

NEW LEAF: LIVING AND LEARNING

TOGETHER INC.

FINANCIAL STATEMENTS

MARCH 31, 2019

SMITH, SYKES, LEEPER & TUNSTALL LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

LICENSED PUBLIC ACCOUNTANTS

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**NEW LEAF: LIVING AND LEARNING
TOGETHER INC.
FINANCIAL STATEMENTS
MARCH 31, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Directors of,
New Leaf: Living and Learning Together Inc.

Qualified Opinion

We have audited the accompanying financial statements of New Leaf: Living and Learning Together Inc., which comprise the statement of financial position as at **March 31, 2019** and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 New Leaf: Living and Learning Together Inc. as at **March 31, 2019** and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The accounting policies presently in use, as disclosed in Note 2 to the financial statements, have not been altered retroactively to comply with the Canadian Accounting Standards for Not-for-Profit organizations as they are considered appropriate for the purpose of the subsidizing Ministry of the Province of Ontario who is the primary user of the financial statements. In addition, as disclosed in Note 2 there were some capital expenditures incurred which were expensed.

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 New Leaf: Living and Learning Together Inc. 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 New Leaf: Living and Learning Together Inc.'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 New Leaf: Living and Learning Together Inc. or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing New Leaf: Living and Learning Together Inc.'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 New Leaf: Living and Learning Together Inc.'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 New Leaf: Living and Learning Together Inc.'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 New Leaf: Living and Learning Together Inc. 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.

Smith, Sykes, Leeper & Tunstall LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants**

Newmarket, Ontario.
July 26, 2019.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 4)	\$ 1,216,333	\$ 1,255,258
Short-term investments (Note 5)	477,494	475,118
Accounts receivable	84,365	122,862
Prepaid expenses	47,450	48,286
HST receivable	<u>155,777</u>	<u>116,766</u>
	1,981,419	2,018,290
Restricted cash (Note 4)	164,927	0
Restricted short-term investments (Note 5)	589,781	587,089
Capital assets (Note 6)	<u>4,535,624</u>	<u>4,045,335</u>
	\$ 7,271,751	\$ 6,650,714
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,022,559	\$ 1,189,874
Government remittances payable	183,741	85,010
Current portion of mortgages payable (Note 7)	<u>376,395</u>	<u>374,962</u>
	1,582,695	1,649,846
Mortgages payable (Note 7)	1,210,701	1,436,629
Deferred revenue (Note 8)	478,231	311,785
Deferred contributions related to capital assets (Note 9)	<u>2,045,868</u>	<u>1,274,881</u>
	5,317,495	4,673,141
<u>NET ASSETS (Note 10)</u>		
Future capital replacement fund	284,678	272,970
Net investment in capital assets	902,659	958,860
Accumulated surplus	<u>766,919</u>	<u>745,743</u>
	1,954,256	1,977,573
	\$ 7,271,751	\$ 6,650,714

Approved on Behalf of the Board of Directors,
_____, Director.
_____, Director.

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

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	2019			
	Future Capital Replacement Fund	Invested in Capital Assets	Accumulated Surplus from Operations	Total
Balance, beginning of the year	\$ 272,970	\$ 958,860	\$ 745,743	\$ 1,977,573
Appropriation from operations	10,534	0	0	10,534
Interest earned	1,174	0	0	1,174
Excess of expenses over revenue (Note 11)	0	(56,201)	21,176	(35,025)
BALANCE, END OF THE YEAR	\$ 284,678	\$ 902,659	\$ 766,919	\$ 1,954,256

	2018			
	Future Capital Replacement Fund	Invested in Capital Assets	Accumulated Surplus from Operations	Total
Balance, beginning of the year	\$. 261,183	\$ 979,424	\$ 623,526	\$ 1,864,133
Appropriation from operations	10,534	0	0	10,534
Interest earned	1,253	0	0	1,253
Excess of revenue over expenses (Note 11)	0	(20,564)	122,217	101,653
BALANCE, END OF THE YEAR	\$ 272,970	\$ 958,860	\$ 745,743	\$ 1,977,573

