Hildegard residence. Funds in the amount of \$123,000 are restricted for use for future real estate purchases or as directed by the Board of Directors.

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## CHOICES Association Inc. Notes to Financial Statements

March 31, 2021

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### 6. CHOICES Foundation Inc.

The Association and CHOICES Foundation Inc. (the "Foundation"), have a common objective of providing services to enhance the quality of life on individuals with development disabilities. The Foundation was established to pursue fundraising activities, generally in the name of the Association, and to help the Association meet its organizational objects. As a result, the Association exercises significant influence over the Foundation. The Foundation was incorporated without share capital under the laws of the Province of Ontario and is a registered charity exempt from tax under the *Income Tax Act*.

During the year, the Association used vehicles and buildings that are owned by the Foundation in their operations of the Group Living Support Program. The transactions relating to building was a monetary transaction and the vehicles are a non-monetary, non-reciprocal transfer.

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### 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.

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**CHOICES Association Inc.**  
**Notes to Financial Statements**

**March 31, 2021**

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**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:

	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
Employee salaries	\$ 437,884	\$ 590,872
Employee benefits	63,272	88,092
Insurance	7,407	7,025
Miscellaneous	703	1,170
Purchased services	136,644	135,711
Rent	66,560	64,356
Repairs and maintenance	6,000	32,005
Staff training	9,778	27,224
Staff travel	1,710	3,052
Supplies	33,227	39,999
Utilities	9,902	8,866
	<b>\$ 773,087</b>	<b>\$ 998,372</b>
<b>Allocation to programs</b>		
Day Programs	\$ 31,701	\$ 100,170
Family Home Program	22,026	27,641
Supported Independent Living Program	69,482	76,610
Group Living Support Program	649,878	780,900
Inclusion and Respite Support Program	-	13,051
	<b>\$ 773,087</b>	<b>\$ 998,372</b>

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**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 \$25,000 in wage subsidies, \$54,382 in residential relief, \$255,855 in pandemic pay and \$269,212 in temporary wage enhancements. \$31,503 of the temporary wage enhancement has not yet been spent and is included in deferred revenue.

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.