

**NEW LEAF: LIVING AND LEARNING
TOGETHER INC.
FINANCIAL STATEMENTS
MARCH 31, 2023**

**SMITH, SYKES, LEEPER & TUNSTALL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

**NEW LEAF: LIVING AND LEARNING
TOGETHER INC.
FINANCIAL STATEMENTS
MARCH 31, 2023**

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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, 2023** 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, 2023** 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.

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 31, 2023.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 4)	\$ 1,746,766	\$ 1,486,366
Short-term investments (Note 5)	503,076	491,717
Accounts receivable	86,173	109,502
Prepaid expenses	45,363	59,817
HST receivable	<u>182,380</u>	<u>145,072</u>
	2,563,758	2,292,474
Restricted cash (Note 4)	295,857	164,927
Restricted short-term/ long-term investments (Note 5)	658,361	639,756
Capital assets (Note 6)	<u>3,245,168</u>	<u>3,734,197</u>
	\$ 6,763,144	\$ 6,831,354
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,270,711	\$ 1,194,826
Government remittances payable	253,270	125,906
Current portion of mortgages payable (Note 7)	<u>240,764</u>	<u>328,711</u>
	1,764,745	1,649,443
Mortgages payable (Note 7)	414,463	564,274
Deferred revenue (Note 8)	625,507	487,319
Deferred contributions related to capital assets (Note 9)	<u>1,694,088</u>	<u>1,782,032</u>
	4,498,803	4,483,068
<u>NET ASSETS (Note 10)</u>		
Future capital replacement fund	336,910	325,563
Net investment in capital assets	895,850	1,059,175
Accumulated surplus	<u>1,031,581</u>	<u>963,548</u>
	2,264,341	2,348,286
	\$ 6,763,144	\$ 6,831,354

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, 2023

	2023			
	Future Capital Replacement Fund	Invested in Capital Assets	Accumulated Surplus from Operations	Total
Balance, beginning of the year	\$ 325,563	\$ 1,059,175	\$ 963,548	\$ 2,348,286
Appropriation from operations	10,533	0	0	10,533
Interest earned	814	0	0	814
Excess of (expenses over revenue) revenue over expenses (Note 11)	0	(163,325)	68,033	(95,292)
BALANCE, END OF THE YEAR	\$ 336,910	\$ 895,850	\$ 1,031,581	\$ 2,264,341

	2022			
	Future Capital Replacement Fund	Invested in Capital Assets	Accumulated Surplus from Operations	Total
Balance, beginning of the year	\$ 312,374	\$ 1,280,470	\$ 924,697	\$ 2,517,541
Appropriation from operations	10,534	0	0	10,534
Interest earned	2,655	0	0	2,655
Excess of (expenses over revenue) revenue over expenses	0	(221,295)	38,851	(182,444)
BALANCE, END OF THE YEAR	\$ 325,563	\$ 1,059,175	\$ 963,548	\$ 2,348,286

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

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE		
Government subsidies	\$14,260,710	\$13,302,959
Client contributions	1,141,228	1,120,720
Other revenue (Note 12)	482,345	433,144
Amortization of deferred capital contributions	87,944	87,945
Fundraising activities	64,816	23,260
	16,037,043	14,968,028
OPERATING EXPENSES		
Wages, employees' benefits and staff related costs	13,250,754	12,690,727
Repairs and maintenance	793,750	593,477
Amortization	513,753	544,449
Groceries and household supplies	307,188	294,119
Insurance	233,165	206,590
Occupancy costs	232,095	244,823
Equipment, furniture and fixtures	201,301	63,921
Vehicle	177,797	141,277
Office and general	138,229	88,059
Professional fees	100,103	97,952
Day program costs	82,653	66,487
Telephone	52,956	49,085
Purchased services - client	25,647	44,449
Interest on mortgages payable	11,973	13,851
Appropriation of future capital replacements fund	10,533	10,534
Residents personal needs	438	672
	16,132,335	15,150,472
EXCESS OF (EXPENSES OVER REVENUE) FOR THE YEAR	\$ (95,292)	\$ (182,444)

