

COMMUNITY LIVING WINDSOR

**AUDITORS' REPORT AND FINANCIAL
STATEMENTS**

MARCH 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Community Living Windsor

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Community Living Windsor, which comprise the statement of financial position as at March 31, 2023 and the statements of operations, changes in fund balances and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 the Organization as at March 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenues, revenue over (under) expenses, assets and fund balances. This issue also resulted in a qualification of the financial statements for the year ended March 31, 2022.

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 Organization 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 qualified 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.

INDEPENDENT AUDITORS' REPORT - continued

In preparing the financial statements, management is responsible for assessing the Organization'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 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.

Auditors' Responsibility for the Audit

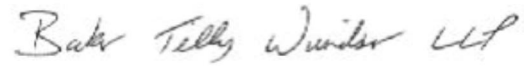
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

INDEPENDENT AUDITORS' REPORT - continued

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.

A handwritten signature in cursive script that reads "Baker Tilly Winters LLP".

Chartered Professional Accountants
Licensed Public Accountants

July 28, 2023

COMMUNITY LIVING WINDSOR

FINANCIAL STATEMENTS

MARCH 31, 2023

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COMMUNITY LIVING WINDSOR

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	Operating Fund	Capital Fund	Building Fund	2023	2022
REVENUE					
Provincial grants	\$37,104,204	\$ -	\$ -	\$37,104,204	\$35,909,127
Federal grants	166,139	-	-	166,139	37,419
Fees by user	984,287	-	-	984,287	1,162,177
Sales and product income	33,793	-	-	33,793	6,700
Billed for individualized supports	532,059	-	-	532,059	677,574
Interest (Expense) (note 3)	206,042	38,227	-	244,269	(126,998)
Other	181,343	13,695	-	195,038	292,128
Donations	-	30,572	-	30,572	19,020
Gain (loss) on sale of assets	-	(339,509)	-	(339,509)	1,665
Amortization of deferred contributions	-	233,435	-	233,435	233,435
	<u>39,207,867</u>	<u>(23,580)</u>	<u>-</u>	<u>39,184,287</u>	<u>38,212,247</u>
EXPENSES					
Salaries	22,695,466	-	-	22,695,466	21,213,301
Pension	938,598	-	-	938,598	1,032,673
Fringe benefits	4,089,975	-	-	4,089,975	3,686,345
Staff travel	364,238	-	-	364,238	292,066
Communication	71,139	-	-	71,139	77,703
Rent and mortgage	166,254	-	-	166,254	301,162
Utilities and taxes	116,215	-	-	116,215	80,547
Staff training	204,018	-	-	204,018	308,678
Advertising and promotion	28,148	-	-	28,148	16,256
Services - repairs and maintenance	930,512	-	-	930,512	947,782
Professional fees	146,178	-	-	146,178	114,664
Information technology services	235,480	-	-	235,480	185,830
Purchased services	6,807,451	-	-	6,807,451	6,556,332
Insurance	232,146	-	-	232,146	224,079
Other services	110,810	-	-	110,810	23,777
Supplies - repairs and maintenance	30,278	-	-	30,278	30,738
Supplies - IT	55,170	-	-	55,170	163,490
Supplies	456,734	1,717	-	458,451	818,064
Amortization	-	639,906	-	639,906	795,920
Expense recoveries	(9,948)	-	-	(9,948)	(3,712)
	<u>37,668,862</u>	<u>641,623</u>	<u>-</u>	<u>38,310,485</u>	<u>36,865,695</u>
REVENUE OVER (UNDER)					
EXPENSES	<u>\$ 1,539,005</u>	<u>\$ (665,203)</u>	<u>\$ -</u>	<u>\$ 873,802</u>	<u>\$ 1,346,552</u>

COMMUNITY LIVING WINDSOR

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2023

	Operating Fund	Capital Fund	Building Fund	2023	2022
BALANCE, BEGINNING	\$ 6,606,615	\$ 7,203,233	\$ -	\$13,809,848	\$12,464,668
REVENUE OVER (UNDER) EXPENSES	1,539,005	(665,203)	-	873,802	1,346,552
INTERFUND TRANSFERS (note 6)	(384,768)	383,396	1,372	-	-
TRANSFER DEFERRED	<u>-</u>	<u>-</u>	<u>(1,372)</u>	<u>(1,372)</u>	<u>(1,372)</u>
BALANCE, ENDING	<u>\$ 7,760,852</u>	<u>\$ 6,921,426</u>	<u>\$ -</u>	<u>\$14,682,278</u>	<u>\$13,809,848</u>

