

Inspire - Community Support Services
Financial Statements
For the year ended March 31, 2023

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Independent Auditor's Report

To the Board of Directors of
Inspire - Community Support Services

Opinion

We have audited the financial statements of Inspire - Community Support Services (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations, 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, 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 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 requirement 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.

BDO Canada LLP

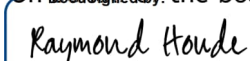
Chartered Professional Accountants, Licensed Public Accountants

Cornwall, Ontario
August 1, 2023

Inspire - Community Support Services Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$1,515,996	\$ 1,504,747
Investments (Note 2)	117,102	123,114
Trade and other receivables	167,520	155,259
Prepaid expenses	15,061	15,025
	<u>1,815,679</u>	<u>1,798,145</u>
Investments (Note 2)	699,958	687,803
Tangible capital assets (Note 3)	452,571	483,213
	<u>\$2,968,208</u>	<u>\$ 2,969,161</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 530,403	\$ 682,100
Due to MCCSS	1,087,113	1,017,954
Deferred contributions (Note 4)	70,638	41,862
	<u>1,688,154</u>	<u>1,741,916</u>
Deferred contributions related to tangible capital assets (Note 5)	131,564	147,754
	<u>1,819,718</u>	<u>1,889,670</u>
Contractual obligations (Note 6)		
Contingencies (Note 7)		
Net Assets		
Internally restricted Board Equity Fund	489,681	288,082
Internally restricted Reserve Fund	-	202,243
Invested in tangible capital assets	321,007	335,459
Unrestricted	337,802	253,707
	<u>1,148,490</u>	<u>1,079,491</u>
	<u>\$2,968,208</u>	<u>\$ 2,969,161</u>

On behalf of the board:



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Director

Director

Inspire - Community Support Services Statement of Changes in Net Assets

For the year ended March 31	Internally Restricted Board Equity	Internally Restricted Reserve Fund	Invested in Tangible Capital Assets	Unrestricted	2023	2022
Balance, beginning of the year	\$ 288,082	\$ 202,243	\$ 335,459	\$ 253,707	\$1,079,491	\$1,036,535
Excess (deficiency) of revenues over expenses	(644)	-	(14,452)	84,095	68,999	42,956
Interfund transfers (Note 8)	202,243	(202,243)	-	-	-	-
Balance, end of the year	\$ 489,681	\$ -	\$ 321,007	\$ 337,802	\$1,148,490	\$1,079,491

The notes are an integral part of these financial statements.

Inspire - Community Support Services Statement of Operations

For the year ended March 31	2023	2022
Revenues		
Ministry of Children, Community and Social Services (MCCSS)	\$ 9,611,875	\$ 9,130,927
Ministry of the Attorney General	162,423	118,743
March of Dimes	569,505	373,113
United Way	61,600	60,000
Amortization of deferred contributions (Note 5)	16,190	21,278
Other (Note 9)	166,392	242,496
	<u>10,587,985</u>	<u>9,946,557</u>
Expenses		
Salaries and benefits	2,768,007	2,952,940
Travel	28,471	19,644
Communication	10,542	16,155
Occupancy costs	113,466	108,084
Utilities	6,300	4,261
Staff training	15,992	2,156
Advertising	3,873	111
Repairs & maintenance	55,968	74,800
Professional / contracted services	110,447	23,726
IT services	20,895	18,320
Purchased client services	5,245,536	5,295,815
Passport expenses	503,527	327,596
Insurance	41,900	35,200
Other services	3,876	5,697
IT supplies & equipment	3,061	2,801
Other supplies & equipment	52,628	39,726
Central administration costs (Schedule 1)	649,177	692,725
Members' expenses	400	520
Amortization of tangible capital assets	30,642	37,274
Year-end settlement	854,278	246,050
	<u>10,518,986</u>	<u>9,903,601</u>
Excess of revenues over expenses	<u>\$ 68,999</u>	<u>\$ 42,956</u>

Inspire - Community Support Services Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Cash receipts from government subsidies and members	\$ 10,588,308	\$ 9,852,541
Cash paid to funders, suppliers and employees	<u>(10,570,916)</u>	<u>(9,794,669)</u>
	<u>17,392</u>	<u>57,872</u>
Cash flows from investing activities		
Acquisition of term deposits	<u>(6,143)</u>	<u>(10,316)</u>
Net increase in cash	11,249	47,556
Cash, beginning of the year	<u>1,504,747</u>	<u>1,457,191</u>
Cash, end of the year	<u>\$ 1,515,996</u>	<u>\$ 1,504,747</u>

Inspire - Community Support Services Notes to Financial Statements

March 31, 2023

1. Accounting Policies

Purpose of Organization	Inspire - Community Support Services is a community based not-for-profit charitable organization incorporated without share capital under the laws of Ontario. The Organization is dedicated to working with its members and clients to provide the highest quality of care and services possible to developmentally and physically handicapped children and adults in the United Counties of Stormont, Dundas and Glengarry. The Organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the estimated useful lives of tangible capital assets and amounts due to MCCSS.
Revenue Recognition	<p>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, including other revenue, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Client fees, included in other revenue, are recognized as revenue when the service has been performed and collection is reasonably assured.</p> <p>Contributions relating to tangible capital assets are accounted for as deferred contributions and amortized on the same basis as the related tangible capital assets.</p>

Inspire - Community Support Services Notes to Financial Statements

March 31, 2023

1. Accounting Policies (continued)

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

All related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates and duration:

