

HUMANA COMMUNITY SERVICES

Financial Statements

March 31, 2021

HUMANA COMMUNITY SERVICES

Financial Statements

For The Year Ended March 31, 2021

Table of Contents	PAGE
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 19



INDEPENDENT AUDITORS' REPORT

To the Members of **Humana Community Services**:

Opinion

We have audited the financial statements of **Humana Community Services**, 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 organization's 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 *Auditors' 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 the 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.

Auditors' 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.



GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 · F. 519-633-7009
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 · F. 519-773-9683
25 John Street South, Aylmer, ON N5H 2C1

www.grahamscottenns.com

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

St. Thomas, Ontario

August 12, 2021



Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

HUMANA COMMUNITY SERVICES

Statement of Financial Position As at March 31, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT ASSETS		<i>Combined Figures (Note 21)</i>
Cash (Note 2)	1,673,257	1,579,235
Investments (Note 3)	4,697,380	3,190,184
Accounts receivable	642,486	418,327
Government remittances recoverable	170,998	131,416
Prepaid expenses	70,435	57,921
Due from Humana Community Services Foundation (Note 15)	<u>7,850</u>	<u>-</u>
	7,262,406	5,377,083
TANGIBLE CAPITAL ASSETS (NOTE 4)	<u>2,350,695</u>	<u>2,534,767</u>
TOTAL ASSETS	<u><u>9,613,101</u></u>	<u><u>7,911,850</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	975,823	765,235
Repayable to the Ministries (Note 9)	681,347	480,481
Government remittances payable	153,414	119,538
Vacation pay accrual	84,655	60,613
Deferred revenues (Note 6)	378,668	157,135
Current portion of long-term debt (Note 8)	15,807	195,172
Due to Humana Community Services Foundation (Note 15)	<u>-</u>	<u>361</u>
	2,289,714	1,778,535
LONG-TERM DEBT (NOTE 8)	167,306	-
DEFERRED CAPITAL CONTRIBUTIONS (NOTE 7)	<u>117,642</u>	<u>99,333</u>
LEASE COMMITMENTS (NOTE 10)		
CONTINGENT LIABILITIES (NOTE 11)		
TOTAL LIABILITIES	<u>2,574,662</u>	<u>1,877,868</u>
NET ASSETS	<u>7,038,439</u>	<u>6,033,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>9,613,101</u></u>	<u><u>7,911,850</u></u>
On behalf of the Board:	 _____ Director	 _____ Director

See accompanying notes to the financial statements.

HUMANA COMMUNITY SERVICES

Statement of Changes in Net Assets For The Year Ended March 31, 2021

	<i>Combined Figures (Note 20)</i>	<i>Combined Figures (Note 20)</i>
	2021	2020
	<u>\$</u>	<u>\$</u>
BALANCE, BEGINNING OF YEAR	6,033,982	6,283,768
Excess (deficiency) of revenues over expenditures for the year	<u>1,004,457</u>	<u>(249,786)</u>
BALANCE, END OF YEAR	<u>7,038,439</u>	<u>6,033,982</u>

See accompanying notes to the financial statements.