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
REVENUE		
Government subsidies	\$10,910,934	\$10,018,895
Client contributions	1,316,609	1,238,169
Other revenue (Note 12)	361,804	482,150
Amortization of deferred capital contributions	64,086	64,086
Fundraising activities	26,790	42,393
	12,680,223	11,845,693
OPERATING EXPENSES		
Wages, employees' benefits and staff related costs	9,927,470	9,403,690
Repairs and maintenance	993,247	583,562
Amortization	426,607	421,647
Groceries and household supplies	283,722	291,486
Occupancy costs	235,575	270,728
Vehicle	191,459	181,905
Office and general	157,252	122,401
Insurance	138,919	123,427
Professional fees	81,042	45,121
Equipment, furniture and fixtures	71,794	75,163
Day program costs	70,828	60,471
Telephone	43,394	47,039
Residents personal needs	40,819	58,980
Interest on mortgages payable	25,514	27,114
Purchased services - client	17,072	20,772
Appropriation of future capital replacements fund	10,534	10,534
	12,715,248	11,744,040
EXCESS OF (EXPENSES OVER REVENUES) REVENUE OVER EXPENSES FOR THE YEAR	\$ (35,025)	\$ 101,653

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
CASH PROVIDED BY (USED FOR) OPERATIONS		
Excess of (expenses over revenue) for the year	\$ (35,025)	\$ 101,653
Items not requiring an outlay of cash:		
Amortization	426,607	421,647
Amortization of deferred capital contributions	<u>(64,086)</u>	<u>(64,086)</u>
	327,496	459,214
Changes in operating working capital		
Short-term investments	(2,375)	(2,364)
Accounts receivable	38,497	191,207
Accounts payable and accrued liabilities	(167,313)	85,158
Government remittances payable	98,731	(90,739)
Prepaid expenses	836	1,232
Future capital replacement fund	11,707	11,787
HST receivable	<u>(39,011)</u>	<u>(15,243)</u>
	<u>(58,928)</u>	<u>181,038</u>
CASH PROVIDED BY OPERATIONS	268,568	640,252
FINANCING		
Increase in deferred revenue	166,445	1,510
(Repayment of) mortgages payable	(224,495)	(222,662)
Increase in deferred capital contributions	<u>835,073</u>	<u>0</u>
CASH PROVIDED BY (USED FOR) FINANCING	777,023	(221,152)
INVESTING		
(Increase) in Restricted short-term investments	(2,691)	(34,366)
Additions to capital assets	<u>(916,898)</u>	<u>(114,335)</u>
CASH (USED FOR) INVESTING	(919,589)	(148,701)
NET CHANGE IN CASH POSITION	126,002	270,399
Cash position, beginning of the year	1,255,258	984,859
CASH POSITION, END OF THE YEAR	\$ 1,381,260	\$ 1,255,258

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

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

1. THE ORGANIZATION

New Leaf: Living and Learning Together Inc. is a non-profit corporation without share capital incorporated under the laws of Ontario. It is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes. It was formed to provide residential, social and vocational services for dual diagnosed developmentally disabled adults, to co-operate with social service agencies engaged in related work and to promote further study, research and development in the field of care for this segment of the society. The organization's operations are funded by the Ministry of Community and Social Services of the Province of Ontario under agreement, by donations from the public and by its own fundraising activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) and include the following significant accounting policies:

Estimates and assumptions -

The preparation of financial statements in accordance with Canadian Accounting Standards for Non-For-Profit Organizations requires management to make estimates and assumption 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 contributions and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets; and the valuation of accruals. Actual results could differ from those estimates.

Cash -

Cash consists of cash on hand.