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

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Excess of (expenses over revenue) for the year	\$ (95,292)	\$ (182,444)
Items not requiring an outlay of cash:		
Amortization	513,753	544,449
Amortization of deferred capital contributions	<u>(87,944)</u>	<u>(87,945)</u>
	330,517	274,060
Changes in operating working capital		
Short-term investments	(11,359)	(1,715)
Accounts receivable	23,328	(34,732)
Accounts payable and accrued liabilities	75,889	(71,862)
Government remittances payable	127,364	9,166
Prepaid expenses	14,454	(21,997)
Future capital replacement fund	11,347	13,189
HST receivable	<u>(37,308)</u>	<u>74,058</u>
	203,715	(33,893)
CASH PROVIDED BY OPERATIONS	534,232	240,167
FINANCING		
Increase in deferred revenue	138,188	1,096
(Repayment of) mortgages payable	(237,759)	(235,209)
(Decrease) increase in Future liability to construct	<u>0</u>	<u>(490,800)</u>
CASH (USED FOR) FINANCING	(99,571)	(724,913)
INVESTING		
(Increase) decrease in Restricted cash	(130,930)	490,800
(Increase) in Restricted short-term/ long-term investments	(18,606)	(14,285)
Additions to capital assets	(30,766)	0
Proceeds on disposal of capital assets	<u>6,041</u>	<u>0</u>
CASH (USED FOR) PROVIDED BY INVESTING	(174,261)	476,515
NET CHANGE IN CASH POSITION	260,400	(8,231)
Cash position, beginning of the year	1,486,366	1,494,597
CASH POSITION, END OF THE YEAR	\$ 1,746,766	\$ 1,486,366

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, 2023

1. THE ORGANIZATION

New Leaf: Living and Learning Together Inc. (the Organization) 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 Children, 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 is defined as cash on hand, cash on deposit, net of cheques issued and outstanding at the reporting date.

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.

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, 2023

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 Children, 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.

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, 2023

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 mortgages payable. 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, 2023

4. CASH

Cash consists of the following:

	<u>2023</u>	<u>2022</u>
General cash balance	\$ 978,145	\$ 888,025
Cash from fundraising activities	<u>768,621</u>	<u>598,341</u>
Total	<u>\$ 1,746,766</u>	<u>\$ 1,486,366</u>
Restricted cash	<u>\$ 295,857</u>	<u>\$ 164,927</u>

Restricted cash represents the unspent funds (\$164,927) from the Donation of \$1M received for the High Needs Housing Proposal. These funds are to be spent on the Sycamore House or a future project similar in nature.

Restricted cash also includes:

Unspent funds received from the Ontario Trillium Fund of \$120,000 (\$0 - 2022) and residential fees for April 2023 received in March 2023 of \$10,730 (\$0 - 2022).

5. SHORT TERM/ LONG TERM INVESTMENTS

Short term investments consist of two GIC's presented at cost, both of which have an interest rate of 4.36% per annum and mature on March 29, 2024.

Restricted Short term/ long term investments

The restricted short term/long term investments consist of:

Restricted short term investments of a GIC presented at cost \$321,449 (2022 - \$314,192), bears interest at 4.36% per annum and matures March 29, 2024. This amount represents funds dedicated towards future operational expenditures.

