NEW VISIONS TORONTO

FINANCIAL STATEMENTS

MARCH 31, 2022

NEW VISIONS TORONTO

STATEMENT OF FINANCIAL POSITION — **MARCH 31, 2022**

	2022	2021
ASSETS		
Current		
Cash	$ 311,148	$ 98,985
Accounts receivable	57,785	66,125
HST receivable	73,983	143,244
Prepaid expenses and deposits	38,644	33,492
	481,560	341,846
Capital assets - note 3	1,440,505	1,489,805
	$ 1,922,065	$ 1,831,651
LIABILITIES		
Current		
Accounts payable and accrued liabilities - note 5	$ 1,632,467	$ 1,838,874
Current portion of loan payable - note 6	-	130,000
	1,632,467	1,968,874
Deferred contributions - note 7	813,272	835,409
	2,445,739	2,804,283
NET ASSETS		
Net assets invested in capital assets - note 8	$ 835,086	$ 796,031
Unrestricted net assets	(1,358,760)	(1,768,663)
	(523,674)	(972,632)
	$ 1,922,065	$ 1,831,651

Approved on behalf of the Board of Directors:

William Everett Director

Director

The accompanying notes are an integral part of these financial statements

NEW VISIONS TORONTO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2022

	Invested in capital assets	Unrestricted	2022	2021
Net assets - beginning	$ 796,031	$ (1,768,663)	$ (972,632)	$ (1,303,476)
Operating surplus (deficit)	(64,216)	513,174	448,958	330,844
Investment in capital assets				
Additions - note 8	162,904	(162,904)	-	-
Deferred funding received in year - note 8	(59,633)	59,633	-	-
Net assets	$ 835,086	$ (1,358,760)	$ (523,674)	$ (972,632)

NEW VISIONS TORONTO

OPERATING FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
Revenue		
Provincial assistance - note 9	$ 10,118,217	$ 10,073,518
Client contribution	644,389	624,793
Direct client funding	171,840	267,901
Amortization of deferred contributions related to capital assets	120,037	144,168
Passport funding	90,435	220,543
Donations and fundraising	91,882	125,682
Other assistance	17,946	35,922
Interest	29	-
	11,254,775	11,492,527
Expenses		
Residential program		
Salaries and benefits	8,567,726	8,805,885
Supplies and services	537,495	820,638
Rent and premises	477,980	443,014
	9,583,201	10,069,537
General and administrative	986,984	852,653
Amortization	184,253	189,444
Fundraising expense	51,679	50,049
	1,222,916	1,092,146
	10,806,117	11,161,683
	448,658	330,844
Other income		
Gain on disposal of capital assets	300	-
Surplus for the year	$ 448,958	$ 330,844

NEW VISIONS TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
Cash from operating activities		
Surplus for the year	$ 448,958	$ 330,844
Adjustments to reconcile operating surplus to net cash provided by operating activities:		
Amortization	184,253	189,444
Amortization of deferred contributions related to capital assets	(120,037)	(144,168)
Gain on disposal of capital assets	(300)	-
Changes in non-cash working capital balances:		
Accounts receivable	8,340	89,565
HST receivable	69,261	(96,209)
Prepaid expenses	(5,152)	18,205
Accounts payable and accrued liabilities	(178,456)	(148,695)
Net cash generated through operating activities	406,867	238,986
Financing activities		
Proceeds from deferred contributions	97,900	70,674
(Repayments of) loan payable	(130,000)	-
Net cash (used) generated in financing activities	(32,100)	70,674
Investing activities		
Purchase of capital assets	(162,904)	(57,182)
Proceeds from disposal of capital assets	300	-
Net cash (used) in investing activities	(162,604)	(57,182)
Net change in cash and cash equivalents	212,163	252,478
Cash and cash equivalents - beginning	98,985	(153,493)
Cash and cash equivalents	$ 311,148	$ 98,985

NEW VISIONS TORONTO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

The purpose of the organization is to provide integrative and enhanced community based support services for children and adults who have a developmental disability. This is carried out through value based, community residential supports that encourage citizenship. The majority of the funding for operations is obtained from the Ministry of Children's, Community and Social Services.

