Surex Community Services
Financial Statements
March 31, 2023

To the Members of Surex Community Services:

Opinion

We have audited the financial statements of Surex Community Services (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances 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 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.

Other Matter

The financial statement for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 28, 2022.

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.

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.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

June 27, 2023

Licensed Public Accountants

Surex Community Services
Statement of Financial Position
As at March 31, 2023

	2023	*2022*
Assets		
Current		
Cash	**142,478**	319,023
Grants and accounts receivable	**105,714**	279,386
Investments *(Note 3)*	**604,102**	1,054,102
Prepaid expenses	**137,833**	115,509
Sales tax receivable	**112,518**	67,046
	1,102,645	1,835,066
Capital assets *(Note 4)*	**2,398,167**	2,422,240
	3,500,812	4,257,306
Liabilities		
Current		
Accounts payable and accrued liabilities	**577,219**	1,012,233
Current portion of deferred contributions related to capital assets *(Note 7)*	**43,547**	46,446
Current portion of deferred revenues *(Note 8)*	**17,720**	-
Due to MCCSS *(Note 6)*	**348,372**	270,460
	986,858	1,329,139
Deferred contributions related to capital assets *(Note 7)*	**796,551**	840,098
Deferred revenues *(Note 8)*	**-**	17,720
	1,783,409	2,186,957
Contingencies *(Note 9)*		
Commitments *(Note 10)*		
Fund Balances		
Operating fund	**(801,428)**	(408,414)
Capital asset fund	**2,518,831**	2,478,763
	3,500,812	4,257,306

Approved on behalf of the Board

e-Signed by Louie Surdi
2023-06-27 18:42:39:39 GMT
Director

e-Signed by Bob Engel
2023-06-27 18:34:49:49 GMT
Director

The accompanying notes are an integral part of these financial statements

Surex Community Services
Statement of Operations
For the year ended March 31, 2023

	Capital Assets Fund	Operating Fund	2023	2022
Revenues				
Grants *(Note 7)*	**46,446**	**5,950,318**	**5,996,764**	6,313,052
Family benefits allowance	**-**	**605,293**	**605,293**	612,272
Government assistance	**-**	**507,163**	**507,163**	462,252
Sales tax refund	**-**	**112,220**	**112,220**	120,564
Others	**-**	**9,282**	**9,282**	52,869
Fundraising	**-**	**17,808**	**17,808**	39,186
Interest income	**-**	**14,104**	**14,104**	1,189
Repayment of surplus *(Note 6)*	**-**	**(348,372)**	**(348,372)**	(270,460)
	46,446	**6,867,816**	**6,914,262**	7,330,924
Expenses				
Salaries	**-**	**5,181,218**	**5,181,218**	5,152,531
Employee benefits	**-**	**850,411**	**850,411**	720,193
Purchased services	**-**	**275,183**	**275,183**	344,817
Premises	**-**	**208,144**	**208,144**	194,424
Utilities and taxes	**-**	**148,823**	**148,823**	151,173
Food	**-**	**143,805**	**143,805**	139,513
Supplies	**-**	**86,895**	**86,895**	83,528
Insurance	**-**	**72,512**	**72,512**	56,700
Vehicle	**-**	**64,302**	**64,302**	61,009
Personal needs	**-**	**45,286**	**45,286**	53,311
Staff training	**-**	**28,200**	**28,200**	68,682
Staff travel	**-**	**14,883**	**14,883**	13,971
Repairs and maintenance	**-**	**9,920**	**9,920**	7,735
Advertising	**-**	**673**	**673**	2,161
Replacements	**-**	**-**	**-**	6,393
Amortization	**136,952**	**-**	**136,952**	140,000
	136,952	**7,130,255**	**7,267,207**	7,196,141
(Deficiency) excess of revenue over expenses	**(90,506)**	**(262,439)**	**(352,945)**	134,783

The accompanying notes are an integral part of these financial statements

Surex Community Services
Statement of Changes in Fund Balances
For the year ended March 31, 2023

