

2020-2021

Audited

Financials



**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2021**

**Caledon Community Services
Financial Statements
For the Year Ended March 31, 2021**

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Independent Auditor's Report

To the board of directors of Caledon Community Services

Qualified Opinion

We have audited the financial statements of Caledon Community Services (the organization), which comprise the statement of financial position as at March 31, 2021, the statements of operations and 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.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, and its results of 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 fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses and cash flows from operations for the year ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020 and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 organization 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 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.

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.

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
June 23, 2021

Caledon Community Services Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash	\$ 2,818,005	\$ 1,270,649
Short-term investments (Note 2)	126,460	-
Accounts receivable	242,940	322,783
Prepaid expenses	36,750	34,957
	3,224,155	1,628,389
Capital assets (Note 3)	1,157,944	1,237,537
Long-term investments (Note 4)	2,199,882	1,991,996
	\$ 6,581,981	\$ 4,857,922

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 2,126,800	\$ 1,280,447
Deferred contributions (Note 6)	357,258	317,026
	2,484,058	1,597,473
Deferred lease inducements (Note 7)	48,126	60,968
Deferred capital contributions (Note 8)	575,697	604,625
	3,107,881	2,263,066
Net Assets		
Unrestricted	3,399,100	2,594,856
Internally restricted (Note 9)	75,000	-
	3,474,100	2,594,856
	\$ 6,581,981	\$ 4,857,922

On behalf of the Board:


 _____ Director


 _____ Director

**Caledon Community Services
Statement of Changes in Net Assets**

For the year ended March 31	Unrestricted	Internally Restricted	2021 Total	2020 Total
Balance, beginning of the year	\$ 2,594,856	\$ -	\$ 2,594,856	\$ 2,316,457
Excess of revenues over expenses	879,244	-	879,244	278,399
Transfers (Note 9)	(75,000)	75,000	-	-
Balance, end of the year	\$ 3,399,100	\$ 75,000	\$ 3,474,100	\$ 2,594,856

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

Caledon Community Services Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Provincial government funding (Note 10)	\$ 4,249,947	\$ 3,832,593
Fundraising (Note 11)	1,389,131	1,210,692
Federal government funding (Note 12)	1,246,859	787,290
Region of Peel government funding (Note 13)	507,068	341,305
Miscellaneous income (loss) (Note 14)	469,238	(88,241)
United Way Greater Toronto funding	337,164	155,906
Evolve Community Stores - retail	319,868	770,610
Program fees (Note 15)	177,375	633,957
Partnership funding (Note 16)	34,440	34,441
Town of Caledon funding (Note 17)	31,223	108,957
Rental income	16,863	49,456
	8,779,176	7,836,966
Expenses		
Salaries, wages and benefits	4,877,891	4,938,828
Community assistance (Note 18)	726,445	641,360
Office supplies and general	520,401	95,696
Occupancy costs	449,886	441,748
Equipment	405,081	150,131
Amortization of capital assets	251,317	304,309
Program travel (Note 19)	172,324	346,807
Communications	81,395	75,536
Advertising and promotion	71,339	119,302
IT support	67,151	69,942
Fundraising (Note 11)	61,810	143,754
Repairs and maintenance	52,589	75,024
Program supplies	50,325	44,275
Professional fees	44,021	39,091
Partnership funding (Note 16)	34,440	34,441
Insurance	22,134	17,961
Training	6,068	11,547
Memberships	5,315	8,815
	7,899,932	7,558,567
Excess of revenues over expenses	\$ 879,244	\$ 278,399

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

Caledon Community Services Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 879,244	\$ 278,399
Items not affecting cash:		
Food and other in-kind donation revenue	(483,093)	(510,021)
Food and other in-kind donation expenses	483,093	510,021
Amortization of capital assets	251,317	304,309
Amortization of deferred capital contributions	(239,820)	(230,351)
Amortization of deferred lease inducements	(12,842)	(12,841)
Unrealized (gain) loss on investments	(268,018)	160,581
Loss (gain) on disposal of investments	7,172	(8,898)
Gain on disposal of capital assets	(600)	(3,613)
	616,453	487,586
Changes in non-cash working capital:		
Accounts receivable	79,843	(32,868)
Prepaid expenses	(1,793)	32,426
Accounts payable and accrued liabilities	846,353	550,043
Deferred contributions	40,232	39,238
	1,581,088	1,076,425
Cash flows from investing activities		
Proceeds on disposal of investments	562,927	169,475
Purchase of investments	(636,427)	(955,620)
Proceeds on disposal of capital assets	600	3,613
Purchase of capital assets	(171,724)	(252,202)
	(244,624)	(1,034,734)
Cash flows from financing activities		
Deferred capital contributions relating to capital assets	210,892	252,203
	210,892	252,203
Net increase in cash	1,547,356	293,894
Cash, beginning of the year	1,270,649	976,755
Cash, end of the year	\$ 2,818,005	\$ 1,270,649