Effective July 30, 1998, the organization changed its name from New Visions Homes for Children & Adolescents (Toronto) Inc. to New Visions Toronto. New Visions Toronto was incorporated on November 25, 1986 and active operations began January 1, 1987. The organization is a registered charity and, as such, is exempt from income tax.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

Fund accounting

The organization uses the deferral method of accounting and reports on a fund accounting basis. The funds maintained are as follows:

(i) Unrestricted fund - includes results of day-to-day operating transactions and all unrestricted contributions

(ii) Capital asset fund - includes the organization's assets, liabilities, revenue, and expenditures related to the capital assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Capital assets and amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is calculated based on the estimated useful life of the asset on a straight line basis over the following periods:

Automotive	- 5 years
Buildings	- 40 years
Building improvements	- remaining useful life of asset
Furniture and equipment	- 2-5 years
Leasehold improvements	- 1-10 years

In the year of acquisition of an asset, depreciation is calculated at 50% of the normal rate.

Summary of significant accounting policies - continued

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted revenues are recognized as revenue in the year in which the related expenses are incurred. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Deferred funding related to capital assets is recognized as revenue in the year in which the related amortization expense is incurred. Client contributions, direct client funding, and other assistance is recognized on a monthly basis in accordance with the terms of the client's agreement. Donations and fundraising revenues are recognized as received by the organization regardless of when the fundraising event takes place.

Estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) requires that management make estimates and assumptions that affect the amounts reported and the disclosures in the notes. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The valuation of accounts receivable is based on management's best estimate of the provision for bad debts.

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for depreciation of the capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

Contributed services

Volunteers contribute time each year to assist the organization in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Summary of significant accounting policies - continued

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and loan payable.

2. Continuity of operations

These financial statements have been prepared on the basis of accounting principles applicable to a going-concern, which contemplates the realization of assets and the payment of liabilities in the normal course of operations and the achievement of positive cash flows. Unrestricted net assets had a surplus of revenues over expenses for the year of $513,174 (2021 - $376,120) and a deficit at the year end of $1,358,760 (2021 - $1,768,663) and a working capital deficiency of $1,150,907 (2021 - $1,627,028). The continuation of the organization as a going-concern is dependent upon the achievement of positive cash flows from operations. If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported excess of expenses over revenue and the statement of financial position classifications used.

3. Capital assets

	Cost	Accumulated Depreciation	2022	2021
Land	$ 284,150	$ -	$ 284,150	$ 284,150
Automotive	293,747	228,353	65,394	41,507
Buildings and improvements	1,644,817	1,076,964	567,853	611,589
Furniture and equipment	736,889	604,710	132,179	85,842
Leasehold improvements	982,690	591,761	390,929	466,717
	$ 3,942,293	$ 2,501,788	$ 1,440,505	$ 1,489,805

The Ministry of Children's, Community and Social Services has an ownership interest in certain of the land and buildings. As a result of these ownership interests, the sale or alteration of these assets may be subject to the Ministry's approval.

4. Bank indebtedness

The organization has an agreement with its bank providing for an operating credit facility in the amount of $300,000. As of March 31, 2022, the organization utilized $Nil of the available revolving facility. The operating loan is due on demand and secured by a general security agreement providing the creditor with a security interest over all present and after-acquired movable property of the Borrower with a first ranking for machinery and equipment, CDN accounts receivable, inventory warehouse receipts, and assignment of fire insurance. The facility bares interest at the prime rate plus 1.25%

The organization has an agreement with its bank providing for a corporate MasterCard with a limit of $100,000. As of March 31, 2022, the organization utilized $83,188 of the available MasterCard facility. The MasterCard facility is due on demand and secured by a general security agreement providing the creditor with a security interest over all present and after-acquired movable property of the Borrower with a first ranking for machinery and equipment, CDN accounts receivable, inventory warehouse receipts, and assignment of fire insurance.

5. Accounts payable and accrued liabilities

	2022	2021
Trade payables and accrued liabilities	$ 1,017,588	$ 880,624
Government remittances	614,879	958,250
	$ 1,632,467	$ 1,838,874

6. Loan payable

The loan payable to Rachel Weisman is unsecured and due on demand. The loan bears interest at the rate of 8% per annum and is repayable as interest only monthly until maturity. The loan was repaid in full during the year.

