

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the members of **Common Ground Co-Operative Inc.**

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 the organization as at March 31, 2019, 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.

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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

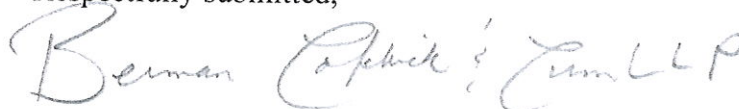
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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 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 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.

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.

Respectfully submitted,



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
July 15, 2019

COMMON GROUND CO-OPERATIVE INC.

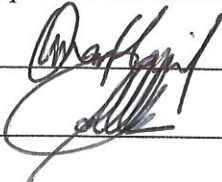
(a charitable organization)

STATEMENT OF FINANCIAL POSITION


MARCH 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ 275,874	\$ 249,016
Short term investments	211,436	209,762
Accounts receivable	7,820	3,237
Prepaid expenses	<u>4,884</u>	<u>3,711</u>
	500,014	465,726
Capital assets - at cost less accumulated amortization (note 2)	<u>6,976</u>	<u>8,758</u>
	<u>\$ 506,990</u>	<u>\$ 474,484</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ <u>24,707</u>	\$ <u>31,301</u>
NET ASSETS		
Net assets internally restricted for general purposes (note 3)	200,000	200,000
Unrestricted net assets	<u>282,283</u>	<u>243,183</u>
	<u>482,283</u>	<u>443,183</u>
	<u>\$ 506,990</u>	<u>\$ 474,484</u>

Approved on behalf of the Board:



Director



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, 2019

	Restricted for general purposes (Note 3)	Unrestricted	2019 Total	2018 Total
BALANCE - Beginning of year	\$ 200,000	\$ 243,183	\$ 443,183	\$ 412,080
Add - Excess of revenues over expenses	<u> -</u>	<u> 39,100</u>	<u> 39,100</u>	<u> 31,103</u>
BALANCE - End of year	\$ <u>200,000</u>	\$ <u>282,283</u>	\$ <u>482,283</u>	\$ <u>443,183</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, 2019

	2019	2018
REVENUES		
MCSS Program Funding		
- DSB employment supports	\$ 271,850	\$ 261,548
- Adult DS community support services	134,588	128,813
Fundraising and individual donations	71,049	52,489
Corporate and foundation donations	35,850	63,500
Fees for service	32,703	38,345
Partnership management fee	10,999	10,452
Rent charge back	6,000	6,000
Interest and sundry	2,908	2,867
Membership fees	<u>477</u>	<u>860</u>
	<u>566,424</u>	<u>564,874</u>
EXPENSES		
Salaries and benefits	456,338	457,570
Occupancy	48,717	44,874
Programs	4,711	7,529
Telecommunications	4,212	4,594
Office and general	3,710	4,775
Professional fees	3,638	3,501
Development costs	2,427	5,514
Staff development	1,532	2,868
Volunteers	257	151
Travel	-	60
Amortization	<u>1,782</u>	<u>2,335</u>
	<u>527,324</u>	<u>533,771</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>39,100</u>	\$ <u>31,103</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, 2019

	2019	2018
Cash flow from operating activities:		
Excess of revenues over expenses	\$ <u>39,100</u>	\$ <u>31,103</u>
Adjustments for:		
Amortization	<u>1,782</u>	<u>2,335</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(4,583)	7,871
(Increase) decrease in prepaid expenses and sundry assets	(1,173)	220
Increase (decrease) in accounts payable and accrued liabilities	<u>(6,594)</u>	<u>4,430</u>
	<u>(12,350)</u>	<u>12,521</u>
Cash flow from operating activities:	<u>28,532</u>	<u>45,959</u>
Cash flow from investing activities:		
Increase in short term investments	<u>(1,674)</u>	<u>(1,560)</u>
Net increase in cash and cash equivalents	26,858	44,399
CASH AND CASH EQUIVALENTS - Beginning of year	<u>249,016</u>	<u>204,617</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u>275,874</u>	\$ <u>249,016</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, 2019

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 Misson 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

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COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

...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.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

...Continued

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net	2018 Net
Equipment	\$ 113,213	\$ 107,691	\$ 5,522	\$ 6,839
Office furniture	4,820	3,935	885	1,107
Computer hardware	21,572	21,003	569	812
Leasehold improvements	15,633	15,633	-	-
Computer software	<u>9,455</u>	<u>9,455</u>	<u>-</u>	<u>-</u>
	\$ <u>164,693</u>	\$ <u>157,717</u>	\$ <u>6,976</u>	\$ <u>8,758</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):

2020 - \$ 6,944

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.