

**Physically Handicapped Adults'
Rehabilitation Association
- Westwinds Heights
Financial Statements
For the year ended March 31, 2020**

Physically Handicapped Adults' Rehabilitation Association
- Westwinds Heights
Financial Statements
For the year ended March 31, 2020

Contents

| | |
|---|------------|
| Independent Auditor's Report | 2-3 |
| Financial Statements | |
| Statement of Financial Position | 4 |
| Statement of Operations - Westwinds Heights North Bay | 5 |
| Statement of Operations - Westwinds Shores | 6 |
| Statement of Changes in Net Assets | 7 |
| Statement of Cash Flows | 8 |
| Notes to Financial Statements | 9 - 14 |



Tel: 705-495-2000
Fax: 705-495-2001
Toll-Free: 800-461-6324
www.bdo.ca

BDO Canada LLP
101 McIntyre Street W
Suite 301
North Bay ON P1B 2Y5 Canada

Independent Auditor's Report

To the Board of Directors of Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights

Opinion

We have audited the financial statements of Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights (the Entity), which comprise the statement of financial position as at March 31, 2020, the statements of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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

North Bay, Ontario
August 27, 2020

**Physically Handicapped Adults' Rehabilitation Association
- Westwinds Heights
Statement of Financial Position**

March 31 **2020** **2019**

Assets

Current

| | | |
|------------------------------|------------|------------|
| Cash and cash equivalents | \$ 113,512 | \$ 123,352 |
| Accounts receivable (Note 2) | 22,246 | 12,130 |
| Prepaid expenses | 8,045 | 12,208 |

| | | |
|--|---------|---------|
| | 143,803 | 147,690 |
|--|---------|---------|

| | | |
|--|-----------|-----------|
| Investments - capital reserve (Note 5) | 183,192 | 166,875 |
| Capital assets (Note 3) | 3,668,481 | 3,784,496 |

| | | |
|--|--------------|--------------|
| | \$ 3,995,476 | \$ 4,099,061 |
|--|--------------|--------------|

Liabilities and Net Assets

Current

| | | |
|--|-----------|-----------|
| Accounts payable and accrued liabilities (Note 4) | \$ 42,961 | \$ 40,398 |
| Current portion of long-term debt (Note 5) | 114,060 | 108,068 |

| | | |
|--|---------|---------|
| | 157,021 | 148,466 |
|--|---------|---------|

| | | |
|--|-----------|-----------|
| Long-term debt (Note 5) | 2,697,918 | 2,811,979 |
| Deferred capital contributions - Federal (Note 6) | 375,667 | 424,667 |
| Deferred capital contributions - Municipal (net of \$17,131 accumulated amortization) | 45,877 | 47,535 |
| Deferred revenue - capital reserve (Note 5) | 183,192 | 166,875 |
| Due to related entity (Note 7) | 98,630 | 106,215 |

| | | |
|--|-----------|-----------|
| | 3,558,305 | 3,705,737 |
|--|-----------|-----------|



Net Assets

| | | |
|--------------|---------|---------|
| Unrestricted | 437,171 | 393,324 |
|--------------|---------|---------|

| | | |
|--|--------------|--------------|
| | \$ 3,995,476 | \$ 4,099,061 |
|--|--------------|--------------|

Commitments/Contingencies (Note 8) and Subsequent events (Note 10)

On behalf of the Board

| | |
|---|----------|
|  | Director |
|  | Director |

**Physically Handicapped Adults' Rehabilitation Association -
Westwinds Heights
Statement of Operations - Westwinds Heights North Bay**

| For the year ended March 31 | 2020 | 2019 |
|--|------------------|------------------|
| Revenues | | |
| Rental income | \$ 174,698 | \$ 172,529 |
| Finance subsidy - Province of Ontario (Note 5) | 120,444 | 120,444 |
| Rental subsidy - DNSSAB (Note 8) | 106,400 | 106,965 |
| Other income | 2,070 | 1,725 |
| Transfer to deferred revenue - capital reserve | (16,317) | (15,554) |
| | <u>387,295</u> | <u>386,109</u> |
| Expenses | | |
| Mortgage interest | 155,284 | 160,961 |
| Materials and services | 34,399 | 26,843 |
| Municipal taxes | 23,012 | 29,837 |
| Utilities | 21,533 | 21,836 |
| Salaries and employee benefits | 20,303 | 21,472 |
| Office and general | 13,267 | 9,219 |
| Insurance | 10,293 | 7,655 |
| | <u>278,091</u> | <u>277,823</u> |
| Excess of revenues over expenses before other items | <u>109,204</u> | <u>108,286</u> |
| Amortization of deferred capital contributions | 50,658 | 50,658 |
| Amortization of capital assets | (116,015) | (116,015) |
| | <u>(65,357)</u> | <u>(65,357)</u> |
| Excess of revenues over expenses for the year | <u>\$ 43,847</u> | <u>\$ 42,929</u> |