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

Caledon Community Services Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Caledon Community Services (the "organization") is a non-profit organization incorporated without share capital under the Canada Corporations Act. The organization is a multi-service community-impact organization that addresses the health, employment, business development, transportation, resettlement and social service needs of individuals and families in the Town of Caledon and surrounding communities.</p> <p>The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

Caledon Community Services Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

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 and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Computer equipment and software	Straight-line	3 years
Furniture and equipment	Straight-line	5 years
Vehicles	Straight-line	5 years
Leasehold improvements	Straight-line	Lease term

Deferred Lease Inducements

Deferred lease inducements represent the value of rent-free periods received. Lease inducements are deferred and amortized on a straight-line basis over the term of the lease and the amortization is recorded as a reduction in occupancy costs expense for the year.

Deferred Capital Contributions Relating to Capital Assets

Restricted donations and grants relating to the acquisition of capital assets are deferred and amortized over the life of the related assets.

Revenue Recognition

The organization follows the deferral method of accounting for contributions, which includes grants, donations and fundraising.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue is recorded for retail store sales upon the purchase of merchandise by customers.

Revenue in investments is recognized as revenue when earned.

Food and other-in-kind donations are recognized when delivered to the organization. The food is valued at the average annual price per pound established by the Canadian Association of Food Banks of \$2.60 per pound. In 2021, management estimates approximately 188,600 pounds of food at \$2.60 per pound were recovered and delivered to the community (2020 - 141,600 pounds of food at \$2.60 per pound).

Caledon Community Services Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Contributed Materials

a) Evolve - Inventory

The organization receives contributions of goods and material (inventory) and processes these contributions as merchandise available for sale in its community stores. The organization believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at this time of donation. Accordingly, they have not been recognized in the financial statements.

b) Care and Counselling Program - Food, Materials and Services

The organization receives significant donations of food, toys and other items from the community that are distributed through its Care and Counselling Program. The organization records donated goods and services in those cases where there is a measurable basis for arriving at fair value.

Contributed Services

Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Caledon Community Services Notes to Financial Statements

March 31, 2021

2. Short-Term Investments

	2021	2020
Guaranteed Investment Certificate, 5 years, 1.86%, maturing on August 12, 2021, at amortized cost	\$ 126,460	\$ -

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 159,084	\$ (59,514)	\$ 569,147	\$ (529,959)
Furniture and equipment	91,789	(42,307)	360,150	(346,163)
Vehicles	888,788	(526,215)	1,292,866	(754,680)
Leasehold improvements	1,668,684	(1,022,365)	1,933,517	(1,287,341)
	2,808,345	(1,650,401)	4,155,680	(2,918,143)
	\$ 1,157,944			\$ 1,237,537

Caledon Community Services Notes to Financial Statements

March 31, 2021

4. Long-Term Investments

The carrying amounts of investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
At amortized cost:		
Guaranteed Investment Certificate, 5 years, 1.86%, maturing on August 12, 2021	-	124,150
At fair value:		
Portfolio of marketable securities	<u>2,199,882</u>	<u>1,867,846</u>
	<u>2,199,882</u>	<u>1,991,996</u>

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 organization is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the organization to a fair value risk.

The organization is exposed to changes in interest rates related to its investments in marketable securities. The organization's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings.

The organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares and mutual funds.

Caledon Community Services Notes to Financial Statements

March 31, 2021

5. Accounts Payable and Accrued Liabilities

	2021	2020
Trade accounts payable	\$ 255,645	\$ 249,496
Accrued liabilities	34,970	32,527
Wages payable	186,201	127,819
Vacation accrual	195,567	160,271
Government remittances payable	79,476	61,774
Program funding payable	1,374,941	648,560
	\$ 2,126,800	\$ 1,280,447

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization 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. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The organization maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

6. Deferred Contributions

Deferred contributions represent resources received during the year for which expenses have not yet been incurred. Changes in the deferred contributions balance are as follows:

	2021	2020
Balance, beginning of year	\$ 317,026	\$ 277,788
Add: amounts received during the year	3,211,684	1,075,824
Less: amounts recognized as revenue in the year	(3,171,452)	(1,036,586)
Balance, end of year	\$ 357,258	\$ 317,026