HUMANA COMMUNITY SERVICES

Statement of Operations For The Year Ended March 31, 2021

	<i>Combined Figures (Note 20)</i>	<i>Combined Figures (Note 20)</i>
	2021	2020
	<u>\$</u>	<u>\$</u>
REVENUES		
Ministry subsidies	7,988,450	9,195,052
Fee for service	3,098,284	4,307,916
Ministry subsidies - COVID-19	848,056	-
Other income (Note 3)	540,644	294,685
Client and guardian support	424,601	484,046
Donations and grants	<u>84,824</u>	<u>76,988</u>
	<u>12,984,859</u>	<u>14,358,687</u>
EXPENDITURES		
Wages and benefits	10,783,629	11,406,907
Professional and contracted services	313,946	200,105
Purchased client services	310,777	380,486
Professional contract and information technology services	291,112	253,515
Rent and mortgage payments	263,970	269,950
Repairs and maintenance services	255,725	354,169
Food services and supplies	207,737	219,558
Repairs and maintenance supplies	179,508	94,089
Travel and communications	160,847	245,881
Other supplies and equipment	146,751	41,454
Advertising and promotion	134,800	109,201
Utilities	125,131	145,695
Insurance	124,248	126,216
Supplies and equipment - information technology	113,031	73,167
Other expenses	109,672	297,620
Other services	90,500	106,210
Staff training	<u>69,476</u>	<u>76,904</u>
	<u>13,680,860</u>	<u>14,401,127</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(696,001)	(42,440)
EXCESS REPAYABLE TO THE MINISTRIES	<u>(200,866)</u>	<u>(241,612)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEMS	<u>(896,867)</u>	<u>(284,052)</u>
OTHER ITEMS		
Government assistance (Note 16)	1,656,958	-
Unrealized investment gain (loss)	446,747	(255,227)
Amortization of tangible capital assets	(210,535)	(328,165)
Amortization of deferred capital contributions	8,154	48,020
Gain on disposal of tangible capital assets	<u>-</u>	<u>569,638</u>
	<u>1,901,324</u>	<u>34,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>1,004,457</u>	<u>(249,786)</u>

See accompanying notes to the financial statements.

HUMANA COMMUNITY SERVICES

Statement of Cash Flows For The Year Ended March 31, 2021

	<i>Combined Figures (Note 20)</i>	<i>Combined Figures (Note 20)</i>
	2021	2020
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	1,004,457	(249,786)
Adjustments for:		
Amortization of tangible capital assets	210,535	328,165
Amortization of deferred capital contributions	(8,154)	(48,020)
Unrealized (gain) loss on investments	(446,747)	255,227
Gain on disposal of tangible capital assets	<u>-</u>	<u>(569,638)</u>
	<u>760,091</u>	<u>(284,052)</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(224,159)	67,141
(Increase) decrease in prepaid expenses	(12,514)	65,564
Increase in repayable to the Ministries	200,866	241,612
Increase in accounts payable and accrued liabilities	210,588	207,313
Decrease in government remittances (net) payable	(5,706)	(100,430)
Increase (decrease) in deferred revenues	221,533	(311,431)
Increase (decrease) in vacation pay accrual	<u>24,042</u>	<u>(11,266)</u>
	<u>414,650</u>	<u>158,503</u>
Cash flows from (used in) operating activities	<u>1,174,741</u>	<u>(125,549)</u>
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Purchases of tangible capital assets	(26,463)	(106,984)
Proceeds from disposal of tangible capital assets	-	1,516,802
Net additions to investments	<u>(1,060,449)</u>	<u>(985,335)</u>
Cash flows (used in) from investing activities	<u>(1,086,912)</u>	<u>424,483</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances (to) from Humana Community Services Foundation	(8,211)	7,096
Repayments of long-term debt	(12,059)	(17,063)
Deferred capital contributions received	<u>26,463</u>	<u>44,452</u>
Cash flows from financing activities	<u>6,193</u>	<u>34,485</u>
NET CHANGE IN CASH	94,022	333,419
CASH, BEGINNING OF YEAR	<u>1,579,235</u>	<u>1,245,816</u>
CASH, END OF YEAR	<u>1,673,257</u>	<u>1,579,235</u>

See accompanying notes to the financial statements.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

NATURE OF THE ORGANIZATION

Humana Community Services ("the organization") is a social services agency which delivers residential programs and community services for children, youth and adults with complex needs throughout Southwestern Ontario. The organization was incorporated in Ontario without share capital as a not-for-profit organization and is a registered charity which is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act of Canada. On February 14, 2021, Anago (Non) Residential Resources Inc. and WAYS Mental Health Support unified to form Humana Community Services.