**Physically Handicapped Adults' Rehabilitation Association -
Westwinds Heights
Statement of Operations - Westwinds Shores**

| For the year ended March 31 | 2020 | 2019 |
|--|-------------|------------------|
| Revenues | | |
| Rental income | \$ - | \$ 203,214 |
| Rental subsidy - ADSAB (Note 8) | - | 3,670 |
| Other income (Note 7) | - | 116,293 |
| | <u>-</u> | <u>323,177</u> |
| Expenses | | |
| Utilities | - | 43,185 |
| Materials and services | - | 44,647 |
| Municipal taxes | - | 45,050 |
| Mortgage interest | - | 54,329 |
| Salaries and employee benefits | - | 24,584 |
| Office and general | - | 6,446 |
| Insurance | - | 12,534 |
| | <u>-</u> | <u>230,775</u> |
| Excess of revenues over expenses before other items below | - | 92,402 |
| Other Items: | | |
| Loss on disposal of assets (Note 9) | - | (25,454) |
| Amortization of deferred capital contributions | - | 91,214 |
| Amortization of capital assets | - | (139,387) |
| | <u>-</u> | <u>(139,387)</u> |
| Excess of revenues over expenses for the year | \$ - | \$ 18,775 |

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

**Physically Handicapped Adults' Rehabilitation Association -
Westwinds Heights
Statement of Changes in Net Assets**

| For the year ended March 31 | 2020 | 2019 |
|--|-------------------|-------------------|
| Net assets (deficit), beginning of year | \$ 393,324 | \$ 331,620 |
| Excess of revenues over expenses for the year Westwinds Heights North Bay | 43,847 | 42,929 |
| Excess of revenues over expenses for the year Westwinds Shores | - | 18,775 |
| Net assets, end of year | \$ 437,171 | \$ 393,324 |

**Physically Handicapped Adults' Rehabilitation Association -
Westwinds Heights
Statement of Cash Flows**

| For the year ended March 31 | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenues over expenses for the year | \$ 43,847 | \$ 61,704 |
| Items not involving cash | | |
| Amortization of capital assets | 116,015 | 255,402 |
| Amortization of deferred capital contributions | (50,658) | (141,872) |
| Loss on disposal of assets | - | 25,454 |
| | <u>109,204</u> | <u>200,688</u> |
| Changes in non-cash working capital balances | | |
| Accounts receivable | (10,116) | 53,384 |
| Prepaid expenses | 4,163 | (632) |
| Accounts payable and accrued liabilities | 2,563 | (277,233) |
| | <u>105,814</u> | <u>(23,793)</u> |
| Investing activities | | |
| Increase in investment - capital reserve | <u>(16,317)</u> | <u>(15,554)</u> |
| Financing activities | | |
| Receipt of capital reserve funding | 16,317 | 15,554 |
| Repayments of long-term debt | (108,069) | (102,391) |
| Repayment of related party balances | (7,585) | (11,191) |
| | <u>(99,337)</u> | <u>(98,028)</u> |
| Increase in cash and cash equivalents during the year | (9,840) | (137,375) |
| Cash and cash equivalents, beginning of year | <u>123,352</u> | <u>260,727</u> |
| Cash and cash equivalents, end of year | \$ 113,512 | \$ 123,352 |

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

Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights (the "organization") was incorporated under the laws of Ontario on August 27, 2004 as a corporation without share capital.

The organization provides accessible and affordable housing to low-income individuals and persons with physical disabilities through subsidies administered by the District of Nipissing Social Services Administration Board.

The organization was approved as a charitable organization on May 5, 2006 and is tax exempt under paragraph 149(1)(f) of the Income Tax Act and has the ability to issue tax receipts to donors in exchange for certain types of contributions.

Basis of Accounting

These financial statements have been prepared by the organization in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, current bank accounts and short-term deposits, if any, with maturity of less than 90 days.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Cost is net of related investment tax credits and government grants. Amortization based on the estimated useful life of the asset is calculated as follows:

| | |
|-----------|--------------------------------|
| Land | - no amortization |
| Buildings | - 40 years straight line basis |
| Fence | - 20 years straight line basis |

Deferred Capital Contributions

Deferred capital contributions represent restricted contributions relating directly to the buildings. These contributions are amortized at the same rate as the building once the building is actively in use for the intended purpose and being amortized.

Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition The organization follows the deferral method of accounting for contributions which includes rental subsidies. 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 collections are reasonably assured.

Rental revenue and other revenue are recognized as revenue in the year in which the related services have been provided.

Financial Instruments Financial instruments are recorded at fair value when acquired or issued and subsequently are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Use of Estimates The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

The most significant financial statement area requiring the use of estimates is accounts receivable which is reported based on amounts expected to be recovered based on management's estimates. In addition, the amounts recorded for amortization of capital assets are based on estimates of useful service lives.

**Physically Handicapped Adults' Rehabilitation Association -
Westwinds Heights
Notes to Financial Statements**

March 31, 2020

2. Accounts Receivable

| | 2020 | 2019 |
|---------------------------------|-----------|-----------|
| Rents receivable ⁽ⁱ⁾ | \$ 2,976 | \$ 2,529 |
| Sales tax recoverable | 4,770 | 2,082 |
| Property tax rebate receivable | 14,500 | 7,519 |
| | \$ 22,246 | \$ 12,130 |

(i) Rents receivable is net of an impairment allowance of \$2,425 (2019 - \$2,272).