Caledon Community Services Notes to Financial Statements

March 31, 2021

7. Deferred Lease Inducements

Deferred lease inducements are created when a landlord provides for leasehold improvement allowances and collects lower monthly rental amounts in the early period of a lease term as part of the lease agreement. The organization records these allowances as an obligation and amortizes the amount to occupancy costs on the statement of operations on a straight-line basis over the term of the lease.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 60,968	\$ 73,809
Less: Amortization to occupancy costs expense	<u>(12,842)</u>	<u>(12,841)</u>
	<u>\$ 48,126</u>	<u>\$ 60,968</u>

Caledon Community Services Notes to Financial Statements

March 31, 2021

8. Deferred Contributions Relating to Capital Assets

Deferred contributions relating to capital assets represent the unamortized portion of restricted contributions with which the organization's capital assets were originally purchased.

The changes for the year in the deferred capital contributions balance reported are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 604,625	\$ 582,773
Add: Contributions received during the year		
Central West LHIN	35,574	154,104
Ministry of Transportation	-	98,099
Other	175,318	-
Less: amounts amortized to revenue	<u>(239,820)</u>	<u>(230,351)</u>
Balance, end of year	<u>\$ 575,697</u>	<u>\$ 604,625</u>

Amortization of deferred capital contributions is comprised of the following:

	<u>2021</u>	<u>2020</u>
Provincial Government:		
Central West LHIN (Note 10)	\$ 172,212	\$ 174,454
Headwaters Healthcare Centre (Note 10)	-	6,599
Ministry of Transportation (Note 10)	24,314	4,905
Immigration, Refugees and Citizenship Canada, Language Instruction for Newcomers to Canada (LINC) (Note 12)	11,566	2,277
Fundraising - community donations (Note 11)	1,389	4,487
Region of Peel (Note 13)	20,073	31,969
Other (Note 14)	10,266	5,660
	<u>\$ 239,820</u>	<u>\$ 230,351</u>

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Caledon Community Services Notes to Financial Statements

March 31, 2021

9. Internally Restricted Funds

During the year, the organization's Board of Directors approved the transfer of \$75,000 to establish the Employee Training and Development Fund to fund certain training and development initiatives. This balance can only be utilized to cover training and development costs as approved by the Board of Directors.

Caledon Community Services Notes to Financial Statements

March 31, 2021

10. Provincial Government Funding

	2021	2020
Ministry of Health and Long-Term Care:		
Central West LHIN:		
Supportive Housing	\$ 1,842,465	\$ 1,545,472
Community Support Services	1,128,791	1,070,607
One-time funding	191,195	301,994
Amortization of deferred capital contributions	172,212	174,454
Pandemic pay	149,026	-
	3,483,689	3,092,527
Ministry of Training, Colleges and Universities:		
Jobs Caledon Contract	464,123	441,224
Youth Job Connection	57,040	71,923
Canada-Ontario Job Grant	-	6,759
	521,163	519,906
Headwaters Health Care Centre:		
Caledon Specialist Clinic	170,924	170,924
Amortization of deferred capital contributions	-	6,599
	170,924	177,523
Ministry of Transportation:		
Community Transportation Pilot Project	49,857	37,733
Amortization of deferred capital contributions	24,314	4,905
	74,171	42,637
	\$ 4,249,947	\$ 3,832,593

In addition, the organization received one-time funding from the Ministry of Health and Long-Term Care - Central West LHIN of \$226,769 (2020 - \$456,098). Of this amount, \$191,195 (2020 - \$301,994) is recorded above. The difference of \$35,574 (2020 - \$154,104) is included in deferred capital contributions.

Caledon Community Services Notes to Financial Statements

March 31, 2021

11. Fundraising

	<u>2021</u>	<u>2020</u>
Revenue:		
Food donations	\$ 485,692	\$ 365,139
Santa Fund	269,495	259,640
Other community donations	408,033	255,327
Home for the Holidays Gala	133,992	242,840
Youth programs	47,265	56,893
Third party events	43,265	26,366
Amortization of deferred capital contributions	1,389	4,487
	<u>1,389,131</u>	<u>1,210,692</u>
Expenses:		
Home for the Holidays Gala	34,463	91,006
Miscellaneous	3,223	20,447
Santa Fund	15,790	15,193
Youth programs	8,334	17,108
	<u>61,810</u>	<u>143,754</u>
	<u>\$ 1,327,321</u>	<u>\$ 1,066,938</u>

