

LANGS FARM VILLAGE ASSOCIATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020



**MARCH 31, 2020
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INDEPENDENT AUDITORS' REPORT

To the Members of
Langs Farm Village Association

Opinion

We have audited the accompanying non-consolidated financial statements of **Langs Farm Village Association** (the Organization), which comprise the non-consolidated statement of financial position as at March 31, 2020, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance 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 Auditors' Responsibilities for the Audit of the Non-Consolidated 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 non-consolidated 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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 the Board of Directors 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.

Auditors' Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 non-consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 auditors' report to the related disclosures in the non-consolidated 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 auditors' 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

A handwritten signature in cursive script that reads "Graham Mathew Professional Corporation".

Cambridge, Ontario
May 26, 2020

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

NON-CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	Operating \$	Capital \$	Operating Reserve \$	Program Expansion \$	Capital Reserve \$	2020 \$	2019 \$
Revenue							
WW LHIN/MOHLTC funding	9,960,866	18,094				9,978,960	9,600,655
Other government funding	606,258					606,258	521,482
Grants and donations	1,076,263	106,925				1,183,188	1,245,209
Rental and other income	240,730					240,730	183,548
Fundraising	9,422	25,329				34,751	28,233
Program fees	46,297					46,297	54,159
Back office support fees	55,798					55,798	50,017
Administration fees					189,655	189,655	205,540
Interest	22,076				21,690	43,766	32,443
	12,017,710	150,348			211,345	12,379,403	11,921,286
Expenditures							
Amortization		233,917				233,917	186,763
Honorarium	900					900	1,015
Medical supplies	43,672					43,672	36,306
Non-recurring costs	210,600					210,600	408,500
Office and administration	373,753					373,753	348,251
Professional fees	471,898					471,898	371,482
Program expenses	458,015	24,572				482,587	636,104
Rent and utilities (note 5 and 11)	635,638					635,638	639,602
Repairs and maintenance	183,060					183,060	156,523
Salaries and benefits (note 13)	9,210,074					9,210,074	8,796,851
Special events	13,965					13,965	15,727
Staff training and travel	105,590					105,590	94,275
	11,707,165	258,489				11,965,654	11,691,399
Excess (deficiency) of revenue over expenditures before Midwifery TPA	310,545	(108,141)			211,345	413,749	229,887
Midwifery transfer payment agency							
Revenue	3,273,140					3,273,140	3,031,864
Expenditures	(2,888,636)					(2,888,636)	(2,678,531)
Amount refundable to the Ministry of Health and Long-Term Care	(384,504)					(384,504)	(353,333)
Excess (deficiency) of revenue over expenditures	310,545	(108,141)	NIL	NIL	211,345	413,749	229,887

The explanatory financial notes form an integral part of these financial statements.



**NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2020**

	Operating \$	Capital \$	Operating Reserve \$	Program Expansion \$	Capital Reserve \$	2020 \$	2019 \$
Balance, beginning of year	5,448	1,072,564	314,030	44,858	367,279	1,804,179	11,235,739
Excess (deficiency) of revenue over expenditures for year	310,545	(108,141)			211,345	413,749	229,887
Inter-fund transfer	(310,545)	(112,906)	113,018		310,433		
Transfer of building (note 7)							(9,661,447)
Balance, end of year (note 12)	5,448	851,517	427,048	44,858	889,057	2,217,928	1,804,179

The explanatory financial notes form an integral part of these financial statements.



**NON-CONSOLIDATED FINANCIAL POSITION
MARCH 31, 2020**

	Operating		Capital		Operating Reserve		Program Expansion		Capital Reserve		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
ASSETS												
Cash	1,830,299	1,141,482			427,048	314,030	44,858	44,858	879,057	357,279	3,181,262	1,857,649
Short-term investments (note 3)									10,000	10,000	10,000	10,000
Accounts receivable (note 4)	455,218	613,782									455,218	613,782
Prepaid expenses	85,202	48,704									85,202	48,704
Current assets	2,370,719	1,803,968			427,048	314,030	44,858	44,858	889,057	367,279	3,731,682	2,530,135
Due from Langs Community Development Corporation, non-interest bearing with no specific terms of repayment (note 5)			641,564	641,564							641,564	641,564
Property and equipment (note 7)			1,896,420	1,767,275							1,896,420	1,767,275
	2,370,719	1,803,968	2,537,984	2,408,839	427,048	314,030	44,858	44,858	889,057	367,279	6,269,666	4,938,974

The explanatory financial notes form an integral part of these financial statements.