Financial instruments -

The organization recognizes and measures financial assets and financial liabilities on the statement of financial position when they become a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. In subsequent periods, financial assets including cash on hand, short-term investments, and accounts receivable are measured at amortized cost. In subsequent periods financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, current portion of mortgages payable and mortgages payable.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues recognition -

Revenues and expenses are accounted for under the accrual basis. Operating and minor capital subsidies and related expenditures are recognized in the period received in accordance with subsidizing ministry approvals.

Donations and fundraising activities are recorded on a cash basis, and when donated materials or services are received. Revenue from donations and fundraising activities which are appropriated to specific capital projects are deferred until the related capital costs are incurred.

The organization follows the deferral method of accounting for contributions and capital subsidies. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and pledges are recognized as revenue when received. Deferred contribution revenue is amortized on a straight line basis at the same rate as the capital assets to which it relates.

Revenue from fees and other contracts are recognized when the services are provided.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets -

Land and buildings which have been financed are recorded at cost, which includes carrying, development and construction costs incurred to the statement of financial position date which are capitalized until construction is completed and the operations of the property are funded by the Ministry. Land and buildings which are financed are amortized annually in an equal amount to the repayment of principal on their related mortgages payable, as required by the subsidizing Ministry.

Land and buildings which have been fully subsidized by the Ministry of Community and Social Services during the year are recorded at cost, which includes carrying, development and construction costs incurred to the statement of financial position date which are capitalized until construction is completed and the operations of the property are funded by the Ministry. Land and buildings are amortized over a 35-year period, on a straight line basis.

Land and buildings which were fully subsidized in 1997 and prior years have been written off fully in the year the subsidy was received.

Land and buildings which are purchased with restricted contributions are recorded at cost and are amortized over a 35-year period, on a straight line basis.

During the year, the organization purchased a house (Sycamore). Capital expenditures have been incurred in addition to the original purchase for which the organization has elected to expense in the amount of \$294,915.

The cost of other capital assets purchased with operating funds are recorded in the Investment in Capital Assets fund.

Land and buildings which have been financed internally are amortized over a 35-year period, on a straight line basis.

Vehicles are amortized over a 5 year period, on a straight line basis.

Equipment is amortized over a 8 year period, on a straight line basis.

Computer software is amortized over a 2 year period, on a straight line basis.

Contributed services and materials -

Contributed services and materials are not recognized in the financial statements because of the difficulty of determining their fair value.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Organization is exposed to the following risks related to its financial assets and liabilities:

Liquidity risk -

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued expenses and long-term debt. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior period

Credit risk -

Credit risk arises from the possibility that the entities to which the Organization services may experience financial difficulty and be unable to fulfill their contractual obligations. The Organization is mainly exposed to credit risk through other income which is a small portion of overall contributions. Actual exposure to credit losses has been minimal in prior years. There has been no change in the risk assessment from the prior period.

Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk through it's mortgages which are based on fixed-rate obligations and it's short term investments. The mortgages subject the Organization to a fair value risk with the exposure fluctuating due to the debt changes from year to year. The short-term interest bearing investments held by the Organization have a limited exposure to interest rate risk due to their short-term maturity.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

4. CASH

Cash consists of the following:

	<u>2019</u>	<u>2018</u>
General cash balance	\$ 698,828	\$ 923,659
Cash from fundraising activities	517,505	331,599
Restricted cash	<u>164,927</u>	<u>0</u>
Total cash	<u>\$ 1,381,260</u>	<u>\$ 1,255,258</u>

Restricted cash represents the unspent funds from the Donation of \$1M received during the year for the High Needs Housing Proposal. These funds are to be spent on the Sycamore House or a future project similar in nature.

5. SHORT TERM INVESTMENTS

Short term investments consist of several GIC's presented at cost with interest rates of 0.50% and 1.75% per annum. These GIC's mature on April 5, 2019 and March 27, 2020.