3. Capital Assets

| | 2020 | | 2019 | |
|----------|--------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 459,743 | \$ - | \$ 459,743 | \$ 459,743 |
| Building | 4,617,833 | 1,414,214 | 3,203,619 | 3,319,065 |
| Fence | 11,378 | 6,259 | 5,119 | 5,688 |
| | \$ 5,088,954 | \$ 1,420,473 | \$ 3,668,481 | \$ 3,784,496 |

4. Accounts Payable and Accrued Liabilities

| | 2020 | 2019 |
|--------------------------|-----------|-----------|
| Trade payables and other | \$ 22,886 | \$ 20,326 |
| Subsidies repayable | 20,075 | 20,075 |
| | \$ 42,961 | \$ 40,401 |

Included in accounts payable is government remittances payable of \$Nil (2019 - \$209).

**Physically Handicapped Adults' Rehabilitation Association -
Westwinds Heights
Notes to Financial Statements**

March 31, 2020

5. Long-term Debt

| | 2020 | 2019 |
|--|---------------------|---------------------|
| 5.47% First National Financial LP mortgages, secured by a first charge on capital assets, repayable in blended monthly principal and interest instalments of \$11,909 maturing December 1, 2027. | \$ 2,051,079 | \$ 2,082,134 |
| 5.47% First National Financial LP mortgage, secured by a first charge on capital assets, repayable in blended monthly principal and interest instalments of \$10,037, maturing December 1, 2027. | 760,899 | 837,913 |
| | 2,811,978 | 2,920,047 |
| Less: current portion | 114,060 | 108,068 |
| | \$ 2,697,918 | \$ 2,811,979 |

Principal payments required on long-term debt for the next five years and thereafter are as follows:

| | | |
|------------|----|------------------|
| 2021 | \$ | 114,060 |
| 2022 | | 120,385 |
| 2023 | | 127,060 |
| 2024 | | 134,105 |
| 2025 | | 141,000 |
| Thereafter | | 2,175,368 |
| | \$ | 2,811,978 |

Provincial funding has been negotiated as part of the organization's contribution agreement(s) that will subsidize the mortgage payments on an annual basis. This funding will be recognized each year as revenue in the amount of \$120,444 (2019 - \$120,444).

Capital Reserve

The lender requires that additional payments be made into an account held with the lender for major capital repairs. The organization has recognized the amounts held by the financial institution as an investment and a reserve in the amount of \$183,1920 (2019 - \$166,875).

Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights Notes to Financial Statements

March 31, 2020

6. Deferred Capital Contributions

Federal - Westwinds Heights - North Bay

The organization received a commitment, through a Contribution Agreement signed December 15, 2005, from the Canada Mortgage and Housing Corporation (CMHC), for federal funding contributions amounting to \$980,000 towards the construction of the buildings currently in use. In accordance with section 6.5 of the Contribution Agreement, on each anniversary date of the interest adjustment date of August 27, 2007, annual interest is charged by CMHC on the \$980,000 contribution, and this same amount is then forgiven by CMHC, provided all requirements, as set out in the Agreement, are satisfied. In addition, section 6.6 of the Contribution Agreement states that the entire balance of the contribution shall be fully forgiven on the last day of the month at the end of the term of the funding (20 years), provided the organization has fulfilled all of the requirements of the program as set out in the Contribution Agreement. During the year, amortization of this deferred funding was recorded in the amount of \$49,000 (2019 - \$49,000). The net book value of this contribution at year end was \$375,667 (2019 - \$424,667).

7. Related Party Transactions

The due to related entity balance consists of funds advanced from Physically Handicapped Adults' Rehabilitation Association - Nipissing - Parry Sound (PHARA), a commonly controlled not-for-profit organization, to assist with the funding of capital project expenditures. At year end the amount owing to PHARA was \$98,630 (2019 - \$106,215). This balance is non-interest bearing and has no specific terms of repayment.

8. Commitments/Contingencies

The organization is committed to providing accessible and affordable housing to low-income individuals and persons with physical disabilities and seniors through subsidies administered by the District of Nipissing Social Services Administration Board and Province of Ontario. Adjustments to funding, if applicable, from these funders is recorded in the year it becomes known.

Physically Handicapped Adults' Rehabilitation Association - Westwinds Heights Notes to Financial Statements

March 31, 2020

9. Financial Instrument Risk

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's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and cash equivalents and accounts receivable. The organization maintains cash and cash equivalents in excess of federally insured limits with a single financial institution.

Liquidity Risk

Liquidity risk is the risk that the organization encounters 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. Liquidity risk arises from accounts payable and accrued liabilities the mortgage payable and commitments.

There have been no changes to the organization's financial instrument risk exposure from the prior year.

10. Subsequent Events - COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impacts on the organization, its funders and tenants. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, tenants and workforce. Given the daily evolution of the COVID-19 pandemic the organization is not able to measure the full financial impact, if any, on fiscal 2021 and beyond.