1. 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:

Use of Estimates

The preparation of these financial statements in accordance 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 and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess (deficiency) of revenues over expenditures in the period in which they become known.

In particular, the organization uses estimates when accounting for certain items, including:

- Allowance for doubtful accounts
- Useful lives of tangible capital assets
- Legal contingencies

Contributed Materials and Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. During the year, donation receipts of \$Nil (2020 - \$Nil) were issued for donations in-kind.

Government Assistance

Government assistance is recognized as revenue in the period in which the assistance relates to.

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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for tangible capital assets are deferred and recognized as revenue on the same basis as amortization is recorded.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Specifically, the organization recognizes:

- Ministry subsidies relating to operating and capital funding in the period for which the funding relates to;
- Fee for service revenues at the end of the month for which the services are performed;
- Other income revenues, consisting of other funding, government rebates and investment income as follows:
 - Investment income, including interest and dividends, when earned in the case of interest and when received in the case of dividends;
 - Funding and government rebates in the period in which the funding and government rebates relate to.

Tangible Capital Assets

Tangible capital assets are recorded at cost. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts, and any gain or loss is recognized in excess (deficiency) of revenues over expenditures. Amortization is calculated using the straight-line method at rates estimated to be sufficient to amortize the cost of the tangible capital assets over their useful lives as follows:

Building	Straight-line over 40 years
Furniture and equipment	Straight-line over 5 - 10 years
Vehicle	Straight-line over 7 years
Computer	Straight-line over 3 years

Allocated Expenses

Central administration costs are allocated to operations on a pre-determined and consistent basis to a maximum of 10% of the subsidy for Ministry programs and 10% for Fee for service programs.

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The organization recognizes its transaction costs in excess (deficiency) of revenues over expenditures in the period incurred. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and exchange traded funds 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 accounts receivable and guaranteed investment certificates. Financial assets measured at fair value include cash and investments, specifically equities and exchange traded funds, as they are quoted in an active market.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Measurement of financial instruments (continued)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, repayable to the Ministries, vacation pay accrual and current and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenues over expenditures. The previously recognized impairment loss may be reversed to the extent of the impairment, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

Reporting of Controlled Organizations

The organization controls two related not-for-profit organizations, Parkhill Residential Services Inc. and Humana Community Services Foundation (formerly WAYS Foundation). The organization does not consolidate the operations of these controlled organizations in its financial statements.

2. CREDIT FACILITIES

The Organization has the following credit facilities available for its use:

- A \$250,000 operating line of credit facility with Libro Financial Group. The line of credit facility bears interest at bank prime plus 1.00%, and at year-end was not being utilized (2020 - \$Nil).
- A \$250,000 operating line of credit facility with Royal Bank of Canada. The line of credit facility bears interest at 3.45%, and at year-end was not being utilized (2020 - \$Nil).
- A \$300,000 revolving line of credit facility with Royal Bank of Canada bearing interest at bank prime plus 1.50%; and a \$100,000 credit card facility. The balance drawn on these credit facilities at year end was \$Nil (2020 - \$Nil).

The Royal Bank of Canada credit facilities are secured by a general security agreement over all the organization's assets.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

3. INVESTMENTS

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	526,045	526,051	673,420	674,009
Guaranteed investment certificates	233,799	233,799	509,783	509,783
Fixed income	2,667,255	2,569,784	1,047,650	942,450
Equities	886,690	1,243,747	1,022,455	944,998
Exchange traded funds	<u>119,535</u>	<u>123,999</u>	<u>119,567</u>	<u>118,944</u>
	<u>4,433,324</u>	<u>4,697,380</u>	<u>3,372,875</u>	<u>3,190,184</u>

Guaranteed investment certificates earn interest from 2.3% to 2.5% and mature between November 29, 2021 and February 5, 2022.