Caledon Community Services Notes to Financial Statements

March 31, 2021

12. Federal Government Funding

	2021	2020
Employment and Social Development Canada:		
Life for Youth Grant	\$ 379,425	\$ 512,821
Summer Career Placements	40,073	48,365
Other	4,054	-
	423,552	561,186
Immigration, Refugees and Citizenship Canada:		
Language Instruction for Newcomers to Canada (LINC) grant	332,608	223,827
Language Instruction for Newcomers to Canada (LINC) grant - amortization of deferred capital contribution	11,566	2,277
	344,174	226,104
COVID-19		
Canada emergency wage subsidy	449,361	-
Canada emergency rent subsidy	29,772	-
	479,133	
	\$ 1,246,859	\$ 787,290

13. Region of Peel Government Funding

	2021	2020
Collaborative	\$ 139,051	\$ 179,141
Sustainability	237,911	101,032
Dedicated Gas Tax	-	15,521
Community Investment	110,033	13,642
Amortization of deferred capital contributions	20,073	31,969
	\$ 507,068	\$ 341,305

Caledon Community Services Notes to Financial Statements

March 31, 2021

14. Miscellaneous Income (Loss)

	2021	2020
Government sales tax rebates	\$ 130,962	\$ 3,975
Investment income (loss) - unrealized	268,018	(160,581)
Investment income - realized	58,392	58,092
Gain on disposal of capital assets	600	3,613
Partnership funding administration fees	1,000	1,000
Amortization of deferred capital contributions - other	10,266	5,660
	\$ 469,238	\$ (88,241)

15. Program Fees

	2021	2020
Region of Peel Transhelp	\$ 164,234	\$ 465,240
Region of Peel Passenger Assistance Program	-	32,158
Long-Term Care Transportation and Wellness	10,193	119,119
Transitional Care Centre	315	10,783
Ministry of Transportation Community Transportation Pilot Project	2,033	6,026
Lifeline	-	581
Other	600	50
	\$ 177,375	\$ 633,957

16. Partnership Funding

The Organization receives funding from the Ministry of Health and Long-Term Care for the Caledon Seniors Centre. The amount recognized as revenue totals \$34,440 (2020 - \$34,441). This amount is transferred to the partnership organization and is recognized as an expense.

Caledon Community Services Notes to Financial Statements

March 31, 2021

17. Town of Caledon Government Funding

	2021	2020
Property tax rebate	\$ 31,223	\$ 30,400
Dedicated gas tax	-	3,557
Community grants	-	75,000
	\$ 31,223	\$ 108,957

18. Community Assistance Expenses

	2021	2020
Food recovery and delivery	\$ 485,647	\$ 365,139
Other in-kind	21,905	82,199
Employer incentives	26,407	60,233
Allowances	26,806	42,558
Transportation	1,355	21,839
Other	137,378	21,689
Gift cards in-kind	2,840	20,734
Recreation and camp fees	995	13,756
Utilities	23,112	10,213
Young talent incentives	-	3,000
	\$ 726,445	\$ 641,360

19. Program Travel Expenses

	2021	2020
Clients	\$ 138,531	\$ 308,959
Staff	33,793	37,848
	\$ 172,324	\$ 346,807

Caledon Community Services Notes to Financial Statements

March 31, 2021

20. Commitments, Contingencies and Guarantees

- a) The Organization occupies leased premises for its head office, retail stores, the Transitional Care Centre, the Exchange and the Caledon Specialist Clinic under various operating leases expiring at dates up to February 2027. The organization's total obligations for the next five years, under various operating leases for occupied premises, exclusive of realty taxes and other occupancy charges, are as follows:

2022	\$ 380,622
2023	312,237
2024	181,131
2025	100,591
2026 and thereafter	<u>198,377</u>
	<u>1,172,958</u>

- b) In the normal course of business, the organization enters into agreements meeting the definition of a guarantee. The organization's primary guarantees subject to disclosure requirements are as follows:
- i) Indemnity has been provided to all directors and/or officers of the organization for various items including but not limited to, all costs to settle suits or actions due to association with the organization, subject to certain restrictions. The organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the organization. The maximum amount of any potential future payment cannot be reasonably estimated.
- ii) In the normal course of business, the organization has entered into agreements including indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the organization to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursements cannot be estimated.

The nature of these indemnification agreements prevents the organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the organization has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued in the statement of financial position with respect to these agreements.

Caledon Community Services Notes to Financial Statements

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21. Financial Instruments

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 is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the organization's receivables are from government sources and the organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

22. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy continues to evolve. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