7. Deferred contributions

	2022	2021
Balance, beginning of year	$ 835,409	$ 908,903
Add: Amounts received in advance	97,900	70,674
Less: Amounts amortized to revenue	120,037	144,168
Balance, end of year	$ 813,272	$ 835,409

Deferred contributions consist of restricted capital funding received for the purchase of depreciable capital assets and restricted funding received for a specific purpose that has not yet been spent.

8. Invested in capital assets

Investment in capital assets is calculated as follows:

	2022	2021
Capital assets	$ 1,440,505	$ 1,489,805
Less: Amounts financed by deferred contributions	605,419	693,774
Balance, end of year	$ 835,086	$ 796,031

Change in net assets invested in capital assets is calculated as follows:

	2022	2021
Operations:		
Amortization	$ (184,253)	$ (189,444)
Amortization of deferred contributions related to capital assets	120,037	144,168
	(64,216)	(45,276)
Purchase of capital assets	162,904	57,182
Contributions received	(59,633)	(37,723)
	103,271	19,459
	$ 39,055	$ (25,817)

9. Provincial assistance

	2022	2021
Ministry of Children's, Community and Social Services	$ 9,112,582	$ 9,039,581
Ministry of Health and Long-Term Care	1,005,635	1,033,937
	$10,118,217	$10,073,518

10. Commitments

The organization leases certain homes and office spaces. Future minimum lease payments required over the next five years are as follows:

2023	350,650
2024	351,783
2025	351,783
2026	351,783
2027	351,783

11. Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and loan payable. The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short term to maturity. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the organization is operating as a going concern and expects to fully repay the outstanding amount.

Liquidity risk

The organization does have liquidity risk in the accounts payable and accrued liabilities, and loan payable of $1,632,467 (2021 - $1,968,874). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains access to a sufficient cash balance to repay trade creditors, and repays capital lease interest and principal as it becomes due. In the opinion of management, the liquidity risk exposure to the organization is moderate. This risk is unchanged from the prior year.

Financial instruments - continued

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's loan payable is fixed rate debt. Therefore, changes in market interest rates do not impact payments on its loan payable and the organization is not subject to interest rate risk. This risk is unchanged from the prior year.

Credit risk

The organization does have credit risk in the accounts receivable of $57,785 (2021 - $66,125). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by following up overdue accounts on a timely basis and creating an allowance for bad debts when applicable. In the opinion of management, the credit risk exposure to the organization is low. This risk is unchanged from the prior year.

The organization has one entity that comprised 62% of total accounts receivable (2021 - three entities that comprised 97%).

The corporation also has a credit risk relating to cash, which it manages by dealing with large chartered banks in Canada. The corporation's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its cash in accounts that are insurable by the Canada Deposit Insurance Corporation (CDIC). The corporation's cash carrying value is $311,148 (2021 - $98,985), representing the maximum exposure to credit risk of these financial assets. This risk is unchanged from the prior year.

12. Economic dependence

The future viability of the organization is dependent upon continued support from the Ministry of Children's, Community and Social Services. The organization receives a substantial amount of funding from the Ministry of Children's, Community and Social Services pursuant to a service contract entered into by both parties.

13. Impact of COVID-19 pandemic

As the outbreak of the coronavirus (COVID-19) has continued to spread throughout areas in which the organization operates, precautionary measures have been taken to avoid the spread of COVID-19. These measures had previously included the procurement of personal protective equipment and cleaning supplies, strict enforcement of visiting policies and staff not being permitted to work at multiple locations or agencies. The organization has been able to relax some of these precautionary measures in the current year based on government guidelines. The organization has incurred significantly increased costs for caring for its residents and, at times, a reduced occupancy has occurred. Further, COVID-19 has impacted operations by causing staffing and supply shortages. The Organization's operations are heavily dependent on government funding, grants, donations and fundraising revenues. There is uncertainty as to the extent of additional funding that may be available from government sources as well as the extent of revenues that can be raised through donations and fundraising activities. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on residents, employees, donors and vendors, all of which are uncertain and cannot be predicted. Given these uncertainties, we cannot reasonably estimate the related impact to our organization, operating results, and financial condition. While expected to be temporary, these disruptions may negatively impact the organization's revenue, results of operations, financial condition, and liquidity in the fiscal 2023 year and beyond. Management is carefully monitoring the situation as developments occur.