Restricted long term investments of a GIC presented at cost \$336,912 (2022 - \$325,564), bears interest at 2.43% per annum and matures on April 7, 2023. This amount represents funding received from the Ministry of Children, Community and Social Services for future capital replacements.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2023</u>	<u>Net 2022</u>
Financed by subsidy after 1997:				
Part lots 23 and 24, concession 5 Town of East Gwillimbury (Elms)	\$ 855,979	\$ 562,505	\$ 293,474	\$ 317,931
Part lot 14 concession 3, Town of East Gwillimbury (Aspens)	407,009	250,024	156,985	168,614
Part lot 21, concession 6, Town of East Gwillimbury (Tamaracks)	499,995	242,862	257,133	271,419
Part Lot 1, Concession 4, 5639 Smith Blvd., Town of Georgina (Lindens)	480,000	233,138	246,862	260,576
Financed by mortgages payable: Lots 14 and 15, concession 3, Town of East Gwillimbury (Drake Will and Farm)	3,130,159	2,758,984	371,148	517,853
Part lot 1, concession 5, Plan 65R- 503 Town of Georgina (Willows)	560,687	469,815	90,872	118,232
Part lot 31, concession 4, Town of Whitchurch-Stouffville (Cedars)	472,631	412,088	60,543	84,470
22289 Warden Ave., Town of East Gwillimbury (Pines)	447,729	358,966	88,763	109,981
Part lot 27, concession 2, Town of East Gwillimbury (Birches)	369,875	326,033	43,842	62,421
Financed internally: Pool & Recreation Centre	767,595	328,956	438,639	460,567
Part Lot 5, concession 2, 6627 Frog Street, Town of Pefferlaw (Sycamore)	835,072	95,436	739,636	763,494
Other capital assets:				
Vehicles	961,009	686,388	274,621	409,090
Equipment	364,368	181,718	182,650	189,549
Computer Software	<u>21,412</u>	<u>21,412</u>	<u>0</u>	<u>0</u>
	<u>\$10,173,520</u>	<u>\$ 6,928,325</u>	<u>\$ 3,245,168</u>	<u>\$ 3,734,197</u>

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

7. MORTGAGES PAYABLE

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

	<u>2023</u>	<u>2022</u>
Lots 14 and 15, Concession 3 Town of East Gwillimbury - 0.68%, with a renewal date of July 1, 2025, repayable in blended monthly payments of \$12,480 secured by the land and building with a carrying value of \$371,205 (Drake Will and Farm)	\$ 371,205	\$ 517,880
Part Lot 1, Concession 5, Plan 65R-503 Town of Georgina - 5.12%, maturing April 1, 2026, repayable in blended monthly payments of \$2,658, secured by the land and building with a carrying value of \$90,872 (Willows)	90,872	118,232
Part Lot 31, Concession 4, Town of Whitchurch - Stouffville - 2.70%, due April 1, 2024, repayable in blended monthly payments of \$2,158, secured by the land and building with a carrying value of \$60,543 (Cedars)	60,543	84,470
22289 Warden Ave., Town of East Gwillimbury - 2.68%, due February 1, 2025, repayable in blended monthly payments of \$1,990, secured by the land and building with a carrying value of \$88,762 (Pines)	88,762	109,980
Part Lot 27, Concession 2, Town of East Gwillimbury - 0.68%, with a renewal date of September 1, 2025, repayable in blended monthly payments of \$1,578, secured by the land and building with a carrying value of \$43,844 (Birches)	<u>43,844</u>	<u>62,423</u>
	655,226	892,985
Less: current portion	<u>240,764</u>	<u>328,711</u>
	<u>\$ 414,462</u>	<u>\$ 564,274</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:

2024	\$ 240,764
2025	299,819
2026	111,935
2027	2,708
2028	<u>0</u>
	<u>\$ 655,226</u>

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

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 \$7,258 (2022 - \$1,096) has been added to the balance.

In addition to the annual interest, in the current year, \$120,200 was received from Ontario Trillium Foundation which has been added to deferred revenue. It is part one of a \$133,500 total grant. The grant term is for 12 months starting April 1, 2023 and is being received in relation to the woodshop renovations. Further, the PG&T residential fees for April 2023 were received early and are included in deferred revenue for the current year as well.

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

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,782,032	\$ 1,869,977
Amounts amortized to revenue	<u>(87,944)</u>	<u>(87,945)</u>
Ending balance	<u>\$ 1,694,088</u>	<u>\$ 1,782,032</u>

10. NET ASSETS

Future capital replacement fund represents funds received under the terms of the Ministry of Children, 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, 2023

11. INVESTED IN CAPITAL ASSETS

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

Amortization expense	\$ 513,753
Less: amount related to capital assets purchased with restricted contributions	(87,944)
Less: amount related to capital asset financing subsidized by the Ministry	(237,759)
Less: additions to capital assets financed by operations	(30,766)
Add: proceeds on disposal of capital assets	<u>6,041</u>
Net decrease in net assets invested in capital assets	<u>\$ 163,325</u>

