Creating Alternatives Day Program

Independent Auditor's Report

FINANCIAL STATEMENTS

December 31, 2023

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, 2023, 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, 2023 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 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

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

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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.

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.

Formusa Zuccaro L.L.P.

Chartered Professional Accountants
Licensed to Practice Public Accounting in Ontario by
the Chartered Professional Accountants of Ontario

Vaughan, Ontario
June 11, 2024

Creating Alternatives Day Program

STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
ASSETS		
Current		
Cash	**$ 334,619**	$ 407,545
Term deposit (note 2)	**105,271**	-
Accounts receivable (note 3)	**38,144**	40,400
Prepaid expenses and deposits	**14,355**	13,462
HST receivable	**12,508**	28,620
	504,897	490,027
Other assets		
Equipment and leasehold improvements (note 5)	**294,027**	168,637
Rent deposit	**3,713**	3,713
	$ 802,637	$ 662,377
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 36,511**	$ 31,913
Government remittances payable	**11,007**	11,058
Current portion of deferred revenue (note 6)	**48,643**	164,527
	96,161	207,498
Deferred revenue (note 6)	**281,413**	86,154
	377,574	293,652
Net assets	**425,063**	368,725
	$ 802,637	$ 662,377

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	2023	2022
Revenues		
Donations-general	**$ 43,626**	$ 172,160
Angels foundation grant (note 6)	**6,282**	3,583
MCSS base funding	**22,440**	22,440
HRDC funding (note 6)	**24,079**	31,416
Trillium funding (note 6)	**125,005**	45,267
Fees for services	**955,899**	725,867
Program grants and expense recoveries (note 6)	**26,207**	19,984
Fundraising events	**156,883**	243,566
United Way Grant (note 6)	**7,986**	2,308
Donations in kind - event tickets (note 8)	**680,547**	652,899
Hot lunch program	**10,187**	7,786
PSW wage enhancement	**2,899**	6,889
	2,062,040	1,934,165
Expenditures		
Advertising and promotion	**679**	1,539
Amortization (note 5)	**39,659**	19,934
Bad debts	**3,600**	2,400
Consulting fees	**3,437**	13,570
Event tickets (note 8)	**680,547**	652,899
Fundraising events	**23,183**	64,254
Insurance	**18,012**	16,754
Interest and bank charges	**1,980**	1,763
Office and general	**66,134**	47,813
Professional fees	**8,260**	21,300
Program costs and grant expenses	**118,613**	147,592
Rent and occupancy costs (note 10)	**86,961**	83,216
Salaries and related benefits	**933,372**	876,741
Telephone	**3,962**	4,247
Utilities	**13,517**	14,006
Vehicle	**11,286**	3,039
	2,013,202	1,971,067
Excess (deficiency) of revenues over expenditures before following items	**48,838**	(36,902)
Other income		
Gain on sale of equipment and leasehold improvements (note 5)	**7,500**	-
Canada Emergency Wage Subsidy (note 4)	**-**	32,512
Canada Emergency Rental Subsidy (note 4)	**-**	4,411
	7,500	36,923
Excess of revenues over expenditures	**$ 56,338**	$ 21

See accompanying notes to financial statements

Creating Alternatives Day Program

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	2023	2022
Balance, beginning of year	**$ 368,725**	$ 368,704
Excess of revenues over expenditures	**56,338**	21
Balance, end of year	**$ 425,063**	$ 368,725

See accompanying notes to financial statements

Creating Alternatives Day Program

STATEMENT OF CASH FLOWS

Year ended December 31	2023	2022
Cash provided by (used for):		
Operating		
Excess of revenues over expenditures	**$ 56,338**	$ 21
Adjustments for		
Amortization	**39,659**	19,934
Gain on sale of equipment and leasehold improvements	**(7,500)**	-
	88,497	19,955
Change in non-cash working capital items		
Accounts receivable	**2,256**	11,333
Prepaid expenses and deposits	**(893)**	(435)
HST receivable	**16,112**	(15,618)
Government assistance receivable	**-**	54,749
Accounts payable and accrued liabilities	**4,598**	2,258
Government remittances payable	**(51)**	3,598
Deferred revenue	**79,375**	111,841
Accrued interest on term deposit	**(3,271)**	-
	186,623	187,681
Investing		
Purchase of term deposit	**(102,000)**	-
Purchase of equipment and leasehold improvements	**(165,049)**	(113,801)
Proceeds on disposal of equipment and leasehold improvements	**7,500**	-
	(259,549)	(113,801)
(Decrease) increase in cash	**(72,926)**	73,880
Cash, beginning of year	**407,545**	333,665
Cash, end of year	**$ 334,619**	$ 407,545

See accompanying notes to financial statements

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.