Fixed income investments represent corporate bonds that earn interest from 1.1% to 8.9% with maturity dates ranging between November 18, 2021 and September 5, 2052.

During the fiscal year, the organization earned investment income of \$128,188 (2020 - \$107,636) which is included in other income on the Statement of Operations.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2021	2020
			<u>\$</u>	<u>\$</u>
Land and buildings	4,065,524	1,941,821	2,123,703	2,215,542
Vehicles	744,125	561,789	182,336	212,250
Computers	169,895	169,895	-	5
Furniture and equipment	<u>781,375</u>	<u>736,719</u>	<u>44,656</u>	<u>106,970</u>
	<u>5,760,919</u>	<u>3,410,224</u>	<u>2,350,695</u>	<u>2,534,767</u>

5. REGISTERED PENSION PLAN

The organization contributes to a defined contribution pension plan which provides pension benefits. Total contributions to the plans during the year were \$44,943 (2020 - \$55,542). There were no significant changes to contribution levels during the year which would affect comparability.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

6. DEFERRED REVENUES

The organization had the following deferred revenues activity in the year:

	2021	2020
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	157,135	468,566
Add: Amount received related to future years	540,779	85,320
Less: Amount recognized as revenue in the year	<u>(319,246)</u>	<u>(396,751)</u>
Balance, end of year	<u>378,668</u>	<u>157,135</u>

The deferred revenues balance represents externally restricted contributions that are to be used to fund multi-year programs and initiatives of the organization.

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent resources received in the current and prior years that are externally restricted for the purchase of tangible capital assets. Changes in the deferred capital contributions balance are as follows:

	2021	2020
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	99,333	102,901
Add: Amount received related to future years	26,463	44,452
Less: Amount recognized as revenue in the year	<u>(8,154)</u>	<u>(48,020)</u>
Balance, end of year	<u>117,642</u>	<u>99,333</u>

8. LONG-TERM DEBT

	2021	2020
	<u>\$</u>	<u>\$</u>
Mortgage payable, 2.72%, repayable in blended monthly instalments of \$1,711 principal and interest, due December 1, 2025, secured by 371 Princess Avenue building with a net book value of \$398,665 (2020 - \$411,961)	183,113	195,172
Less: Current portion	<u>15,807</u>	<u>195,172</u>
	<u>167,306</u>	<u>-</u>

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

8. LONG-TERM DEBT (CONTINUED)

The aggregate amount of principal payments required to meet retirement provisions are as follows:

	<u>\$</u>
2022	15,807
2023	16,237
2024	16,679
2025	17,132
2026 and thereafter	<u>117,258</u>
	<u>183,113</u>

The organization expensed long-term interest of \$6,270 (2020 - \$8,206) during the fiscal year.

9. REPAYABLE TO THE MINISTRIES

The organization is required to repay any unspent operating or capital subsidies it receives to its main funders, the Ministry of Children, Community and Social Services ("MCCSS") and the Ministry of Health ("MOH"), ("the Ministries"). The unspent surpluses repayable to the Ministries are as follows:

	2021	2020
	<u>\$</u>	<u>\$</u>
2017-2018 surplus repayable to the MCCSS	69,506	69,506
2018-2019 surplus repayable to the MCCSS	169,363	169,363
2019-2020 surplus repayable to the MCCSS and the MOH	241,612	241,612
2020-2021 surplus repayable to the MCCSS and the MOH	<u>200,866</u>	<u>-</u>
	<u>681,347</u>	<u>480,481</u>

The surpluses repayable to the Ministries are repaid once the Ministries have completed their review of the organization's Transfer Payment Annual Reconciliation submission.