Restricted Short term investments -

Included in restricted short term investments is \$284,677 (2018 - \$272,970) in funding received from the Ministry of Community and Social Services for future capital replacements. Also, included in restricted short term investments is \$305,103 (2018 - \$314,119) in funds dedicated towards future operations expenditures.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2019</u>	<u>Net 2018</u>
Financed by subsidy after 1997:				
Part lots 23 and 24, concession 5 Town of East Gwillimbury (Elms)	\$ 855,979	\$ 464,677	\$ 391,299	\$ 415,756
Part lot 14 concession 3, Town of East Gwillimbury (Aspens)	407,009	203,508	203,501	215,130
Part lot 21, concession 6, Town of East Gwillimbury (Tamaracks)	499,995	185,718	314,277	328,563
Part Lot 1, Concession 4, 5639 Smith Blvd., Town of Georgina (Lindens)	480,000	178,282	301,718	315,432
Financed by mortgages payable:				
Lots 14 and 15, concession 3, Town of East Gwillimbury (Drake Will and Farm)	3,130,159	2,180,756	949,372	1,089,831
Part lot 1, concession 5, Plan 65R- 503 Town of Georgina (Willows)	560,687	363,258	197,429	222,483
Part lot 31, concession 4, Town of Whitchurch-Stouffville (Cedars)	472,631	320,097	152,534	174,244
Part lots 23 and 24, concession 2, Part 2, Plan 65R-958, Town of East Gwillimbury (Pines)	447,729	277,074	170,655	190,135
Part lot 27, concession 2, Town of East Gwillimbury (Birches)	369,875	252,799	117,076	134,870
Financed internally:				
Pool & Recreation Centre	767,595	241,241	526,354	548,285
Part Lot 5, concession 2, 6627 Frog Street, Town of Pefferlaw (Sycamore)	835,072	0	835,072	0
Other capital assets:				
Vehicles	855,881	601,490	254,391	281,667
Equipment	298,677	176,731	121,946	128,939
Computer Software	<u>21,412</u>	<u>21,412</u>	<u>0</u>	<u>0</u>
	<u>\$10,002,701</u>	<u>\$ 5,467,043</u>	<u>\$ 4,535,624</u>	<u>\$ 4,045,335</u>

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

7. MORTGAGES PAYABLE

Mortgages payable are secured by some of the organization's real estate holdings, as follows:

	<u>2019</u>	<u>2018</u>
Lots 14 and 15, Concession 3 Town of East Gwillimbury - 1.04%, with a renewal date of October 1, 2020, repayable in blended monthly payments of \$12,592 secured by the land and building with a carrying value of \$949,402 (Drake Will and Farm)	\$ 949,402	\$ 1,089,860
Part Lot 1, Concession 5, Plan 65R-503 Town of Georgina - 2.245%, due October 1, 2022, repayable in blended monthly payments of \$2,507, secured by the land and building with a carrying value of \$197,429 (Willows)	197,429	222,483
Part Lot 31, Concession 4, Town of Whitchurch - Stouffville - 2.435%, due April 1, 2019, repayable in blended monthly payments of \$2,141, secured by the land and building with a carrying value of \$152,534 (Cedars)	152,534	174,244
Part of Lots 23 and 24, Concession 2, Part 2, Plan 65R-958, Town of East Gwillimbury - 2.2560%, due February 1, 2020, repayable in blended monthly payments of \$1,962, secured by the land and building with a carrying value of \$170,655 (Pines)	170,655	190,135
Part Lot 27, Concession 2, Town of East Gwillimbury - 1.04%, with a renewal date of October 1, 2020, repayable in blended monthly payments of \$1,592, secured by the land and building with a carrying value of \$117,076 (Birches)	<u>117,076</u>	<u>134,869</u>
	1,587,096	1,811,591
Less: current portion	<u>376,395</u>	<u>374,962</u>
	<u>\$ 1,210,701</u>	<u>\$ 1,436,629</u>

The Drake Will and Farm and Birches mortgages are with a payment structure for 25 years. It is the Organization's intention to renew the loan at the renewal date.