12. OTHER REVENUE

Other revenue consists of the following:

	<u>2023</u>	<u>2022</u>
Cost recovery	\$ 360,725	\$ 313,203
Rental Revenue - Bell and Rogers	55,695	53,518
Admin Fee (see note)	35,808	29,196
Miscellaneous	<u>30,117</u>	<u>37,227</u>
	<u>\$ 482,345</u>	<u>\$ 433,144</u>

Admin fee consists of the 10% MCCSS permitted fee on passports and related programs.

13. CONTINGENT LIABILITY

The Organization has been charged with offences under the Ontario Health and Safety Act. Trial dates have been scheduled for July 2023. At this time it is undeterminable to estimate the Organization's financial liability in regards to these claims.

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, 2023. 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, 2023 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 31, 2023.

NEW LEAF: LIVING AND LEARNING TOGETHER INC.
 SEGMENTED FINANCIAL INFORMATION
 FOR THE YEAR ENDED MARCH 31, 2023

	MCCSS - TORONTO REGION			MCCSS - CENTRAL REGION			DSH	CRRF	FUNDRAISING AND OTHER ACTIVITIES	TOTAL OF ALL PROGRAMS
	SUPPORTED GROUP LIVING RESIDENCES	COMMUNITY PARTICIPATION SERVICES AND SUPPORTS	MCSS TORONTO REGION	SUPPORTED GROUP LIVING RESIDENCES	COMMUNITY PARTICIPATION SERVICES AND SUPPORTS	MCSS CENTRAL REGION				
REVENUE										
Subsidies from MCCSS	9,665,899	1,678,584	11,344,483	1,833,634	280,146	2,113,780	558,362	244,085	-	14,260,710
Client Contribution	1,164,706	-	1,164,706	116,865	-	116,865	-	-	-	1,281,571
Interest Earned	-	-	-	-	-	-	-	-	14,937	14,937
Other Revenues	45,038	36,047	81,085	5,013	5,013	5,013	96,192	-	220,381	301,466
ACA Revenues	30,795	-	30,795	-	-	-	-	-	-	35,808
Offset intercompany revenue	(96,192)	-	(96,192)	-	-	-	-	-	-	-
Deferred contribution revenue	50,372	-	50,372	13,714	13,714	13,714	-	-	-	87,944
Fundraising Revenues	-	-	-	-	-	-	-	-	54,605	54,605
	10,860,618	1,714,631	12,575,249	1,969,226	280,146	2,249,372	654,554	244,085	313,781	16,037,041
EXPENDITURES										
Wages and Benefits	8,757,621	1,223,213	9,980,834	1,692,701	222,932	1,915,633	120,412	230,176	220,381	12,467,436
Staff Training	37,378	3,283	40,661	5,882	381	6,263	1,233	-	-	48,157
Building Occupancy	700,378	227,978	928,356	55,723	21,683	77,406	493,494	-	-	1,499,256
Travel and Communication	181,223	18,691	199,914	29,622	6,141	35,763	25,675	-	-	261,352
Supplies and Equipment	460,018	108,827	568,845	55,817	14,739	70,556	-	12,999	1,290	653,690
Other Program/Service Expenditure	18,200	-	18,200	310	-	310	-	910	-	25,646
Allocated Admin	751,620	132,639	884,259	115,457	14,270	129,727	13,740	-	-	1,027,726
Amortization-building	50,372	-	50,372	13,714	-	13,714	-	-	23,858	87,944
Offset intercompany expenses	(96,192)	-	(96,192)	-	-	-	-	-	-	(96,192)
Fundraising expenses	-	-	-	-	-	-	-	-	64	64
	10,860,618	1,714,631	12,575,249	1,969,226	280,146	2,249,372	654,554	244,085	251,819	15,975,079
EXCESS OF REVENUES OVER EXPENDITURES										
(EXPENDITURES OVER REVENUES)										
	-	-	-	-	-	-	-	-	61,962	61,962