10. LEASE COMMITMENTS

The organization has operating lease commitments for certain buildings, vehicles, furniture and equipment. Minimum future lease payments are as follows:

	<u>\$</u>
2022	130,994
2023	67,650
2024	38,896
2025	37,720
2026	<u>37,720</u>
	<u>312,980</u>

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

11. CONTINGENT LIABILITIES

The organization entered into a capital Grant Agreement (the "Agreement") with the City of London (the "City") in a prior year to facilitate the renovation of programming space at one of its facilities. The total grant amount is \$22,000. The renovation was completed in December 2017 and the full grant amount has been applied against the costs of construction. Under the terms of the Agreement, the City, in its sole discretion, may require the organization to repay to the City some or all of the grant under certain circumstances. The grant is forgivable by the City over a ten (10) year period at the rate of 10% of the grant value per year upon the October 19th anniversary date of the Agreement. In the event that the organization breaches the terms of the Agreement, the City has the right to terminate the Agreement and require the organization to repay any unforgiven grant balance.

As at March 31, 2021, the organization was subject to potential contingent liabilities for legal claims relating to employment matters. An estimate of the amounts of the contingent liabilities cannot be made as of the date of the financial statements.

12. PARKHILL RESIDENTIAL SERVICES INC.

Parkhill Residential Services Inc. ("PRSI") is controlled by the organization by way of PRSI and the organization sharing a common Board of Directors. PRSI was incorporated October 20, 1983 under the laws of the Province of Ontario as a not-for-profit corporation, without share capital. The operations of PRSI are carried on without the purpose of gain for its members and any surpluses shall be used in promoting its objectives. PRSI is not subject to income tax under paragraph 149(1)(l) of the Income Tax Act (Canada). The March 31, 2021 financial statements issued by PRSI were not audited or reviewed and therefore the revenue recognition policies followed PRSI may not conform to those required under Canadian accounting standards for not-for-profit organizations. The unaudited financial results of PRSI have not been consolidated into these financial statements.

The unaudited financial results for PRSI for the year ended March 31, 2021 are as follows:

	<i>Unaudited</i>	<i>Audited</i>
	2021	2020
	<u>\$</u>	<u>\$</u>
<i>Statement of Financial Position</i>		
Total Assets	292,578	262,564
Total Liabilities	2,000	2,543
Total Net Assets	<u>290,578</u>	<u>260,021</u>
 <i>Statement of Operations</i>		
Total Revenues	32,557	40,550
Total Expenditures	2,000	14,342
Excess of Revenues over Expenditures	<u>30,557</u>	<u>26,208</u>

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

12. PARKHILL RESIDENTIAL SERVICES INC. (CONTINUED)

	<i>Unaudited</i>	<i>Audited</i>
	2021	2020
	<u>\$</u>	<u>\$</u>
<i>Statement of Cash Flows</i>	<i>Not Applicable</i>	
Cash flows from operating activities	-	37,769
Cash flows used in investing activities	-	(4,685)
Cash flows used in financing activities	<u>-</u>	<u>(16,134)</u>
Net change in cash	<u><u>-</u></u>	<u><u>16,950</u></u>

13. HUMANA COMMUNITY SERVICES FOUNDATION

Humana Community Services Foundation (formerly WAYS Foundation), (the "Foundation"), is controlled by the organization by way of the Foundation and the organization sharing a common Board of Directors. The Foundation is incorporated, without share capital, by a Supplementary Letters of Patent that was issued under the Ontario Corporations Act. The Foundation raises funds from the community to support other registered charities which provide counselling and support services to disadvantaged, troubled or homeless children, young persons and their families and is a registered charity under the paragraph 149(1)(f) of the Income Tax Act (Canada). The Foundation follows the deferral method of accounting for contributions. The financial results of the Foundation have not been consolidated into these financial statements.