Buildings	4% diminishing balance basis
Computer equipment	30% diminishing balance basis
Equipment, furniture & fixtures	20% diminishing balance basis
Vehicles	30% diminishing balance basis

Impairment of Tangible Capital Assets

When a tangible capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Inspire - Community Support Services Notes to Financial Statements

March 31, 2023

2. Investments

	2023	2022
Short-term, measured at fair value		
SocieTerra Conservative - Non registered Canadian investments	\$ 117,102	\$ 123,114
Long-term, measured at cost		
Guaranteed investment certificate, 2.25%, maturing in June 2024	106,903	104,551
Guaranteed investment certificate, 2.25%, maturing in June 2024	187,080	182,964
Guaranteed investment certificate, 1.85%, maturing in October 2024	366,578	361,339
Guaranteed investment certificate, 1.35%, maturing in September 2024	39,397	38,949
	<u>699,958</u>	<u>687,803</u>
	<u>\$ 817,060</u>	<u>\$ 810,917</u>

3. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,000	\$ -	\$ 39,000	\$ -
Buildings	440,404	66,349	440,404	50,763
Computer equipment	49,461	36,000	49,461	30,231
Equipment, furniture & fixtures	24,654	14,129	24,654	11,498
Vehicles	64,683	49,153	64,683	42,497
	<u>\$ 618,202</u>	<u>\$ 165,631</u>	<u>\$ 618,202</u>	<u>\$ 134,989</u>
Net carrying amount		<u>\$ 452,571</u>		<u>\$ 483,213</u>

Inspire - Community Support Services Notes to Financial Statements

March 31, 2023

4. Deferred Contributions

Deferred contributions represent restricted operating funding received in the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions is as follows:

	2023	2022
Balance, beginning of the year	\$ 41,862	\$ 41,862
Less: amounts recognized as revenue in the year	(1,224)	-
Plus: amounts received for the subsequent year	30,000	-
Balance, end of the year	<u>\$ 70,638</u>	<u>\$ 41,862</u>

5. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represent contributions received from the government or donors for the purchase of tangible capital assets. The variations in the balance of deferred contributions is as follows:

	2023	2022
Balance, beginning of the year	\$ 147,754	\$ 169,032
Less: amount amortized to operations	(16,190)	(21,278)
Plus: amount received during the year	-	-
Balance, end of the year	<u>\$ 131,564</u>	<u>\$ 147,754</u>

6. Contractual Obligations

The Organization has operating leases for its premises expiring in November 2032.

Future minimum lease payments over the next five years are as follows:

2024	\$ 107,000
2025	177,000
2026	178,800
2027	180,100
2028	183,400
Thereafter	<u>930,100</u>
	<u>\$ 1,756,400</u>

During the year, the Organization entered into a lease agreement for a new head office space. The move is anticipated to be in March 2024.

Inspire - Community Support Services Notes to Financial Statements

March 31, 2023

7. Contingencies

The Organization has several service contracts with the Ministry of Children, Community and Social Services (MCCSS). Some funding agencies require the production of different reports by management, showing the summary of all revenues and expenses and any resulting excess or deficiency that relate to the contract.

If the Organization has not spent its entire budget, it is liable to reimburse the difference to the funding agency and it will be reflected in the year incurred if the amount to be reimbursed can be reasonably estimated. Any adjustments to recorded amounts will be reflected in the year identified.

8. Inter-fund Transfer

During the year, the Board of Directors resolved to merge the internally restricted funds together. Therefore, a transfer of \$202,243 was made from the internally restricted Reserve Fund to the internally restricted Board Equity Fund. These internally restricted amounts are not available for any other purpose without the approval of the Board of Directors.

9. Other Revenue

	2023	2022
Client fees	\$ 90,027	\$ 72,134
Other MCCSS funding	-	20,847
Rent recovery	15,305	17,294
Wage recovery	22,136	26,650
Interest earned	2,192	2,579
Other income	36,732	102,992
	<u>\$ 166,392</u>	<u>\$ 242,496</u>

10. Economic Dependence

The Organization receives 92% (2022 - 94%) of its revenues from the government. Should this funding not be continued or it cannot be replaced, the Organization would not be able to continue its operations at the current level.

Inspire - Community Support Services Notes to Financial Statements

March 31, 2023

11. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk arises from accounts payable and due to MCCSS.

There have not been any changes in this risk from the prior year.

Credit risk

The Organization is exposed to credit risk for its trade and other receivables. The majority of the Organization's receivables are from government sources and the Organization works to ensure they meet all eligibility criteria in order to qualify to receive the rebate.

The Organization is also exposed to credit risk since its bank accounts are held at one financial institution and deposits are only insured up to \$100,000.

There have not been any changes in this risk from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the Organization to a fair value risk while variable rate instruments subject it to a cash flow risk. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income investments.

Inspire - Community Support Services Schedule 1 - Central Administration Costs

For the year ended March 31	2023	2022
Expenses		
Advertising	\$ 14,761	\$ 1,661
Bank charges	7,662	6,655
Conference and meetings	501	2,223
Equipment	-	3,302
Insurance	25,427	27,793
IT support	33,176	12,553
Other supplies and equipment	49,788	24,518
Professional fees / contracted services	43,858	66,050
Other services	586	4,980
Occupancy cost	9,858	29,549
Repairs and maintenance	-	2,685
Salaries and employee benefits	431,022	474,059
Telephone	11,958	11,890
Utilities	8,544	21,332
Travel	1,500	91
Staff training	4,186	1,129
Membership dues	6,350	2,255
	<u>\$ 649,177</u>	<u>\$ 692,725</u>