

**PARENTS FOR COMMUNITY LIVING
KITCHENER-WATERLOO INC.**

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Parents for Community Living Kitchener-Waterloo Inc.

Opinion

We have audited the accompanying financial statements of **Parents for Community Living Kitchener-Waterloo Inc.** (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and explanatory financial notes, 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 Organization as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Auditors' 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 these 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 the Board of Directors 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.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 auditors' 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 auditors' 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.



Cambridge, Ontario
June 17, 2024

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

PARENTS FOR COMMUNITY LIVING KITCHENER-WATERLOO INC.

**STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
Revenues		
Grants (note 15)	10,358,704	9,140,366
Resident rent	720,190	660,760
Fee for service	153,390	127,931
Amortization of deferred contributions (note 6)	92,974	91,202
Other income (note 9)	65,321	1,050,015
Fundraising	91,431	96,412
	11,482,010	11,166,686
Operating expenses		
Salaries and benefits	9,702,623	9,046,512
Training	36,297	55,552
Groceries and supplies	364,001	382,162
Interest on long-term debt	3,598	9,016
Interest on demand loan	40,137	38,678
Repairs and maintenance	94,762	153,811
Rent	211,037	186,890
Vehicle expense (note 10)	231,444	192,662
Utilities	111,184	107,947
Office expenses	88,224	105,208
Purchased services	134,361	68,583
Insurance	19,594	19,457
Telephone	35,269	22,319
Professional fees	16,919	22,948
Interest and bank charges	106	681
Advertising and promotion	1,194	3,286
Property tax rebate	(7,949)	(14,864)
Amortization	189,930	182,618
	11,272,731	10,583,466
Excess of revenues over expenditures for year	209,279	583,220

PARENTS FOR COMMUNITY LIVING KITCHENER-WATERLOO INC.

**STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024**

	2024		2023	
	Unrestricted \$	Internally restricted \$	Total \$	Total \$
Balance beginning of year	3,066,326	188,668	3,254,994	2,671,774
Excess of revenues over expenditures for year	209,279	NIL	209,279	583,220
Interfund transfers (note 14)	(6,710)	6,710		
Balance end of year	3,268,895	195,378	3,464,273	3,254,994

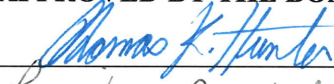

The explanatory financial notes form an integral part of these financial statements.

PARENTS FOR COMMUNITY LIVING KITCHENER-WATERLOO INC.

**FINANCIAL POSITION
MARCH 31, 2024**

	2024	2023
	\$	\$
ASSETS		
Cash and short-term deposits	1,345,365	1,159,608
Accounts receivable	319,511	173,557
Prepaid expenses	33,348	19,814
Current assets	1,698,224	1,352,979
Capital assets (note 3)	6,287,427	6,355,615
	7,985,651	7,708,594
LIABILITIES		
Demand bank loans (note 4)	842,618	882,426
Accounts payable and accrued liabilities (note 12)	717,605	549,341
Capital reserve fund (note 8)	23,197	20,946
Deferred revenue	32,821	35,847
Long-term debt (note 5)	26,623	37,187
Current liabilities	1,642,864	1,525,747
Long-term debt (note 5)	83,129	110,381
Deferred contributions related to capital assets (note 6)	2,795,386	2,817,472
	4,521,379	4,453,600
NET ASSETS		
Internally restricted (note 14)	195,378	188,668
Unrestricted	3,268,894	3,066,326
	3,464,272	3,254,994
	7,985,651	7,708,594

APPROVED BY THE BOARD:

 Director
 Director

PARENTS FOR COMMUNITY LIVING KITCHENER-WATERLOO INC.

