

**Physically Handicapped Adults'
Rehabilitation Association
- Westwinds Heights
Financial Statements
For the year ended March 31, 2021**

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- Westwinds Heights
Financial Statements
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Contents

Independent Auditor's Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13



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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, 2021, 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, 2021, 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
June 24, 2021

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

March 31	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 116,638	\$ 113,512
Accounts receivable (Note 2)	17,229	22,246
Prepaid expenses	9,108	8,045
	142,975	143,803
Investments - capital reserve (Note 5)	105,415	183,192
Capital assets (Note 3)	3,552,466	3,668,481
	\$ 3,800,856	\$ 3,995,476
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 42,143	\$ 42,961
Current portion of long-term debt (Note 5)	120,385	114,060
	162,528	157,021
Long-term debt (Note 5)	2,577,533	2,697,918
Deferred capital contributions - Federal (Note 6)	326,667	375,667
Deferred capital contributions - Municipal (net of \$17,131 accumulated amortization)	44,219	45,877
Deferred revenue - capital reserve (Note 5)	105,415	183,192
Due to related entity (Note 7)	98,630	98,630
	3,314,992	3,558,305
Net Assets		
Unrestricted	485,864	437,171
	\$ 3,800,856	\$ 3,995,476

Commitments/Contingencies (Note 8) and Uncertainty due to COVID-19 (Note 10)

On behalf of the Board:

 <hr style="border: 0.5px solid black;"/>	Director
 <hr style="border: 0.5px solid black;"/>	Director

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

For the year ended March 31	2021	2020
Revenues		
Rental income	\$ 180,143	\$ 174,698
Finance subsidy - Province of Ontario (Note 5)	120,444	120,444
Rental subsidy - DNSSAB (Note 8)	98,515	106,400
Other income	2,021	2,070
Transfer to deferred revenue - capital reserve	(16,067)	(16,317)
Recognition of deferral revenue - capital reserve	93,844	-
	<u>478,900</u>	<u>387,295</u>
Expenses		
Mortgage interest	149,302	155,284
Materials and services	119,109	34,399
Municipal taxes	33,423	23,012
Utilities	24,415	21,533
Salaries and employee benefits	12,985	20,303
Office and general	11,154	13,267
Insurance	14,462	10,293
	<u>364,850</u>	<u>278,091</u>
Excess of revenues over expenses before other items	<u>114,050</u>	<u>109,204</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>\$ 48,693</u>	<u>\$ 43,847</u>

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	2021	2020
Net assets, beginning of year	\$ 437,171	\$ 393,324
Excess of revenues over expenses for the year	<u>48,693</u>	<u>43,847</u>
Net assets, end of year	\$ 485,864	\$ 437,171

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

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

For the year ended March 31	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 48,693	\$ 43,847
Items not involving cash		
Amortization of capital assets	116,015	116,015
Amortization of deferred capital contributions	(50,658)	(50,658)
	<u>114,050</u>	<u>109,204</u>
Changes in non-cash working capital balances		
Accounts receivable	5,017	(10,116)
Prepaid expenses	(1,063)	4,163
Accounts payable and accrued liabilities	(818)	2,563
	<u>117,186</u>	<u>105,814</u>
Investing activities		
Decrease/(increase)in investment - capital reserve	<u>77,777</u>	<u>(16,317)</u>
Financing activities		
Receipt of capital reserve funding	(77,777)	16,317
Repayments of long-term debt	(114,060)	(108,069)
Repayment of related party balances	-	(7,585)
	<u>(191,837)</u>	<u>(99,337)</u>
Increase (decrease) in cash and cash equivalents during the year	3,126	(9,840)
Cash and cash equivalents, beginning of year	<u>113,512</u>	<u>123,352</u>
Cash and cash equivalents, end of year	\$ 116,638	\$ 113,512

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

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

March 31, 2021

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, 2021

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, 2021

2. Accounts Receivable

	2021	2020
Rents receivable ⁽ⁱ⁾	\$ 2,044	\$ 2,976
Sales tax recoverable	2,232	4,770
Property tax rebate receivable	12,953	14,500
	\$ 17,229	\$ 22,246

(i) Rents receivable is net of an impairment allowance of \$1,212 (2020 - \$2,425).

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 459,743	\$ -	\$ 459,743	\$ 459,743
Building	4,617,833	1,529,660	3,088,173	3,203,619
Fence	11,378	6,828	4,550	5,119
	\$ 5,088,954	\$ 1,536,488	\$ 3,552,466	\$ 3,668,481

4. Accounts Payable and Accrued Liabilities

	2021	2020
Trade payables and other	\$ 22,069	\$ 22,888
Subsidies repayable	20,075	20,075
	\$ 42,143	\$ 42,963

Included in accounts payable is government remittances payable of \$Nil (2020 - \$Nil).

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

March 31, 2021

5. Long-term Debt

	2021	2020
5.47% First National Financial LP mortgages, secured by a first charge on capital assets, repayable in blended monthly principal and interest installments of \$11,909 maturing December 1, 2027.	\$ 2,018,303	\$ 2,051,079
5.47% First National Financial LP mortgage, secured by a first charge on capital assets, repayable in blended monthly principal and interest installments of \$10,037, maturing December 1, 2027.	679,615	760,899
	2,697,918	2,811,978
Less: current portion	120,385	114,060
	\$ 2,577,533	\$ 2,697,918

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

2022	\$	120,385
2023		127,060
2024		134,105
2025		141,541
2026		149,389
Thereafter		2,025,438
	\$	2,697,918

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 \$105,415 (2019 - \$183,192).

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

March 31, 2021

6. Deferred Capital Contributions

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 (2020 - \$49,000). The net book value of this contribution at year end was \$326,667 (2020 - \$375,667).

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 (2020 - \$98,630). 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, 2021

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. Uncertainty Due to COVID-19

The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and related financial impact cannot be reasonably estimated at this time. 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.