The minimum annual payments over the next five years with respect to the mortgage payables are as follows:

2020	\$ 376,395
2021	953,450
2022	48,149
2023	148,857
2024	24,502
Subsequent	<u>35,743</u>
	<u>\$ 1,587,096</u>

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

8. DEFERRED REVENUE

Deferred revenue represents proceeds from the sale of assets, expenditure recoveries and unspent funds from a restricted donation. These are dedicated towards future operations expenditures and specific housing projects. These will be recorded as revenue when the expenditures have been made. Due to the restrictions placed on these funds, the annual interest earned of \$1,518 (2018 - \$1,510) has been added to the balance.

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the contributed capital assets and restricted contributions with which four of the Organization's buildings (Elms, Aspens, Tamaracks and Lindens) were originally purchased. The current year addition represents a restricted contribution received in the year for the purchase of a new building - Sycamore. The changes in the deferred contributions balance for the year are as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 1,274,881	\$ 1,338,967
Current year additions	835,073	0
Amounts amortized to revenue	<u>(64,086)</u>	<u>(64,086)</u>
Ending balance	\$ <u>2,045,868</u>	\$ <u>1,274,881</u>

10. NET ASSETS

Future capital replacement fund represents funds received under the terms of the Ministry of Community and Social Services, Dedicated Supportive Housing annual subsidy and are restricted to cover the costs of any major repairs.

Net assets invested in capital assets represents the amount of the Organization's surplus that is not available for other purposes as it has been invested in capital assets described in Note 6.

The accumulated surplus represents the amount by which the accumulated surplus of the Organization exceeds net assets invested in capital assets and future capital replacement fund.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

11. INVESTED IN CAPITAL ASSETS

The excess of revenue over expenses in this fund balance consist of the following:

Amortization expense	\$ 426,607
Less: amount related to capital assets purchased with restricted contributions	(64,086)
Less: amount related to capital asset financing subsidized by the Ministry	(224,495)
Less: additions to capital assets financed by operations	<u>(81,825)</u>
Net decrease in net assets invested in capital assets	<u>\$ 56,201</u>

12. OTHER REVENUE

Other revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Cost recovery	\$ 309,823	\$ 411,925
Rental Revenue - Telus and Rogers	42,060	43,260
Solar Revenue	5,369	8,474
Day Program Revenue	1,897	4,670
Interest Income	1,779	1,360
Miscellaneous	876	8,836
Proceeds from Sale of Capital Assets	<u>0</u>	<u>3,625</u>
	<u>\$ 361,804</u>	<u>\$ 482,150</u>

13. LEASE COMMITMENTS

The Organization has entered into a lease for its office equipment with minimum aggregate annual payments for the next three years as follows:

2020	\$ 8,847
2021	8,847
2022	<u>8,847</u>
	<u>26,541</u>

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INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

To the Ministry of Children, Community and Social Services.

Opinion

We have audited the segmented information (the "Statements") for each program funded by the Ministry of Children, Community and Social Services (MCCSS) for New Leaf: Living and Learning Together Inc. as at March 31, 2019. This financial information was prepared using Canadian accounting standards for Not-for-Profit organizations except that additions to capital assets have been expensed rather than capitalized and amortized, and related funding has not been deferred and amortized. In our opinion, the accompanying statements of the Organization for the year ended March 31, 2019 are prepared, in all material respects, in accordance with the financial reporting requirements of the MCCSS.

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 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 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 - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Paragraph 1, which describes the basis of accounting. The statements are prepared to assist the Organization in complying with the financial reporting requirements referred to above. As a result, the statements may not be suitable for another purpose. Our report is intended solely for the Organization and should not be distributed to or used by parties other than New Leaf: Living and Learning Together Inc. and MCCSS.

Responsibilities of Management and Those Charged with Governance for the Statements

Management is responsible for the preparation of the statements in accordance with the reporting provision of MCCSS and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

In preparing the statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Statements

Our objectives are to obtain reasonable assurance about whether the 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 considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these statements.

