

YEAR ENDED MARCH 31, 2020

FINANCIAL STATEMENTS

(a charitable organization)

COMMON GROUND CO-OPERATIVE INC.

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To the members of Common Ground Co-Operative Inc.

INDEPENDENT AUDITORS' REPORT

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, 2020, 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,


Benjamin Black, Chartered Professional Accountant
Benjamin Black & Co. LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
July 28, 2020

COMMON GROUND CO-OPERATIVE INC.

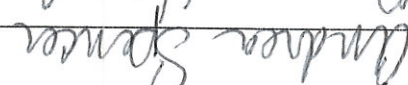

(a charitable organization)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 295,241	\$ 275,874
Short term investments	213,205	211,436
Accounts receivable	9,404	7,820
Prepaid expenses	5,531	4,884
	<u>523,381</u>	<u>500,014</u>
Capital assets - at cost less accumulated amortization (note 2)	8,222	6,976
	<u>\$ 531,603</u>	<u>\$ 506,990</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	24,318	\$ 24,707
NET ASSETS		
Net assets internally restricted for general purposes (note 3)	200,000	200,000
Unrestricted net assets	307,285	282,283
	<u>507,285</u>	<u>482,283</u>
	<u>\$ 531,603</u>	<u>\$ 506,990</u>

Approved on behalf of the Board:

 Director
 Director

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, 2020

	Restricted for general purposes (Note 3)	Unrestricted	Total 2020	Total 2019
BALANCE - Beginning of year	\$ 200,000	\$ 282,283	\$ 482,283	\$ 443,183
Add - Excess of revenues over expenses	-	25,002	25,002	39,100
BALANCE - End of year	\$ 200,000	\$ 307,285	\$ 507,285	\$ 482,283

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, 2020

	2020	2019
REVENUES		
MCSS Program Funding		
- DSB employment supports		
- Adult DS community support services		
Fundraising and individual donations	132,617	134,588
Corporate and foundation donations	56,480	71,049
Fees for service	53,358	35,850
Partnership management fee	35,723	32,703
Rent charge back	12,209	10,999
Interest and sundry	6,000	6,000
Membership fees	3,167	2,908
	556	477
EXPENSES	567,979	566,424
Salaries and benefits	470,770	456,338
Occupancy	50,193	48,717
Office and general	5,515	3,710
Telecommunications	4,788	4,212
Professional fees	3,775	3,638
Programs	2,949	4,711
Development costs	2,368	2,427
Staff development	525	1,532
Volunteers	226	257
Amortization	1,868	1,782
	542,977	527,324
EXCESS OF REVENUES OVER EXPENSES	\$ 25,002	\$ 39,100

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, 2020

	2020	2019
Cash flow from operating activities:		
Excess of revenues over expenses	\$ 25,002	\$ 39,100
Adjustments for:		
Amortization	1,868	1,782
Changes in non-cash working capital:		
Increase in accounts receivable	(1,584)	(4,583)
Increase in prepaid expenses and sundry assets	(647)	(1,173)
Increase in accounts payable and accrued liabilities	(389)	(6,594)
Cash flow from operating activities:	24,250	28,532
Cash flow from investing activities:		
Increase in short term investments	(1,769)	(1,674)
Purchase of capital assets	(3,114)	-
Net increase in cash and cash equivalents	19,367	26,858
CASH AND CASH EQUIVALENTS - Beginning of year	275,874	249,016
CASH AND CASH EQUIVALENTS - End of year	\$ 295,241	\$ 275,874

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, 2020

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

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

...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.

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

...Continued

2. CAPITAL ASSETS

	Accumulated	Cost	Equipment
	Amortization		
	Net		
	2020		
	2019		
	Net		
Equipment	\$ 4,469	\$ 113,213	\$ 108,744
Office furniture	708	4,112	4,112
Computer hardware	3,045	24,686	21,641
Leasehold improvements	-	15,633	15,633
Computer software	-	9,455	9,455
	\$ 8,222	\$ 159,585	\$ 167,807
	\$ 6,976		

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. 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.