COMMUNITY LIVING WINDSOR

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

	Operating Fund	Capital Fund	Building Fund	2023	2022
ASSETS					
CURRENT ASSETS					
Cash	\$ 3,230,502	\$ 627,073	\$ 41,980	\$ 3,899,555	\$ 1,697,339
Short-term investments (note 3)	2,329,793	528,643	-	2,858,436	887,830
Accounts receivable	433,209	-	-	433,209	1,391,899
Due from (to) funds (note 5)	61,346	(61,346)	-	-	-
Prepaid expenses	-	-	-	-	20,448
	6,054,850	1,094,370	41,980	7,191,200	3,997,516
PROPERTY, PLANT & EQUIPMENT (note 7)	-	6,783,288	-	6,783,288	7,387,521
INVESTMENTS (note 3)	5,253,682	846,337	-	6,100,019	7,963,874
	<u>\$11,308,532</u>	<u>\$ 8,723,995</u>	<u>\$ 41,980</u>	<u>\$20,074,507</u>	<u>\$19,348,911</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable (note 8)	\$ 3,547,674	\$ -	\$ -	\$ 3,547,674	\$ 3,332,609
Current portion of long-term debt (note 9)	-	16,183	-	16,183	145,088
Deferred contributions (note 10)	-	232,479	41,980	274,459	560,077
	3,547,674	248,662	41,980	3,838,316	4,037,774
LONG-TERM DEBT (note 9)	-	6,809	-	6,809	22,993
DEFERRED CONTRIBUTIONS (note 11)	-	1,547,097	-	1,547,097	1,478,296
	<u>3,547,674</u>	<u>1,802,568</u>	<u>41,980</u>	<u>5,392,222</u>	<u>5,539,063</u>
FUND BALANCES					
INVESTED IN PROPERTY, PLANT & EQUIPMENT INTERNALLY	-	5,381,028	-	5,381,028	5,741,144
RESTRICTED (note 6)	4,682,068	206,533	-	4,888,601	4,339,187
UNRESTRICTED	3,078,790	1,333,866	-	4,412,656	3,729,517
	<u>7,760,858</u>	<u>6,921,427</u>	<u>-</u>	<u>14,682,285</u>	<u>13,809,848</u>
	<u>\$11,308,532</u>	<u>\$ 8,723,995</u>	<u>\$ 41,980</u>	<u>\$20,074,507</u>	<u>\$19,348,911</u>

ON BEHALF OF THE BOARD

Director

Director

COMMUNITY LIVING WINDSOR**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2023**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over expenses	\$ 873,802	\$ 1,346,552
Transfers deferred	(1,372)	(1,372)
Amortization of property, plant and equipment	639,906	795,920
Loss (gain) on sale of property, plant and equipment	339,509	(1,665)
Amortization of deferred contributions	(233,435)	(233,435)
Net change in non-cash working capital	1,108,138	(1,437,336)
Increase in deferred contributions	<u>16,625</u>	<u>63,330</u>
	<u>2,743,173</u>	<u>531,994</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	436,000	-
Purchase of property, plant & equipment	(811,183)	(510,721)
Purchase of investments	<u>(20,686)</u>	<u>(5,069,986)</u>
	<u>(395,869)</u>	<u>(5,580,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan principal repayments	<u>(145,088)</u>	<u>(26,504)</u>
INCREASE (DECREASE) IN CASH POSITION	2,202,216	(5,075,217)
CASH POSITION, BEGINNING	<u>1,697,339</u>	<u>6,772,556</u>
CASH POSITION, ENDING	<u>\$ 3,899,555</u>	<u>\$ 1,697,339</u>

COMMUNITY LIVING WINDSOR**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023**

1. STATUS AND NATURE OF ACTIVITIES

The organization, incorporated under the Corporations Act of Ontario without share capital, supports and promotes the needs of the developmentally disabled of all ages through residential, vocational, family support and counselling services. The organization is a registered charity and is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and includes the following significant accounting policies:

FUND ACCOUNTING**OPERATING FUND**

Revenue and expenses related to program delivery and administrative activities are reported in the operating fund.

CAPITAL FUND

The capital fund reports capital transactions and donation revenues. Capital acquisitions are recorded at cost as property, plant & equipment. The acquisitions are funded by donations received, grants and contributions from the operating fund. The interest on mortgage payments is reflected in rent and mortgage expense in the operating fund.

BUILDING RESERVE FUND

A home run by the organization receives funds from the Ministry of Housing and Canada Mortgage and Housing. A requirement of this funding is the establishment of a building reserve fund to provide money for major repairs to the home. Contributions are made to the fund each year by the funding agencies, and money may only be used for building repairs with the permission of the funding agency.

USE OF ACCOUNTING 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 effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, the useful lives of property, plant & equipment require the use of management estimates. Actual results could differ from these estimates.

COMMUNITY LIVING WINDSOR**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023**

2. SIGNIFICANT ACCOUNTING POLICIES - continued

REVENUE RECOGNITION

Community Living Windsor follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

All other revenues are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

DONATED SERVICES

Donated services are not recorded in the accounts.

