

COMMON GROUND CO-OPERATIVE INC.

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Common Ground Co-Operative Inc., which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 26, 2021

COMMON GROUND CO-OPERATIVE INC.
(a charitable organization)
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 378,074	\$ 295,241
Short term investments	214,583	213,205
Accounts receivable	14,061	9,404
Prepaid expenses	<u>3,888</u>	<u>5,531</u>
	610,606	523,381
Capital assets - at cost less accumulated amortization (note 2)	<u>11,238</u>	<u>8,222</u>
Total assets	<u>\$ 621,844</u>	<u>\$ 531,603</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	<u>\$ 20,686</u>	<u>24,318</u>
NET ASSETS		
Net assets internally restricted for general purposes (note 3)	200,000	200,000
Unrestricted net assets	<u>401,158</u>	<u>307,285</u>
	<u>601,158</u>	<u>507,285</u>
	<u>\$ 621,844</u>	<u>\$ 531,603</u>

Approved on behalf of the Board:

Andrea Spencer Director

Char Klein Director

COMMON GROUND CO-OPERATIVE INC.
(a charitable organization)
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2021

	Restricted for general purposes (note 3)	Unrestricted	2021 Total	2020 Total
BALANCE - Beginning of year	\$ 200,000	\$ 307,285	\$ 507,285	\$ 482,283
Add - Excess of revenue over expenses	<u> -</u>	<u> 93,873</u>	<u> 93,873</u>	<u> 25,002</u>
BALANCE - End of year	<u>\$ 200,000</u>	<u>\$ 401,158</u>	<u>\$ 601,158</u>	<u>\$ 507,285</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, 2021

	2021	2020
REVENUE		
MCCSS Program Funding		
-DSB employment support	\$ 267,869	\$ 267,869
-Adult DS community support services	132,617	132,617
-Temporary wage enhancement	20,219	-
Fundraising and individual donations	43,294	56,480
Corporate and foundation donations	38,039	53,358
Fees for service	28,589	35,723
Partnership management fee	2,371	12,209
Rent charge back	6,000	6,000
Interest and sundry	2,549	3,167
Canada Emergency Wage subsidy-10%	10,565	-
Canada Emergency Wage subsidy-75%	52,819	-
Rent subsidy	3,676	-
Membership fees	<u>770</u>	<u>556</u>
	<u>609,377</u>	<u>567,979</u>
EXPENSES		
Salaries and benefits	444,191	470,770
Occupancy	50,448	50,193
Telecommunications	5,133	4,788
Office and general	4,750	5,515
Professional fees	4,399	3,775
Programs	1,619	2,949
Staff development	1,214	525
Development costs	925	2,368
Volunteers	-	226
Amortization	<u>2,825</u>	<u>1,868</u>
	<u>515,504</u>	<u>542,977</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 93,873</u>	<u>\$ 25,002</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, 2021

	2021	2020
Cash flow from operating activities:		
Excess of revenue over expenses	\$ <u>93,873</u>	\$ <u>25,002</u>
Adjustments for:		
Amortization	<u>2,825</u>	<u>1,868</u>
Changes in non-cash working capital:		
Decrease in accounts receivable	(4,657)	(1,584)
(Increase) decrease in prepaid expenses and sundry assets	1,643	(647)
Decrease in accounts payable and accrued liabilities	<u>(3,632)</u>	<u>(389)</u>
	<u>(6,646)</u>	<u>(2,620)</u>
Cash flow from operating activities:	<u>90,052</u>	<u>24,250</u>
Cash flow from investing activities:		
Increase in short term investments	(1,378)	(1,769)
Purchase of capital assets	<u>(5,841)</u>	<u>(3,114)</u>
	<u>(7,219)</u>	<u>(4,883)</u>
Net increase in cash and cash equivalents	82,833	19,367
CASH AND CASH EQUIVALENTS - Beginning of year	<u>295,241</u>	<u>275,874</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u><u>378,074</u></u>	\$ <u><u>295,241</u></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, 2021

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 Chartered Professional Accountants of Canada ("CPA Canada") Handbook.

(a) PURPOSE OF THE ORGANIZATION

Common Ground Co-Operative Inc.(CGC)was incorporated under the Ontario Cooperative Corporations Act on February 17, 2000 as a not-for-profit organization and received a 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 dates 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

COMMON GROUND CO-OPERATIVE INC.

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(f) REVENUE RECOGNITION

- (i) The organization uses the deferral method in accounting for contributions. Accordingly, contributions subject to externally imposed restriction are initially recorded as deferred revenue and are subsequently recognised 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 amount 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 recognised in these statements.
- (iii) Charitable donations in kind are recorded in the financial statements if donation receipts are issued and the 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, grants receivable and loans receivable.

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

COMMON GROUND CO-OPERATIVE INC.

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net	2020 Net
Equipment	\$ 113,213	\$ 109,638	\$ 3,575	\$ 4,469
Office furniture	4,820	4,253	567	708
Computer hardware	<u>30,527</u>	<u>23,431</u>	<u>7,096</u>	<u>3,045</u>
	<u>\$ 148,560</u>	<u>\$ 137,322</u>	<u>\$ 11,238</u>	<u>\$ 8,222</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 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) Other Risk

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

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

5. LEASE COMMITMENT

The organization entered into lease agreements whereby it is obligated under the terms of the leases for annual aggregate payments, net of HST and "additional rent" as follows:

2022	\$ 39,138
2023	39,919
2024	<u>6,675</u>
	<u>\$ 85,732</u>

6. COVID-19

In March of 2020 the World Health Organization declared a pandemic due to COVID-19 outbreak. This caused Common Ground Co-Operative Inc. to cease operations starting March 16, 2020. Part of the Organization's workforce has been forced to work from home. The Organization has successfully applied for government assistance utilizing the Canada Emergency Wage Subsidy relief program. It is unknown how long this pandemic will continue. The longer it continues the more negative economic impact it will have on the Organization. The extent of this financial impact cannot be determined at this time.