The financial results for the Foundation for the year ended March 31, 2021 are as follows:

	2021	2020
	<u>\$</u>	<u>\$</u>
<i>Statement of Financial Position</i>		
Total Assets	564,683	472,458
Total Liabilities	<u>7,850</u>	<u>8,922</u>
Total Net Assets	<u><u>556,833</u></u>	<u><u>463,536</u></u>
<i>Statement of Operations</i>		
Total Revenues	220,486	36,321
Total Expenditures	<u>127,189</u>	<u>156,976</u>
Excess (deficiency) of Revenues over Expenditures	<u><u>93,297</u></u>	<u><u>(120,655)</u></u>
<i>Statement of Cash Flows</i>		
Cash flows used in operating activities	(47,571)	(13,003)
Cash flows provided by investing activities	(66,115)	71,576
Cash flows provided by financing activities	<u>8,211</u>	<u>(7,096)</u>
Net change in cash	<u><u>(105,475)</u></u>	<u><u>51,477</u></u>

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

14. RELATED PARTY TRANSACTIONS AND BALANCES

Parkhill Residential Services Inc.

During the year, the organization paid rent of \$31,069 (2020 - \$31,069) to PRSI for the use of buildings related to its operations. These transactions occurred in the normal course of operations and have been recorded at the exchange amount.

Humana Community Services Foundation

During the year, the organization received donation revenues of \$26,272 (2020 - \$23,705) from the Foundation and the organization paid service fees of \$33,684 (2020 - \$37,563) for reimbursement of shared operating expenditures incurred by the Foundation. These transactions occurred in the normal course of operations and have been recorded at the exchange amount.

As at March 31, 2021, there is a balance due from (to) the Foundation of \$7,850 (2020 - (\$361)). The balance due from the Foundation is non-interest bearing and has no set terms of repayment.

15. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

16. GOVERNMENT ASSISTANCE

During the year, the organization experienced a reduction in revenue that qualified the organization to recover a portion of its wages under the Canada Emergency Wage Subsidy ("CEWS") and the 10% Temporary Wage Subsidy ("TWS"). The organization received \$1,656,958 (2020 - \$Nil) under the CEWS and TWS assistance programs during the year.

17. SIGNIFICANT EVENT - COVID-19 PANDEMIC

During and subsequent to the year end, the organization was exposed to economic risks associated with the COVID-19 pandemic. These risks are beyond the organization's control. The impact of these risks cannot be identified at this time but could impact the organization's operations, future excess (deficiency) of revenues over expenditures, cash flows and financial condition.

18. SUBSEQUENT EVENT

During the year, the organization was informed by the MCCSS that the King Street program ("the program") would no longer receive operational funding, effective April 30, 2021. As a result, subsequent to March 31, 2021 the organization discontinued the program and the government assumed possession of the vehicles related to administering the program. As a result, the organization will record a loss on disposal of \$66,543 to account for this appropriation of the tangible capital assets.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

19. FINANCIAL INSTRUMENTS AND RISKS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the Statement of Financial Position date.

Credit Risk

The organization is exposed to credit risk with respect to guaranteed investment certificates and accounts receivable. The organization assesses, on a continuous basis, accounts receivable on the basis of amounts it is certain to receive. The credit risk with respect to guaranteed investment certificates is insignificant since they are held in a large financial institution.

Interest Rate Risk

The organization is exposed to interest rate risk on its fixed rate financial instruments which includes current and long-term debt. This may subject the organization to a fair value risk.

Liquidity Risk

Similar to all organizations, the organization would be exposed to liquidity risk if it were unable to meet its payment obligations.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in equities.

It is management's opinion that the organization is not exposed to any significant foreign currency risk.

During the fiscal year, the organization was not in default or in breach of any of the terms in respect to its financial liabilities.

The organization's risk exposure is unchanged from the prior year.

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

20. COMBINATION OF ANAGO (NON) RESIDENTIAL RESOURCES INC. ("ANAGO") AND WAYS MENTAL HEALTH SUPPORT ("WAYS")

On February 14, 2021 ("the merger date"), Anago combined with WAYS to form Humana Community Services. The operations of Anago and WAYS prior to the combination of the entities consisted of providing support services to children, youth and vulnerable adults and their families. The primary reason for the merger was to collectively improve operational efficiencies and to enhance support services. The combination is accounted for as a merger in accordance with section 4449, *Combinations by Not-For-Profit Organizations* in Part III of the CPA Canada Handbook.