**NON-CONSOLIDATED FINANCIAL POSITION
MARCH 31, 2020**

	Operating		Capital		Operating Reserve		Program Expansion		Capital Reserve		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
LIABILITIES AND FUND BALANCES												
Accounts payable and accrued liabilities (notes 5 and 6)	2,211,388	1,971,292									2,211,388	1,971,292
Due to MOHLTC (note 8)	359,569	240,845									359,569	240,845
Due to MOHLTC, Ontario Midwifery Program	384,504	3,333									384,504	3,333
Deferred revenue (note 9)	745,550	580,940									745,550	580,940
Inter-fund balance (note 10)	(1,686,467)	(1,336,275)	1,686,467	1,336,275								
Current liabilities	2,014,544	1,460,135	1,686,467	1,336,275							3,701,011	2,796,410
Deferred contributions (note 9)	350,727	338,385									350,727	338,385
	2,365,271	1,798,520	1,686,467	1,336,275							4,051,738	3,134,795
Fund balances												
Internally restricted			851,517	1,072,564	427,048	314,030	44,858	44,858	889,057	367,279	2,212,480	1,798,731
Unrestricted	5,448	5,448									5,448	5,448
	5,448	5,448	851,517	1,072,564	427,048	314,030	44,858	44,858	889,057	367,279	2,217,928	1,804,179
	2,370,719	1,803,968	2,537,984	2,408,839	427,048	314,030	44,858	44,858	889,057	367,279	6,269,666	4,938,974

APPROVED BY THE BOARD:

_____ Director

_____ Director

The explanatory financial notes form an integral part of these financial statements.



**NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
Cash flows from operating activities:		
Excess of revenue over expenditure for year	413,749	229,887
Item not involving cash:		
Amortization	233,917	186,763
	647,666	416,650
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	158,564	382,587
Prepaid expenses	(36,498)	31,990
Accounts payable and accrued liabilities	240,096	(822,383)
Due to MOHLTC	499,895	(210,999)
Deferred revenue	164,610	140,829
Deferred contributions	12,342	(11,536)
	1,686,675	(72,862)
Cash flows from investment activities:		
Purchase of property and equipment - net	(363,062)	(76,849)
Change in short-term investments		203,000
Due from Langs Community Development Corporation		(156,743)
	(363,062)	(30,592)
Cash flows from financing activities:		
Transfer of building to LCDC		14,117,370
Transfer of reserve funds		(9,661,447)
Transfer/repayment of long term debt		(3,980,372)
		475,551
Net increase in cash	1,323,613	372,097
Cash, beginning of year	1,857,649	1,485,552
Cash, end of year	3,181,262	1,857,649

The explanatory financial notes form an integral part of these financial statements.



**NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020**

1. Nature of Organization

The Organization is a registered charity incorporated without share capital under the laws of Ontario to provide community, health and social services to the neighbourhood.

As Langs Farm Village Association is a registered charity under the Income Tax Act, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Amortization of property and equipment

Property and equipment include capital assets that are stated at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer hardware	33%	Straight-line
Computer software	50%	Straight-line
Leasehold improvements		Over term of lease
Equipment	20%	Declining-balance
Vehicles	10%	Straight-line
Buildings	3%	Straight-line

(b) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Langs Farm Village Association, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Operating fund** accounts for the Organization's program delivery and administrative activities.

The **Capital fund** represents the assets, liabilities, revenue and expenditures related to the capital assets acquired by the Organization.

The **Operating reserve fund** represents funds that have been restricted by the Board of Directors to offset certain future costs such as pay equity and to offset unexpected operating deficits.

The **Program expansion reserve fund** represents funds that have been restricted by the Board of Directors to finance future program expansions.

The **Capital reserve fund** represents funds that have been restricted by the Board of Directors to finance future building and renovation costs.



**NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020**

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(d) Revenue recognition

Langs Farm Village Association is a multi-funded Organization with the majority of funding coming from the Ministry of Health and Long-Term Care/Local Health Integration Network. Annual reconciliation reports are submitted to the Ministry of Health and Long-Term Care/Local Health Integration Network by the Organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Revenue related to delivery of specific programs is recognized as revenue in the Operating fund in the year in which the program occurs. The Organization follows the restricted fund method of accounting for contributions whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Where there is no appropriate restricted fund, restricted contributions are recognized under the deferral method in the Operating fund. Unrestricted contributions are recognized as revenues in the Operating fund.

Investment income is recognized as it is earned in the appropriate fund.

(e) Contributed services and materials

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

(f) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. Short-Term Investments

	2020 \$	2019 \$
Held with Cambridge & North Dumfries Community Foundation	10,000	10,000



**NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
4. Accounts Receivable		
Trade	309,089	391,862
HST recoverable	146,129	221,920
	455,218	613,782

5. Due from Langs Community Development Corporation

Langs Farm Village Association (the "Organization") controls Langs Community Development Corporation ("LCDC"). LCDC is a registered charity established for the purposes of holding land and building for a multi-purpose facility that can be leased or sold. LCDC prepares its own financial reports that are consistent with the financial policies of the Organization (e.g. fiscal year, spending limitations, signing authorities). LCDC has not been consolidated in the Organization's financial statements. A financial summary of the unaudited and unconsolidated entity at March 31, 2020 and March 31, 2019 and the years then ended are as follows:

Financial Position		
Total assets	14,524,327	15,031,799
Total liabilities	5,014,678	5,208,780
Total net assets	9,509,649	9,823,019
	14,524,327	15,031,799
Results of Operations		
Total revenue	268,719	293,354
Total expenditures	(582,090)	(654,291)
Deficiency of revenue over expenditures	(313,371)	(360,937)

During the fiscal year the Organization was charged lease costs by Langs Community Development Corporation in the amount of \$267,754. The building lease expires March 31, 2028. These transactions were carried out in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. At March 31, 2020, approximately \$169,300 is payable to LCDC and is included in accounts payable and accrued liabilities.

6. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020

	2020 \$	2019 \$
7. Property and Equipment		
Cost - Cambridge		
Computer hardware	881,969	617,179
Computer software	182,361	182,361
Leasehold improvements	1,208,033	1,168,953
Equipment	847,507	788,315
Vehicles	62,034	62,034
	3,181,904	2,818,842
Accumulated amortization		
Computer hardware	621,344	528,894
Computer software	182,361	182,361
Leasehold improvements	950,077	913,700
Equipment	587,468	529,857
Vehicles	62,033	62,033
	2,403,283	2,216,845
Cost - North Dumfries		
Computer hardware	12,666	12,666
Equipment	85,285	85,285
Building	1,409,434	1,409,434
	1,507,385	1,507,385
Accumulated amortization - North Dumfries		
Computer hardware	12,666	12,666
Equipment	76,063	73,758
Building	300,857	255,683
	389,586	342,107
Net Book Value	1,896,420	1,767,275

During 2019, the Organization donated its main building, known as the Hub@1145 Concession, its mortgage and certain capital reserve funds to construct and maintain the building, which were raised through the Organization's own fundraising efforts, to LCDC, a related charity as described in note 5.



**NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
8. Due to Ministry of Health and Long-Term Care (MOHLTC)		
Approved LHIN funding	10,079,589	9,768,946
Eligible expenses	9,960,865	9,616,750
Balance due for year	118,724	152,196
Balance, beginning of year	240,845	104,475
Recovered during year		(15,826)
Balance, end of year	359,569	240,845

9. Deferred Revenue and Contributions

Deferred revenue consists of unearned rental revenue and funding received from community sponsors which relates to the next fiscal year or funding for specific expenditures to be incurred in the next fiscal year.

Deferred contributions is comprised of funding for various capital projects and is being amortized into income at the same rate as the corresponding asset.

10. Inter-fund Balance

The inter-fund loan is interest free, unsecured and due on demand.

11. Operating Lease Commitments

The Organization has entered into leases for premises and various equipment expiring between 2022 and 2028.

The future minimum annual lease payments over the next five years are as follows:

2021	330,472
2022	325,927
2023	271,539
2024	268,386
2025	267,754
	1,464,078



**NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
12. Reserve Fund Balances		
Included in the reserve fund balances, are sub-funds as shown below:		
Operating Fund	5,448	5,448
Capital Fund	851,517	1,072,564
Operating Reserve		
General Operating Reserve	47,106	45,124
30th Anniversary Book		1,982
Reserve - Cambridge Facility	349,284	261,924
Reserve - North Dumfries Facility	30,658	5,000
	427,048	314,030
Program Expansion reserve	44,858	44,858
Capital Reserve		
Land and building	889,057	363,380
Community Van reserve		3,899
	889,057	367,279

13. Registered Retirement Savings/Pension Plan

The Organization made contributions to a registered retirement savings plan match program during the year for designated employees. The amount contributed to the plan in fiscal 2020 was \$21,240 for current service (\$43,373 in 2019). These payments are included as an expenditure in the statement of operations under salaries and benefits.

In February 2010, the Board of Directors approved a change in the Organization's pension plan to HOOPP. All new employees are required to join HOOPP and existing members had the option of changing to HOOPP or continuing with the registered retirement savings plan match program. The amount contributed to HOOPP in fiscal 2020 was \$670,418 (\$468,267 in 2019) for current service. These payments are included as an expenditure in the statement of operations under salaries and benefits.

HOOPP is a multi-employer defined benefit pension plan. The member Organizations are unable to identify their share of the underlying assets and liabilities. As a result, the benefit plan has been accounted for following the recommendations for defined contribution plans.



NON-CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MARCH 31, 2020

14. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization has taken steps to ensure that it has sufficient working capital available to meet its obligations. This risk has not changed from the prior year.

Credit risk

Financial instruments which are potentially exposed to credit risk include cash, accounts receivable and due from Langs Community Development Corporation. Management considers its exposure to credit risk attributable to cash to be trivial as the Organization holds cash deposits at a major Canadian chartered bank. Accounts receivable are not concentrated and therefore bear only low to moderate risk; the carrying amount of accounts receivable represents the maximum credit risk exposure.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

The Organization is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Organization invests in various income vehicles backed by a chartered bank. This risk has not changed from the prior year.

15. Guarantee

The Organization has guaranteed the bank debt of Langs Community Development Corporation. At March 31, 2019 the outstanding debt was approximately \$4,364,000.

16. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.

17. Uncertainty Regarding COVID-19

As the COVID-19 pandemic continues to impact the economy, it could result in a significant negative impact on the Organization's operations. As of the time of authorization of these financial statements, it is not possible to estimate the length and severity of these developments and their impact on the financial results and operations of the Organization.