PROPERTY, PLANT & EQUIPMENT

Purchased property, plant & equipment are recorded in the capital fund at cost. Contributed property, plant & equipment are recorded in the capital fund at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' useful lives which for buildings is 20 years, for furniture and equipment is 5 years and for automotive equipment is 8 years. Amortization is recorded in the capital fund. Restricted contributions for the purchase of property, plant & equipment that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant & equipment. Restricted contributions for the purchase of property, plant & equipment that will not be amortized are recognized as direct increases in net assets.

FINANCIAL INSTRUMENTS**Measurement of financial instruments**

Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

COMMUNITY LIVING WINDSOR

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES - continued

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and due from (to) funds.

The organization's financial assets measured at fair value include short-term investments and investments.

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- The present value of the cash flows expected to be generated by the asset or group of assets;
- The amount that could be realized by selling the asset or asset group; or
- The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized up to the amount of the previously recognized impairment.

Transaction costs

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized and amortized over the expected life of the instrument using the straight line method for financial instruments that are subsequently measured at cost or amortized cost.

3. INVESTMENTS**2023****2022**

The organization invests in low risk Canadian and Provincial Savings Bonds as well as various Guaranteed Investment Certificates with a total principal book value of \$8,988,137 (2022, \$8,937,770) and maturity dates ranging from June 2023 to June 2026. These investments are earning annual interest at rates ranging from 0.65% to 4.75% on compound interest from certain Savings Bonds. The accumulated accrued interest and book value of investments reflect the published fair value of investments at March 31, 2023.

Short-term investments	\$ 2,858,436	\$ 887,830
Long-term investments	<u>6,100,018</u>	<u>7,963,874</u>
Fair value	<u>\$ 8,958,454</u>	<u>\$ 8,851,704</u>

COMMUNITY LIVING WINDSOR

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

4. INVESTMENT INCOME

Investment income earned is reported as follows:

	2023	2022
Income (loss) earned on unrestricted operating funds	\$ 206,042	\$ (120,071)
Income (loss) earned on unrestricted capital funds	38,227	(6,927)
Income earned on Electrozad Fund	-	10
Income earned on Building Reserve Fund	<u>960</u>	<u>107</u>
Total investment (loss) income earned in period	245,229	(126,881)
Less amount deferred	<u>960</u>	<u>117</u>
Total investment income (loss) recognized	<u>\$ 244,269</u>	<u>\$ (126,998)</u>

5. INTERFUND TRANSACTIONS

Interfund transactions are non-interest bearing and have no specific terms of repayment.

6. INTERNALLY RESTRICTED FUND BALANCES AND INTERFUND TRANSFERS

At March 31, 2023 internally restricted resources of the operating fund amount to \$4,682,068 (2022, \$4,132,654) and represent fees charged to individuals for the use of vehicles or property in excess of current maintenance costs and have been set aside for the future maintenance or replacement of these assets.

At March 31, 2023 internally restricted resources of the capital fund amount to \$206,533 (2022, \$206,533) and are committed for projects and are not available for other purposes without approval of the Board of Directors.

In addition, at March 31, 2023 the Operating Fund transferred \$384,768 (2022, \$540,262) to the Capital and Building Reserve Funds in order to fund cash outlays for property, plant & equipment acquisitions, building repairs and mortgage principal payments.

COMMUNITY LIVING WINDSOR

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

7. PROPERTY, PLANT & EQUIPMENT			2023	2022
	Cost	Accumulated Amortization	Net	Net
Land	\$ 2,339,828	\$ -	\$ 2,339,828	\$ 2,422,466
Buildings	12,485,763	9,284,405	3,201,358	3,684,852
Furniture and equipment	657,244	533,671	123,573	89,909
Automotive equipment	<u>2,869,988</u>	<u>1,751,459</u>	<u>1,118,529</u>	<u>1,190,293</u>
	<u>\$ 18,352,823</u>	<u>\$ 11,569,535</u>	<u>\$ 6,783,288</u>	<u>\$ 7,387,520</u>

8. GOVERNMENT REMITTANCES PAYABLE	2023	2022
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The accounts payable include the following government remittances owing:

Payroll taxes payable	<u>\$ 262,301</u>	<u>\$ 245,894</u>
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9. LONG-TERM DEBT	2023	2022
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These obligations are secured by first mortgages against the land and buildings (net book value \$50,000) to which they apply, and by chattel mortgages for the chattels located in those premises, as follows:

2501 Virginia Park

Mortgage loan payable in monthly instalments of \$1,371 including interest at 2.505%, final instalment due August 1, 2025.	\$ 22,992	\$ 38,777
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3118, 3122 Seville

Mortgage loan payable in monthly instalments of \$1,246 including interest at 2.84%, final instalment due August 1, 2022.	<u>-</u>	<u>129,303</u>
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Current portion

	22,992	168,080
	<u>16,183</u>	<u>145,088</u>
	<u>\$ 6,809</u>	<u>\$ 22,992</u>

Payments on account of principal required to be paid over the next two years are as follows: 2024, \$16,183; and 2025, \$6,809.

