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COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Common Ground Co-operative Inc., which comprise the statement of financial position as at March 31, 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As is the case of most organizations in receipt of funds by donations and fundraising, verification of such items was impractical beyond accounting for amounts recorded in the accounts of the organization, and we were not able to determine whether adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Common Ground Co-operative Inc. as at March 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Respectfully submitted,



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
June 28, 2018

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 249,016	\$ 204,617
Short term investments	209,762	208,202
Accounts receivable	3,237	11,109
Prepaid expenses	<u>3,711</u>	<u>3,931</u>
	465,726	427,859
Capital assets - at cost less accumulated amortization (note 2)	<u>8,758</u>	<u>11,093</u>
	<u>\$ 474,484</u>	<u>\$ 438,952</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ <u>31,301</u>	\$ <u>26,872</u>
	<u>31,301</u>	<u>26,872</u>
NET ASSETS		
Net assets internally restricted for general purposes (note 3)	200,000	200,000
Unrestricted net assets	<u>243,183</u>	<u>212,080</u>
	<u>443,183</u>	<u>412,080</u>
	<u>\$ 474,484</u>	<u>\$ 438,952</u>

Approved on behalf of the Board:

David Hulper Director

Barbara Director

Lease Commitments (note 4)

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

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2018

	Restricted for general purposes (Note 3)	Unrestricted	2018 Total	2017 Total
BALANCE - Beginning of year	\$ 200,000	\$ 212,080	\$ 412,080	\$ 385,219
- Excess of revenues over expenses	<u>-</u>	<u>31,103</u>	<u>31,103</u>	<u>26,861</u>
BALANCE - End of year	\$ <u>200,000</u>	\$ <u>243,183</u>	\$ <u>443,183</u>	\$ <u>412,080</u>

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

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUES		
MCSS Program Funding		
- DSB employment supports	\$ 261,548	\$ 260,186
- Adult DS community support services	128,813	128,813
- DS community support services	-	1,000
Fundraising and individual donations	52,489	61,100
Corporate and foundation donations	63,500	42,855
Fees for service	38,345	26,996
Partnership management fee	10,452	9,669
Rent charge back	6,000	6,000
Interest and sundry	2,867	2,448
Membership fees	860	995
	<u>564,874</u>	<u>540,062</u>
EXPENSES		
Salaries and benefits	457,570	441,521
Occupancy	44,874	44,054
Programs	7,529	6,603
Development costs	5,514	2,463
Office and general	4,775	5,191
Telecommunications	4,594	4,021
Professional fees	3,501	2,930
Staff development	2,868	1,396
Volunteers	151	173
Travel	60	349
Amortization	2,335	4,500
	<u>533,771</u>	<u>513,201</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 31,103</u>	<u>\$ 26,861</u>

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

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

	2018	2017
Cash flow from operating activities:		
Excess of revenues over expenses	\$ <u>31,103</u>	\$ <u>26,861</u>
Adjustments for:		
Amortization	<u>2,335</u>	<u>4,500</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	7,871	(8,163)
Decrease in prepaid expenses and sundry assets	220	342
Increase (decrease) in accounts payable and accrued liabilities	<u>4,430</u>	<u>(1,963)</u>
	<u>12,521</u>	<u>(9,784)</u>
Cash flow from operating activities:	<u>45,959</u>	<u>21,577</u>
Cash flow from investing activities:		
Increase in short term investments	(1,560)	(1,607)
Purchase of capital assets	<u>-</u>	<u>(354)</u>
	<u>(1,560)</u>	<u>(1,961)</u>
Net increase in cash and cash equivalents	44,399	19,616
CASH AND CASH EQUIVALENTS - Beginning of year	<u>204,617</u>	<u>185,001</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u>249,016</u>	\$ <u>204,617</u>

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

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CPA Handbook.

(a) PURPOSE OF THE ORGANIZATION

Common Ground Co-operative Inc. ("CGC") was incorporated under the Ontario Co-operative Corporations Act on February 17, 2000 as a not-for-profit organization and received status as a registered charity under the Income Tax Act on January 17, 2006, registration number 88401 6411 RR0001.

CGC's Mission is "Empowering adults with developmental disabilities to lead meaningful, fulfilling lives".

CGC is exempt from income taxes under section 149 of the Income Tax Act.

(b) CASH

Cash and cash equivalents consist of cash on hand and bank deposit accounts.

(c) SHORT TERM INVESTMENTS

Short term investments consist of marketable investments with an original maturity date of 1 year or less.

(d) ACCOUNTS RECEIVABLE

Accounts receivable include amounts due from coffee sheds and a partnership. Unless otherwise provided for, all receivables are expected to be collected within 90 days.

(e) CAPITAL ASSETS

Capital assets are recorded at cost when purchased and are subsequently measured at cost less accumulated amortization. They are amortized over their estimated useful lives using the following basis:

Equipment	- 20% of unamortized cost
Office furniture	- 20% of unamortized cost
Computer hardware	- 30% of unamortized cost
Leasehold improvements	- 5 year straight-line basis

Continued...

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COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

...Continued

(f) REVENUE RECOGNITION

- (i) The organization uses the deferral method in accounting for contributions. Accordingly, contributions subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred.
- (ii) Contributed goods and services are not recorded in the accounts of the organization, except when a fair value of such goods and services can be reasonably estimated and when the goods and services are normally purchased by the organization and would be paid for if not donated. Volunteers contribute significant amounts of time to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these statements.
- (iii) Charitable donations in kind are recorded in the financial statements if donation receipts are issued and fair value of the donation can be reasonably determined.

(g) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

(h) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, short term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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COMMON GROUND CO-OPERATIVE INC.

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

...Continued

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net	2017 Net
Equipment	\$ 113,213	\$ 106,374	\$ 6,839	\$ 8,548
Office furniture	4,820	3,713	1,107	1,383
Computer hardware	21,572	20,760	812	1,161
Leasehold improvements	15,633	15,633	-	1
Computer software	<u>9,455</u>	<u>9,455</u>	<u>-</u>	<u>-</u>
	\$ <u>164,693</u>	\$ <u>155,935</u>	\$ <u>8,758</u>	\$ <u>11,093</u>

3. INTERNALLY RESTRICTED FUND

The Board of Directors in the March 31, 2010 year end established a fund to be used to fund possible costs in connection with a shut-down of operations or similar contingency. The amount of \$100,000 was transferred in the March 31, 2010 year end and \$100,000 in the March 31, 2014 year end.

4. LEASE COMMITMENTS

The organization is obligated under the terms of its leases on its premises for the following annual amounts (inclusive of HST):

2019 -	41,511
2020 -	<u>6,944</u>
	\$ <u>48,455</u>

5. FINANCIAL INSTRUMENTS

(a) Liquidity Risk

Liquidity risk is a risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization is exposed to liquidity risk arising primarily from the requirement to pay its payables and withholding taxes. The organization's ability to meet these obligations depends on the receipt of funds from its operations, which it monitors closely.

(b) The organization believes that it is not exposed to significant interest, currency, credit, market or other price risks arising from holding financial instruments.