Cash consists of balances held with financial institutions and cash on-hand.

(c) Term deposits

Term deposits are classified as held-to-maturity investments and are carried at amortized cost using the effective interest rate method. Interest is accrued and included in income in the year earned.

(d) 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) **Equipment and leasehold improvements continued**

Vehicle	15% Straight-line
Equipment	20% Declining balance
Computer equipment	30% Declining balance

Amortization of leasehold improvements is recorded on a straight-line basis over the lease term plus first renewal option.

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

(e) **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.

(f) **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. The terms and conditions required to receive these subsidies and grants are based on an application process and budgeting of certain expenditures. Once these conditions are met funds are released to the organization and they are recorded as revenue in the period earned.

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.

(g) **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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(h) **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.

(i) **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of equipment and leasehold improvements that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired equipment and leasehold improvements. Externally restricted contributions for the purchase of equipment and leasehold improvements that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

General donations and donations in kind are accounted for at the time of donation and are measured at their fair market value.

Grants, fees and program expense recoveries are recognized in the period in which they are earned.

2. TERM DEPOSIT

Term deposit bearing interest at 4.45% annually payable at the maturity date of April 13, 2024. Total interest earned for the year amounted to $3,271 (2022-$nil). Subsequent to the year end date the term deposit was reinvested for another year with a future maturity date of April 15, 2025 at a rate of 5.20%.

3. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	**$ 41,744**	$ 42,800
Allowance for doubtful accounts	**(3,600)**	(2,400)
	$ 38,144	$ 40,400

4. GOVERNMENT ASSISTANCE

During the year, the company recorded as other income, a total of $nil (2022-$32,512) relating to the Canada Emergency Wage Subsidy Program and $nil as other income (2022-$4,411) relating to the Canada Emergency Rent Subsidy Program.

5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Vehicle	**$ 98,548**	**$ 7,391**	**$ 91,157**	$ -
Equipment	**180,580**	**107,216**	**73,364**	32,888
Leasehold improvements	**415,354**	**302,797**	**112,557**	112,750
Computer equipment	**45,938**	**28,989**	**16,949**	22,999
	$ 740,420	**$ 446,393**	**$ 294,027**	$ 168,637

Amortization for the year amounted to $39,659 (2022 - $19,934).

During the year the organization received proceeds from the sale of a vehicle totaling $7,500 (2022-$nil). This vehicle had a net book value of $nil (2022-$nil) as of the year end date.

6. DEFERRED REVENUE

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.

	2023	2022
Deferred revenue	**$ 330,056**	$ 250,681
Less current portion	**48,643**	164,527
Due beyond one year	**$ 281,413**	$ 86,154

	Balance, beginning of the year	Received	Recognized	Balance, end of year
Angels Foundation	$ 12,065	$ 10,000	$ (6,282)	$ 15,783
United Way-Project Equipment	-	99,183	(986)	98,197
Trillium Bathroom Renovation	94,267	-	(8,560)	85,707
New Horizons	18,541	-	(18,541)	-
Lottery Account	16,698	-	(1,267)	15,431
United Way Staff Appreciation	7,000	-	(7,000)	-
Trillium Foundation-Lou Fruitman	102,110	13,700	(107,822)	7,988
Speaker Grant	-	4,386	(488)	3,898
LIUNA BBQ and Outing	-	10,000	(4,431)	5,569
Nick Puopolo Stove	-	7,033	(527)	6,506
Trillium Vehicle Grant	-	99,600	(8,623)	90,977
	$ 250,681	$ 243,902	$ (164,527)	$ 330,056

7. REMUNERATION OF BOARD OF DIRECTORS

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

8. DONATIONS IN KIND

	2023	2022
Event tickets	$ 680,547	$ 652,899

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 $38,144 (2022 - $40,400). 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 $36,511 (2022 - $31,913). 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.

10. LEASE COMMITMENT

The organization's total commitments, under a property lease agreement, exclusive of occupancy costs, are as follows:

2024	$ 42,863
2025	42,863
2026	44,577
2027	44,577
2028	46,293
	$ 221,173