March 31, 2021 - Combined Figures

The results for the year ended March 31, 2021 are the aggregated results for the period April 1, 2020 to February 13, 2021 for the two organizations when they were operating independently and the results of the combined entity for the period February 14, 2021 to March 31, 2021.

March 31, 2020 - Combined Figures

The prior year comparative figures show the aggregated results for the two organizations when they were operating independently. The aggregated results include adjustments made to the comparative balances of both organizations to align the prior year accounting policies with those of the combined organization. The adjustments are as follows:

Aggregated Statement of Operations - For The Year Ended March 31, 2020

	Anago \$	WAYS \$	Adjustments \$	Total \$
Total Revenues	7,855,998	6,253,357	7,720	14,117,075
Total Expenditures	7,710,171	6,681,278	9,678	14,401,127
Total Other Items	<u>(1,033,852)</u>	<u>1,153,664</u>	<u>(85,546)</u>	<u>34,266</u>
Excess (deficiency) of Revenues over Expenditures	<u>(888,025)</u>	<u>725,743</u>	<u>(87,504)</u>	<u>(249,786)</u>

Aggregated Statement of Financial Position - As at March 31, 2020

	Anago \$	WAYS \$	Adjustments \$	Total \$
Total Assets	4,981,422	3,015,980	(85,552)	7,911,850
Total Liabilities	<u>1,210,606</u>	<u>623,572</u>	<u>43,690</u>	<u>1,877,868</u>
Total Net Assets	<u>3,770,816</u>	<u>2,392,408</u>	<u>(129,242)</u>	<u>6,033,982</u>

Significant adjustments included in the above tables are as follows:

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

20. COMBINATION OF ANAGO (NON) RESIDENTIAL RESOURCES INC. ("ANAGO") AND WAYS MENTAL HEALTH SUPPORT ("WAYS") (CONTINUED)

Prior to the merger date, Anago amortized its tangible capital assets utilizing the declining balance method and WAYS amortized its tangible capital assets utilizing the straight-line method. To align the accounting policies, the organization has made the decision to record amortization expense in accordance with the straight-line method for the combined figures for the year ended March 31, 2021. As a result, the organization increased amortization expense by \$85,553 in the comparative period to report amortization expense calculated in accordance with the straight-line method.

To align accounting policies, the organization increased deferred revenues by \$43,690 and decreased net assets by \$43,690 in the comparative period to adjust for externally restricted funds under the deferral method of accounting for contributions.

The carrying amounts of the assets, liabilities and net assets for each organization as at the merger date are as follows:

Statement of Financial Position - As at February 14, 2021

	<u>Anago</u> <u>\$</u>	<u>WAYS</u> <u>\$</u>	<u>Total</u> <u>\$</u>
ASSETS			
Cash	1,438,647	628,085	2,066,732
Investments	1,442,458	3,232,794	4,675,252
Accounts receivable	532,467	299,195	831,662
Government remittances recoverable	61,324	70,372	131,696
Prepaid expenses	<u>55,034</u>	<u>47,679</u>	<u>102,713</u>
	3,529,930	4,278,125	7,808,055
TANGIBLE CAPITAL ASSETS	<u>2,055,582</u>	<u>312,948</u>	<u>2,368,530</u>
TOTAL ASSETS	<u>5,585,512</u>	<u>4,591,073</u>	<u>10,176,585</u>
CURRENT LIABILITIES			
Accounts payable	393,418	516,446	909,864
Repayable to the Ministries	473,730	52,090	525,820
Government remittances payable	76,170	44,616	120,786
Vacation pay accrual	65,650	70,303	135,953
Deferred revenues	222,822	355,821	578,643
Current portion of long-term debt	<u>184,439</u>	<u>-</u>	<u>184,439</u>
TOTAL LIABILITIES	<u>1,416,229</u>	<u>1,039,276</u>	<u>2,455,505</u>
NET ASSETS	<u>4,169,283</u>	<u>3,551,797</u>	<u>7,721,080</u>
TOTAL LIABILITIES AND NET ASSETS	<u>5,585,512</u>	<u>4,591,073</u>	<u>10,176,585</u>