Smith, Sykes, Leeper & Tunstall LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Newmarket, Ontario.
July 26, 2019.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
 SEGMENTED FINANCIAL INFORMATION
 FOR THE YEAR ENDED MARCH 31, 2019

	MCSS - TORONTO REGION			MCSS - CENTRAL REGION			DSH		TOTAL OF ALL MCSS PROGRAMS				
	8847	9131	SUB TOTAL	8847	9131	SUB TOTAL	8849	8849					
REVENUE	SUPPORTED GROUP LIVING RESIDENCES	COMMUNITY PARTICIPATION SERVICES AND SUPPORTS	ALLOCATED CENTRAL ADMIN	MCSS TORONTO REGION	SUPPORTED GROUP LIVING RESIDENCES	COMMUNITY PARTICIPATION SERVICES AND SUPPORTS	PARTNER FACILITY RENEWAL-CAPITAL	PARTNER FACILITY RENEWAL-FIRE CODE RETROFIT	ALLOCATED CENTRAL ADMIN	MCSS CENTRAL REGION	DEDICATED SUPPORTIVE HOUSING	FUNDRAISING AND OTHER ACTIVITIES	
Subsidies from MCSS	7,727,776	1,568,598		9,296,374	735,090	255,805	17,200	156,173		1,164,268	460,293	-	10,910,935
Client Contribution	1,243,739			1,243,739	74,741					74,741		206,491	1,524,971
Offset/intercompany revenue	(96,192)			(96,192)							96,192		-
Deferred contribution revenue	50,372	30,283		80,655	13,714					13,714		988	64,086
Other Revenues	122,170			122,170								26,790	153,441
Fundraising Revenues												234,269	26,790
	9,047,865	1,588,881		10,636,746	823,545	255,805	17,200	156,173		1,252,723	556,485		12,889,223
EXPENDITURES													
Wages	6,027,998	1,040,300	460,841	7,529,139	546,260	175,426			42,431	764,117	121,826	187,262	8,602,344
Employee benefits	886,094	163,536	82,646	1,132,276	85,201	28,231			7,884	121,316	18,058	-	1,271,650
Travel	7,085	378	14,388	21,851	120	2			1,570	1,692	75	-	23,628
Communication	27,258	910	29,268	57,456	3,284	521			3,319	7,124	5,503	-	70,083
Mortgage Cost	141,574			141,574	17,794	293			887	16,974	75,896	-	346,201
Utilities	87,145	43,938	7,871	139,054	3,594	643				4,237		1,650	235,574
Training	37,252	2,559	39,811	79,622	57				729	786	590	-	44,048
Advertising and Promotion	472	60	5,442	6,374					3,491	164,670	66,981	-	920,485
Services related to R&M	574,686	83,231	30,917	688,834	28,579	4,187		128,413	5,859	5,859	4,338	-	81,042
Professional/Contracted Services	59,015		27,519	86,534			17,200		3,359	20,559	1,956	-	109,049
Professional/Contracted IT Services	16,397			16,397	675					675		-	17,072
Purchased Services - Client	73,767	20,261	3,350	97,378	9,290	4,513			400	14,203	27,338	-	138,919
Insurance	10,658	9,609	19,042	39,309	989	1,082			2,243	4,314	2,242	-	45,865
Other Services	47,257	8,112	722	56,091	8,507	67		27,760		36,334	16,086	668	109,179
Supplies and Equipment related to R&M	3,809		3,006	6,815	753				25	778		-	7,999
IT Supplies and Equipment	462,955	77,639	12,624	553,218	51,829	20,597			945	73,371	10,965	23,518	661,072
Other Supplies and Equipment	(96,192)			(96,192)	13,714				(73,142)			-	(96,192)
Offset/intercompany expenses	50,372			50,372	52,899	20,243				13,714		-	64,086
Amortization-building	630,253	138,348	(788,801)									-	
Allocated Admin												-	
Fundraising expenses												-	
	9,047,865	1,588,881		10,636,746	823,545	255,805	17,200	156,173		1,252,723	556,481		12,889,048
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)													
												21,171	21,175