
Creating Alternatives Day Program

Independent Auditor's Report

FINANCIAL STATEMENTS

December 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
Creating Alternatives Day Program

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Creating Alternatives Day Program, which comprise the statement of financial position as at December 31, 2020, 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.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2020 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 (ASNPO).

Basis for Qualified Opinion

Creating Alternatives Day Program derives revenue from the general public in the form of donations, the completeness of which is not susceptible to adequate audit examination. Accordingly, our verification of revenue was limited to accounting for the amounts recorded in the records and authorized depositories and therefore we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenue over expenditures, assets, and net assets.

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 7 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 and its effect on the global economy. Our opinion is not modified in respect of this matter.

Responsibilities of Management and directors for the Financial Statements

Management and directors are responsible for the preparation and fair presentation of the financial

INDEPENDENT AUDITOR'S REPORT continued

statements in accordance with ASNPO, and for such internal control as management and directors determine 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 and directors are 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 and directors either intend to liquidate the organization or to cease operations, or have 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 and directors.
- ♦ Conclude on the appropriateness of management and directors' 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.

INDEPENDENT AUDITOR'S 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.

Formuso Zuccaro L.L.P.

Vaughan, Ontario
July 20, 2021

Chartered Professional Accountants
Licensed Public Accountants

Creating Alternatives Day Program

STATEMENT OF FINANCIAL POSITION

As at December 31	2020	2019
ASSETS		
Current		
Cash	\$ 183,508	\$ 396,220
Accounts receivable net of AFDA \$1,993 (2019-\$nil)	25,830	10,150
Prepaid expenses and deposits	7,492	3,933
HST receivable	12,645	17,282
Government assistance receivable (note 2)	208,232	-
	437,707	427,585
Other assets		
Equipment and leasehold improvements (note 3)	91,952	58,405
Rent deposit	9,525	9,525
	\$ 539,184	\$ 495,515
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 33,129	\$ 19,357
Government remittances payable	5,313	2,501
Deferred revenues (note 4)	67,061	10,000
	105,503	31,858
Net assets (note 5)	433,681	463,657
	\$ 539,184	\$ 495,515

Approved on behalf of the board

_____ Director

_____ Director

See accompanying notes to financial statements

Creating Alternatives Day Program

STATEMENT OF OPERATIONS

Year ended December 31	2020	2019
Revenues		
Donations-general	\$ 114,248	\$ 56,135
Angels foundation grant (note 4)	10,000	2,000
MCSS base funding	22,440	20,570
HRDC funding	17,718	25,604
Fees for services	334,453	554,304
Program expense recoveries	3,184	6,232
Fundraising events	13,692	383,705
United Way Grant (note 4)	30,144	-
Donations in kind - event tickets and fundraising	71,635	636,464
	617,514	1,685,014
Expenditures		
Advertising and promotion	766	7,066
Amortization	37,170	31,304
Vehicle	4,925	9,725
Bad debts	1,994	-
Event tickets	64,690	636,464
Consulting fees	48,688	6,365
Insurance	11,976	10,016
Interest and bank charges	1,934	5,379
Office and general	30,748	26,356
Program costs	44,652	61,907
Fundraising costs	5,803	93,802
Grant expenses	2,274	17,575
Professional fees	4,638	5,895
Rent and occupancy costs	80,763	76,288
Salaries and related benefits	620,334	533,406
Telephone	3,333	2,490
Utilities	10,293	13,292
	974,981	1,537,330
(Deficiency) excess of revenues over expenditures before following items	(357,467)	147,684
Other income		
Canada Emergency Wage Subsidy (note 2)	316,812	-
Canada Emergency Rental Subsidy (note 2)	10,679	-
	327,491	-
(Deficiency) excess of revenues over expenditures	\$ (29,976)	\$ 147,684

See accompanying notes to financial statements

Creating Alternatives Day Program

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	2020	2019
Balance, beginning of year	\$ 463,657	\$ 315,973
(Deficiency) excess of revenues over expenditures	(29,976)	147,684
Balance, end of year (note 5)	\$ 433,681	\$ 463,657

See accompanying notes to financial statements

Creating Alternatives Day Program

STATEMENT OF CASH FLOWS

Year ended December 31	2020	2019
Cash provided by (used for):		
Operating		
(Deficiency) excess of revenues over expenditures	\$ (29,976)	\$ 147,684
Adjustment for Amortization	37,170	31,304
	7,194	178,988
Change in non-cash working capital items		
Accounts receivable	(15,680)	(8,740)
Prepaid expenses and deposits	(3,559)	4,921
HST receivable	4,637	(5,818)
Government assistance receivable	(208,232)	-
Accounts payable and accrued liabilities	13,772	1,656
Government remittances payable	2,812	-
Deferred revenues	57,061	10,000
	(141,995)	181,007
Investing		
Purchase of equipment and leasehold improvements	(70,717)	(3,695)
(Decrease) increase in cash	(212,712)	177,312
Cash, beginning of year	396,220	218,908
Cash, end of year	\$ 183,508	\$ 396,220

See accompanying notes to financial statements

Creating Alternatives Day Program

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NATURE OF OPERATIONS

Creating Alternatives Day Program is a registered charitable organization incorporated without share capital under the Ontario Business Corporations Act on March 15, 2002. The mission of the organization is to provide life and job-skills training and experience to people with cognitive challenges so that they can integrate actively within their respective communities.