HUMANA COMMUNITY SERVICES

Notes to the Financial Statements For The Year Ended March 31, 2021

20. COMBINATION OF ANAGO (NON) RESIDENTIAL RESOURCES INC. ("ANAGO") AND WAYS MENTAL HEALTH SUPPORT ("WAYS") (CONTINUED)

The results of the operations for the period prior to the merger date (April 1, 2020 through to February 13, 2021) and after the merger date (February 14, 2021 through to March 31, 2021) are as follows:

Statement of Operations - For The Period April 1, 2020 to February 13, 2021 and For The Period February 14, 2021 to March 31, 2021

	<u>Anago</u> Apr 1, 2020- Feb 13, 2021 \$	<u>WAYS</u> Apr 1, 2020- Feb 13, 2021 \$	<u>Humana</u> Feb 14, 2021- Mar 31, 2021 \$	<u>Total</u> \$
REVENUES				
Ministry subsidies	4,890,283	2,215,564	882,603	7,988,450
Fee for service	944,907	1,782,362	371,015	3,098,284
Ministry other funding	456,465	226,192	165,399	848,056
Other income	65,934	320,393	154,317	540,644
Client and guardian support	250,433	120,931	53,237	424,601
Donations and grants	28,719	49,067	7,038	84,824
	<u>6,636,741</u>	<u>4,714,509</u>	<u>1,633,609</u>	<u>12,984,859</u>
EXPENDITURES				
Wages & benefits	5,281,482	3,980,557	1,521,590	10,783,629
Professional & contracted services	61,103	201,331	51,512	313,946
Purchased client services	10,674	260,102	40,001	310,777
Professional contract & IT services	87,324	85,491	118,297	291,112
Rent & mortgage payments	89,534	142,629	31,807	263,970
Repairs & maintenance services	66,547	114,781	74,397	255,725
Food services & supplies	236,116	48,208	(76,587)	207,737
Other supplies & equipment	15,929	40,274	90,548	146,751
Repairs & maintenance supplies	27,806	54,609	97,093	179,508
Travel & communications	68,865	62,329	29,653	160,847
Advertising & promotion	37,722	79,613	17,465	134,800
Utilities	55,156	51,673	18,302	125,131
Insurance	39,257	70,327	14,664	124,248
Supplies & equipment - IT	33,884	38,399	40,748	113,031
Other expenses	-	109,672	-	109,672
Other services	52,171	40,384	(2,055)	90,500
Staff training	20,714	32,382	16,380	69,476
	<u>6,184,284</u>	<u>5,412,761</u>	<u>2,083,815</u>	<u>13,680,860</u>
	<u>452,457</u>	<u>(698,252)</u>	<u>(450,206)</u>	<u>(696,001)</u>
OTHER ITEMS				
Government assistance	-	1,656,958	-	1,656,958
Unrealized investment gain (loss)	158,535	310,101	(21,889)	446,747
Amortization of tangible capital assets	(155,707)	(36,994)	(17,834)	(210,535)
Amortization of deferred contributions	-	-	8,154	8,154
Excess repayable to Ministries	-	-	(200,866)	(200,866)
	<u>2,828</u>	<u>1,930,065</u>	<u>(232,435)</u>	<u>1,700,458</u>
EXCESS (DEFICIENCY)	<u>455,285</u>	<u>1,231,813</u>	<u>(682,641)</u>	<u>1,004,457</u>