	Capital Assets Fund	*Operating Fund*	***2023***	*2022*
Fund balances, beginning of the year	**2,478,763**	**(408,414)**	**2,070,349**	1,935,566
(Deficiency) excess of revenue over expenses	**(90,506)**	**(262,439)**	**(352,945)**	134,783
Allocated from fund raising and others	**17,695**	**(17,695)**	**-**	-
Capital assets purchases	**112,880**	**(112,880)**	**-**	-
Fund balances, end of year	**2,518,832**	**(801,428)**	**1,717,404**	2,070,349

The accompanying notes are an integral part of these financial statements

Surex Community Services
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	**(352,945)**	134,783
Amortization	**136,952**	140,000
Amortization of deferred contributions	**(46,446)**	(31,731)
	(262,439)	243,052
Changes in working capital accounts		
Grants and accounts receivable	**173,672**	(196,671)
Sales tax receivable	**(45,472)**	717
Prepaid expenses	**(22,324)**	17,931
Accounts payable and accrued payroll deductions	**(435,013)**	168,250
Due to MCCSS	**77,912**	270,460
	(513,664)	503,739
Investing		
Purchase of investments	**(604,102)**	(950,259)
Proceeds on disposal of investments	**1,054,101**	-
Purchase of capital assets	**(112,880)**	(107,952)
	337,119	(1,058,211)
Decrease in cash	**(176,545)**	(554,472)
Cash, beginning of year	**319,023**	873,495
Cash, end of year	**142,478**	319,023

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Surex Community Services (the “Organization”) was incorporated under the laws of the Province of Ontario as a non-share capital corporation. It is a registered charitable organization and is exempt from income taxes providing certain requirements of the Income Tax Act.

The Organization is a community based not-for-profit organization providing support and assistance for adults with developmental disabilities. It provides long-term residential support and day programming to adults (over the age of 18) with a developmental disability. Currently all the residential programs operate on a 24 hours per day, 7 days a week basis.

These financial statements have been prepared using the going concern assumption meaning that the assets and liabilities of Surex will be realized and discharged in the normal course of operations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions, and presents its financial statements using fund accounts. The funds reflected in the financial statements are as follows:

The Operating Fund reports the Organization’s unrestricted resources and all other activities related to revenues and expenses which are not capital in nature.

The Capital Assets Fund reports the Organization’s real estate and other capital assets. The Organization's operations are primarily funded through various agreements with the Government of Ontario.The Ontario Ministry of Children, Community and Social Services ('MCCSS") provides major funding for the acquisition of all land and buildings. The Organization is therefore not free to dispose of these facilities, nor to use the assets for other purposes without consent of the Ministry.

Revenue recognition

The Organization uses the deferral fund method of accounting for contribution. 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 when the amount to be received can be reasonably estimated and its collection is reasonably assured.

Government funding is primarily received from the MCCSS and is recognized as qualifying costs are incurred.

Capital grants are initially recognized as deferred contributions related to capital assets when received. Revenue is recognized in the capital asset fund as the related assets are amortized.

Family benefits allowance is revenue paid by residents in respect of accommodation and care service provided and is recognized when the services are provided

Financial instruments

All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost. Financial assets measured at amortized cost include cash, grants and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and deferred contributions related to capital assets.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. The amount of the write-down is recognized in excess (deficiency) of revenues over costs.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	**Rate**
Buildings	declining balance	5 %
Automotive	declining balance	30 %
Computer equipment	declining balance	30 %
Computer software	declining balance	45 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	term of lease

Use of estimates

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these financial statements include allowance for receivables, prepaid expenses, amortization of property, plant and equipment, accounts payable and accrued liabilities, deferred revenue and deferred contributions related to capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Contributed materials

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Donated services assist the Organization in carrying out its program activities. Due to the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of a group of assets is less than its carrying amount, it is considered to be impaired. An impairment loss is measured as the amount by which the carrying amount of the group of assets exceeds its fair value. Fair value is generally measured as equal to the estimated future discounted net cash flows from the asset or assets. During fiscal 2023 the Organization has determined that no impairment in the carrying value of these assets existed.