As a registered charity, the organization is exempt from tax under provisions of the Income Tax Act (Canada).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(a) Fund accounting

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

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

Endowment contributions are recognized as direct increases in net assets.

(b) Cash and cash equivalents

The organization considers all investments with maturities of three months or less and demand bank loans that are utilized periodically for day to day operations to be cash equivalents.

(c) Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the equipment and leasehold improvements over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Equipment	20% Declining balance
Computer equipment	30% Declining balance

Amortization of leasehold improvements is recorded on a straight-line basis over a ten-year period.

Creating Alternatives Day Program

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) Equipment and leasehold improvements continued

The estimated useful lives of assets are reviewed by management and its directors and adjusted if necessary.

(d) Donated materials and services

Volunteers contribute time to assist the organization in carrying out various programs for its participants. Donated capital, material and third party services with a determinable fair value are recorded in the financial statements on the date of the donation. Donated services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such services are not significant.

(e) Government assistance

Government and other grants related to capital assets are accounted for as deferred government assistance and amortized on the same basis as the related capital assets. Operating grants are accounted for at the gross amount received from the applicable funding body.

COVID-19 related Government wage subsidies are recorded as other income in the year the wages were incurred. COVID-19 related government rental subsidies are recorded as a other income in the year the rent expenses were incurred. The amounts claimed under each program represent management's best estimate based on the nature of the program and the costs incurred and are recorded when management is confident that there is reasonable certainty as to the collection of the subsidy.

(f) Financial risk management objectives and policies

Consistent with similar not-for-profit organizations, risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the organization's exposure.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The significant estimates within these financial statements include the estimated useful lives of the equipment and leasehold improvements and the amortization rates used to amortize such assets.

Creating Alternatives Day Program

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2. GOVERNMENT ASSISTANCE RECEIVABLE

Government assistance receivable represents amounts owing to the organization under the Canada Emergency Wage Subsidies program and the Canada Emergency Rent Subsidies program. During the year, the company recorded as other income, a total of \$316,812 (2019-\$nil) relating to the Canada Emergency Wage Subsidy Program and \$10,679 as other income (2019-\$nil) relating to the Canada Emergency Rent Subsidy program.

As of the year end date, \$197,553 (2019-\$nil) and \$10,679 (2019-\$nil) remain outstanding to be collected under the Canada Emergency Wage Subsidy program and the Canada Emergency Rent Subsidy program.

3. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 103,484	\$ 86,992	\$ 16,492	\$ 17,211
Leasehold improvements	316,535	262,992	53,543	41,194
Computer equipment	25,785	3,868	21,917	-
	\$ 445,804	\$ 353,852	\$ 91,952	\$ 58,405

4. DEFERRED REVENUES

	2020	2019
Angel's foundation grant	\$ 8,000	\$ 10,000
Cisco grant	24,766	-
United Way grant	14,856	-
TD grant	5,000	-
Fee for services	14,439	-
	\$ 67,061	\$ 10,000

	Balance, beginning of year	Received	Recognized	Balance, end of year
Angels foundation grant	\$ 10,000	\$ 8,000	\$ (10,000)	\$ 8,000
Cisco grant	-	24,766	-	24,766
United Way grant	-	45,000	(30,144)	14,856
TD grant	-	5,000	-	5,000
Fee for services	-	14,439	-	14,439
	\$ 10,000	\$ 97,205	\$ (40,144)	\$ 67,061

Creating Alternatives Day Program

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

4. DEFERRED REVENUES continued

All of the deferred revenues noted above are current in nature and have been recognized as current liabilities in the accompanying financial statements.

5. NET ASSETS

	2020	2019
Invested in capital assets	\$ 91,952	\$ 58,405
Unrestricted net assets	341,729	405,252
	\$ 433,681	\$ 463,657

6. CONTRACTUAL COMMITMENT

The organization entered into a lease agreement for premises with an expiry date of March 31, 2021 and signed the extension of the lease for two years, expiring as of March 31, 2023. The organization's minimum lease payments under this lease for the next three years, exclusive of occupancy costs and TMI, is as follows:

2021	\$ 39,434
2022	39,434
2023	9,858
	\$ 88,726

7. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations.

Significant effects during the 2020 fiscal year were as follows:

- a) Increase in government assistance receivable from (2019-\$nil) to \$208,232 relating to the Canada emergency wage and rental subsidies.
- b) Decrease in fees for services from prior year by \$219,850 due to the effects of COVID 19 lockdowns.
- c) Decrease in donations in kind and events fundraising revenues by \$919,361 due to COVID 19 lockdowns.
- d) Decrease in event tickets and fundraising expenses by \$659,772 due to COVID 19 lockdowns.
- e) Increase in other income related to the Canada emergency wage and rent subsidies totaling

Creating Alternatives Day Program

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

7. COVID-19 PANDEMIC continued

\$327,491 (2019-\$nil) due to the Government's response to the COVID 19 pandemic.

Future changes in assets, liabilities, revenues and expenses from the COVID-19 pandemic are unknown and indeterminable as at this time.

8. REMUNERATION OF BOARD OF DIRECTORS

Members of the Board of Directors are volunteers who serve without remuneration.

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Credit risk

The organization does have credit risk in accounts receivable of \$25,830 (2019 - \$10,150). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

(c) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of \$33,129 (2019 - \$19,357). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate line of credit to repay trade creditors. In the opinion of management, the liquidity risk exposure to the organization is low and is not material.