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2024

	2024 \$	2023 \$
Cash flows from operating activities:		
Excess of revenues over expenditures for year	209,279	583,220
Items not involving cash:		
Amortization of capital assets	189,930	182,618
Amortization of deferred contributions	(92,974)	(91,202)
	306,235	674,636
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(145,954)	(16,928)
Prepaid expenses	(13,534)	(255)
Deferred revenue	(3,026)	(34,040)
Accounts payable and accrued liabilities	168,264	4,090
Capital reserve fund	2,251	1,776
	314,236	629,279
Cash flows from investment activities:		
Net additions to capital assets	(121,743)	(410,698)
Cash flows from financing activities:		
Repayment of demand bank loans	(39,808)	(144,057)
Repayment of long-term debt	(37,816)	(157,381)
Deferred contributions related to capital assets	70,888	140,700
	(6,736)	(160,738)
Net increase in cash	185,757	57,843
Cash, beginning of year	1,159,608	1,101,765
Cash, end of year	1,345,365	1,159,608

The explanatory financial notes form an integral part of these financial statements.

1. Nature of Business

Parents for Community Living Kitchener-Waterloo Inc. (The Organization) is incorporated under the laws of Ontario as a corporation without share capital. The mission of the corporation is to offer meaningful services and supports for persons with exceptional needs.

The Organization is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Amortization of capital assets

The Organization amortizes capital assets using the straight-line method which will amortize the assets over their estimated useful lives:

Buildings	40 years
Furniture and equipment	5 years
Leasehold improvements	5 years
Computers	3 years

(b) Contributed materials and services

During the year, a number of organizations donate services to the Organization and a substantial number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services and materials are not recorded in the financial statements.

(c) Revenue recognition

Contributions are recognized using the deferral method, under which restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Rental revenue is recorded monthly in accordance with rental agreements. Service fee revenue is recorded when the service is provided. Government COVID-19 support is recorded in the period in which the related expenditures are incurred.

Contributions related to capital assets are deferred and amortized over the useful life of the related assets on a straight-line basis.

(d) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Parents for Community Living Kitchener-Waterloo Inc., the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Internally Restricted fund** consists of funds internally restricted by the Board of Directors for specific purposes.

The **Unrestricted fund** accounts for the Organization's program delivery and administrative activities.

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

2. Summary of Significant Accounting Policies (Continued)

(e) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment. The Organization's financial instruments consist of cash and short-term deposits, accounts receivable, accounts payable, demand bank loans and long-term debt. The fair value of these financial instruments approximates their carrying values unless otherwise noted.

(f) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

	2024	2023
	\$	\$
3. Capital Assets		
Cost		
Land	1,424,210	1,424,210
Buildings	6,632,788	6,522,556
Furniture, equipment, computers and leasehold improvements	326,775	315,265
	8,383,773	8,262,031
Accumulated amortization		
Buildings	1,884,133	1,731,379
Furniture, equipment, computers and leasehold improvements	212,213	175,037
	2,096,346	1,906,416
Net Book Value	6,287,427	6,355,615

4. Demand Bank Loans and Credit Facilities

6.00% Revolving bank loan, payable in blended monthly payments of \$4,909, secured by land and building on St. Charles Street, Breslau, Ontario.	658,387	677,654
3.36% Revolving bank loan, payable in blended monthly payments of \$1,761, secured by land and building on Forestlawn Road, Waterloo, Ontario.	184,231	204,772
	842,618	882,426

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

4. Demand Bank Loans and Credit Facilities (Continued)

The Organization also has access to a \$300,000 (\$300,000 in 2023) line of credit with its bank.

The demand bank loans, and the line of credit have a general security agreement covering all property of the Organization pledged as security, subordinate to the holders of the first mortgages.