Government assistance

The Organization follows the income approach to recognize government assistance. This approach requires government assistance to be credited to income when related to current expenditures. Wage subsidies are accounted for as other income in the year the related wages are incurred.

3. Investments

	2023	*2022*
GIC, bearing interest rate at 3.00% per annum and maturing October 19, 2023.	**604,102**	-
GIC, redeemable, bearing interest rate at 0.25% per annum and maturing November 1, 2022.	**-**	500,000
GIC, redeemable, bearing interest rate at 0.25% per annum and maturing December 6, 2022.	**-**	250,000
GIC, bearing interest rate at 1.70% per annum and maturing March 23, 2023.	**-**	200,000
GIC, bearing interest rate at prime less 2.40% per annum and maturing October 20, 2022.	**-**	104,102
	604,102	1,054,102

4. Capital assets

	Cost	***Accumulated amortization***	***2023 Net book value***	*2022 Net book value*
Land	**861,270**	**-**	**861,270**	861,270
Buildings	**3,143,570**	**1,767,322**	**1,376,248**	1,381,278
Automotive	**292,131**	**246,170**	**45,961**	39,571
Computer equipment	**220,585**	**196,207**	**24,378**	28,242
Computer software	**53,667**	**52,926**	**741**	1,348
Furniture and fixtures	**844,455**	**774,048**	**70,407**	82,154
Leasehold improvements	**442,315**	**423,153**	**19,162**	28,377
	5,857,993	**3,459,826**	**2,398,167**	2,422,240

5. Bank overdraft

The Organization maintains a bank overdraft facility available under an Operating Account Agreement from the Bank of Montreal ("BMO") for $250,000 (2022 - $250,000). Interest is calculated at the BMO's prime plus 1.25% per annum. The overdraft facility is secured by a general security agreement. As of March 31, 2023, the amount outstanding at year end is $Nil (2022 - $Nil).

6. Due to MCCSS

Under the terms of the funding agreement with the Ministry of Children, Community and Social Services MCCSS, any surplus resulting from an excess of grants over expenses is to be repaid. As of March 31, 2023, the amount due to the MCCSS is $348,372 (2022 - $270,460).

7. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred contributions related to capital assets are as follows:

	2023	*2022*
Balance, beginning of year	**886,544**	936,275
Less: amounts recognized as revenue during the year	**(46,446)**	(49,731)
Balance, end of year	**840,098**	886,544
Less: current portion	**(43,547)**	(46,446)
	796,551	840,098

8. Deferred revenue

Deferred revenue consists of cash contributions received for the expenses related to an event hosted by the Organization. This event has been subsequently cancelled by the Organization in 2023 and the contributions received are to be moved to the operating fund. As such, the funds are presented as a current liability for fiscal year 2023.

9. Contingencies

The nature of the Organization's activities is such that there may be years where there is litigation pending or in progress. In some cases, where a potential liability is likely and is able to be estimated, management records its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined. At year end, there are no significant contingencies. No contingent losses have been accrued at year end.

10. Commitments

The Organization has entered into one long-term lease agreement related to rent for its Head Office which expires on December 31, 2023. Estimated minimum annual rental for each of the next year is approximately as follows:

2024	16,947

The Organization is in negotiations to lease new premises. No financial commitment for this property has been disclosed above as an agreement has not been met.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The Organization is exposed to credit risk with respect to its grants and accounts receivable. The Organization assesses, on a continuous basis, amounts it is certain to receive. The Organization continually monitors the financial condition of its accounts receivable to reduce the risk of loss. The Organization maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of accounts payable and accrued liabilities.

12. Economic dependence

In common with other publicly funded agencies, the Organization derives the majority of its revenue revenue from the Ontario Ministry of Children, Community and Social Services ("MCCSS"). The Organization's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the Service Contract.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.