Interest paid on long-term debt for the year amounted to \$787 (2022, \$5,018).

COMMUNITY LIVING WINDSOR

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

10. DEFERRED CONTRIBUTIONS**2023****2022**

Deferred contributions reported in the Operating Fund relate to restricted operating funding received in the current period that is related to a subsequent period. Changes in the deferred contributions balance reported in the Operating Fund are as follows:

Balance beginning	\$ 298,482	\$ 235,644
Add amount received	-	62,838
Less amount recognized as revenue in the year	<u>(298,482)</u>	<u>-</u>
Balance ending	<u>\$ -</u>	<u>\$ 298,482</u>

Deferred contributions reported in the Capital Fund relate to unspent restricted contributions. Changes in deferred contributions balance reported in the Capital Fund are as follows:

Balance beginning	\$ 221,949	\$ 218,423
Add amount received	10,530	6,526
Less amount recognized as revenue in the year	<u>-</u>	<u>(3,000)</u>
	<u>\$ 232,479</u>	<u>\$ 221,949</u>

Deferred contributions reported in the Electrozad Fund relate to unspent restricted contributions and interest earned thereon. Changes in the deferred contributions balance reported in the Electrozad Fund are as follows:

Balance beginning	\$ -	\$ 4,507
Less amount recognized as revenue in the year	-	(4,517)
Add interest earned but not recognized	<u>-</u>	<u>10</u>

Deferred contributions reported in the Building Reserve Fund relate to unspent restricted contributions and interest earned thereon. Changes in the deferred contributions balance reported in the Building Reserve Fund are as follows:

Balance beginning	\$ 39,648	\$ 38,169
Add amounts transferred to fund but not recognized	1,372	1,372
Add interest earned but not recognized	<u>960</u>	<u>107</u>
Balance ending	<u>\$ 41,980</u>	<u>\$ 39,648</u>

COMMUNITY LIVING WINDSOR

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

**11. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY,
PLANT & EQUIPMENT**
2023**2022**

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed property, plant & equipment and restricted contributions with which property, plant & equipment were purchased.

The changes for the year in the deferred contributions balance reported in the Capital Fund are as follows:

Balance beginning	\$ 1,478,293	\$ 1,711,728
Less amounts amortized to revenue	(233,435)	(233,435)
Add funding received in the year	<u>302,239</u>	<u>-</u>
Balance ending	<u>\$ 1,547,097</u>	<u>\$ 1,478,293</u>

12. FORGIVABLE GOVERNMENT LOANS

From 2007 to 2013, 2019 to 2020 and 2023 the organization received \$3,396,294 in forgivable government loans for the construction of subsidized housing facilities. The loans are funded by a combination of federal and provincial government funds and bear interest at commercial first mortgage rates plus 2%. Provided that all terms of the agreement are met, the interest payments are forgiven annually and the principal portion will be forgiven at the end of twenty years (2027 to 2040).

At year end, the organization is in compliance with the conditions of the agreement and therefore no interest has been recorded.

The forgivable government grants have been treated as deferred contributions and they are amortized into income on the same basis as the underlying assets fund (note 11).

13. ALLOCATED EXPENSES

Fundraising costs are not allocated and form part of the capital fund. General support expenses consist primarily of administrative salaries, benefits and other costs of shared program support. Internally these costs are allocated to various departments based on budgeting and the discretion of management and the board of directors. These financial statements do not segregate items by department and consequently all allocations net to zero.

COMMUNITY LIVING WINDSOR**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023**

14. FINANCIAL INSTRUMENTS

The main risks the organization's financial instruments are exposed to are credit risk, interest rate risk and liquidity risk.

Credit risk

The financial instruments that potentially subject the organization to a significant concentration of credit risk consist primarily of cash and accounts receivable. The organization mitigates its exposure to credit loss by placing its cash with major financial institutions. The organization is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. The organization routinely assesses the financial strength of its customers and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

Interest rate risk

The long-term debt, short-term investments and investments bear interest at a fixed rate of interest, and as such is subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. The organization does not use derivative financial instruments to alter the effects of the risk.

Liquidity risk

Liquidity risk relates to the risk the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

15. MCSS FUNDING CONTRACTS

The organization has a Service Contract/CFSA Approval with the Ministry of Community and Social Services and the Ministry of Children and Youth Services. A reconciliation report summarizes, by program, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA Approval. This report shows that there are no surplus or deficit positions as at March 31, 2023.