	2024	2023
	\$	\$
5. Long-Term Debt		
3.85% Mortgage due October 1, 2026, payable in blended monthly payments of \$870, secured by land and building on Blueridge Avenue, Kitchener, Ontario.	25,640	34,906
3.04% Mortgage due June 1, 2027, payable in blended monthly payments of \$1,099, secured by land and building on Crimson Crescent, Waterloo, Ontario.	40,106	52,467
3.04% Mortgage due April 2, 2027, payable in blended monthly payments of \$512, secured by land and building on Evelyn Crescent, Kitchener, Ontario.	44,006	48,741
3.57% Mortgage repaid on March 1, 2024 in blended monthly payments of \$973, secured by land and building on Westheights Drive, Kitchener, Ontario.		11,454
	109,752	147,568
Current portion due within one year	26,623	37,187
	83,129	110,381

Principal repayments for the next four years are approximately as follows:

2025	26,623
2026	27,524
2027	24,090
2028	31,515
	109,752

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions with which capital assets were purchased. The changes in the deferred contribution balance for the year are as follows:

	2024	2023
	\$	\$
Balance beginning of year	2,817,472	2,767,974
Amortization of deferred contributions	(92,974)	(91,202)
Contributions received during the year	70,888	140,700
Balance end of year	2,795,386	2,817,472

Under the terms of agreements with the Province of Ontario, should the Organization dispose of certain properties which were funded by contributions from the Province of Ontario, the Province of Ontario is entitled to a proportionate share of the net proceeds, determined with reference to the initial down payment. Assets funded through other means would not be subject to this requirement. No such items were disposed of during the year.

7. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following provides a description of the Organization's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that an Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its demand bank loans, accounts payable and accrued liabilities, and long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, its amounts receivable and rarely incurs bad debts.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

Interest rate risk

The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The Organization is mainly exposed to this type of risk as a result of demand bank loans and long-term debt.

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

8. Capital Reserve Fund

Under the terms of an agreement with the Ministry of Municipal Affairs and Housing, a capital reserve fund is required to be maintained.

	2024	2023
	\$	\$
Balance beginning of year	20,946	19,170
Annual fee - included in repairs and maintenance expense	1,486	1,486
Interest earned	765	290
Balance end of year	23,197	20,946

9. COVID-19 Pandemic

During the year ended March 31, 2024, funding for the COVID-19 pandemic ended. The temporary wage enhancement was converted to a permanent compensation enhancement and, for the year ended March 31, 2024, is included in salaries and benefits. During the year ended March 31, 2023, \$1,024,084 was received from the Ministry of Children, Community and Social Services for permanent wage enhancement and residential relief.

10. Commitments

The Organization has operating leases for its premises that expire on November 30, 2025. The leases include rent and monthly operating costs. In addition, the Organization is committed under certain operating leases for vehicles. Future minimum lease payments under these operating leases for the next five years are as follows:

	\$
2025	261,578
2026	173,273
2027	61,998
2028	61,187
2029	15,169
	573,205

11. Service Contracts

The Organization has service contracts with the Ministry of Children, Community and Social Services and the Ministry of Municipal Affairs and Housing. Management believes that the programs funded by these service contracts have admissible expenditures in excess of revenues and, accordingly, no amounts have been accrued as repayable in these accounts.

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
12. Accounts Payable and Accrued Liabilities		
Accounts payable and accrued liabilities	607,555	471,216
Government remittances payable	110,050	78,125
	717,605	549,341

13. Robert Denomme Fund

The Organization's Robert Denomme Fund is held by the Waterloo Region Community Foundation. The expendable income from this fund shall be paid to the Organization annually on or before December 31 of the following year and shall be used for support of capital expenditures or seed money for new programs or projects. As of December 31, 2023, the fund balance was \$126,861 (\$118,255 in 2022). During the fiscal year, \$6,200 (\$6,663 in 2023) was received from the fund.

14. Internally Restricted Net Assets

The following balance, which is included in cash and short-term deposits, is governed by designations by the Board of Directors:

	2024	2023
	\$	\$
Balance beginning of year	188,668	182,092
Amounts designated by the Board of Directors as being held for potential future funding shortfall	6,710	6,576
Balance end of year	195,378	188,668

15. Economic Dependence

The Organization receives funding from the Ministry of Children, Community and Social Services to assist with offsetting costs incurred by the Organization. The Organization is dependent on receiving this funding for its day-to-day operations.

16. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.