

**E3 (EDUCATE, ENABLE, EMPOWER)  
COMMUNITY SERVICES INC.**

**o/a E3 COMMUNITY SERVICES INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of E3 Community Services Inc.:

### **Opinion**

We have audited the financial statements of E3 Community Services Inc. ("the organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in fund balances, operations and cash flow 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 E3 Community Services Inc. as at March 31, 2020 and its results of operations and cash flows for the year then ended in accordance with the financial reporting provisions as defined by the Ministry of Children, Community and Social Services.

### **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.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to the summary of significant accounting policies attached to the financial statements, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian accounting standards for not-for-profit organizations.

### **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 the financial reporting provisions as defined by the Ministry of Children, Community and Social Services as described in Note 1, 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 relating 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.

*Baker Tilly SGB LLP*

***Baker Tilly SGB LLP***

Licensed Public Accountants

Collingwood, Ontario


October 28, 2020


# E3 COMMUNITY SERVICES INC.

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31

	Operating Fund	Capital Asset Fund	Association Fund	Total 2020	Total 2019
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Current</b>					
Cash (Note 4)	1,374,586	-	239,244	1,613,830	1,263,850
Investments (Note 5)	-	-	300,000	300,000	400,000
Accounts receivable	213,732	-	106,795	320,527	170,421
Operating subsidies receivable (Note 6)	6,935	-	-	6,935	6,935
Prepaid expenses	8,230	-	-	8,230	59,543
Due from (to) other funds	(379,061)	68,657	310,404	-	-
	1,224,422	68,657	956,443	2,249,522	1,900,749
Capital assets (Note 7)	-	9,056,328	-	9,056,328	9,060,552
	1,224,422	9,124,985	956,443	11,305,850	10,961,301

Approved on behalf of the board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See accompanying notes to the financial statements

# E3 COMMUNITY SERVICES INC.

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31

	Operating Fund	Capital Asset Fund	Association Fund	Total 2020	Total 2019
	\$	\$	\$	\$	\$
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable (Note 4)	1,002,184	-	179,281	<b>1,181,465</b>	1,331,890
Government remittances payable	11,919	-	-	<b>11,919</b>	4,741
Deferred revenue (Note 13)	7,857	-	13,200	<b>21,057</b>	7,857
Due to Strategic Operations Committee (Note 4)	43,610	-	-	<b>43,610</b>	55,665
Current portion of long-term (Note 9)	-	111,711	-	<b>111,711</b>	182,184
	1,065,570	111,711	192,481	<b>1,369,762</b>	1,582,337
Long-term (Note 9)	-	539,176	-	<b>539,176</b>	518,547
<b>Total liabilities</b>	<b>1,065,570</b>	<b>650,887</b>	<b>192,481</b>	<b>1,908,938</b>	<b>2,100,884</b>
Deferred capital contributions (Note 10)	-	4,040,927	-	<b>4,040,927</b>	3,929,234
<b>Fund balances</b>					
Invested in capital assets	-	4,433,171	-	<b>4,433,171</b>	4,499,587
Unrestricted	135,498	-	763,962	<b>899,460</b>	402,973
Externally restricted (Note 1(e))	23,354	-	-	<b>23,354</b>	28,623
	158,852	4,433,171	763,962	<b>5,355,985</b>	4,931,183
	1,224,422	9,124,985	956,443	<b>11,305,850</b>	10,961,301

See accompanying notes to the financial statements

# E3 COMMUNITY SERVICES INC.

## STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31

	Operating Fund	Capital Asset Fund	Association Fund	Total 2020	Total 2019
	\$	\$	\$	\$	\$
Fund balances, beginning of the year	28,623	4,499,587	402,973	<b>4,931,183</b>	4,704,618
Excess (deficiency) of revenue over expense	167,276	(116,262)	373,788	<b>424,802</b>	226,565
Interfund transfers (Note 8)	(37,047)	49,846	(12,799)	-	-
Net change in fund balances	130,229	(66,416)	360,989	<b>424,802</b>	226,565
Fund balances, end of the year	158,852	4,433,171	763,962	<b>5,355,985</b>	4,931,183

See accompanying notes to the financial statements

# E3 COMMUNITY SERVICES INC.

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	Operating Fund	Capital Asset Fund	Association Fund	Total 2020	Total 2019
	\$	\$	\$	\$	\$
Revenue					
Childcare fees	-	-	467,749	<b>467,749</b>	351,502
Contributions from clients and agencies and expenditure recovery	1,122,849	-	24,000	<b>1,146,849</b>	1,167,448
County of Simcoe Affordability Subsidy	-	-	-	-	62,216
County of Simcoe Program Subsidy	776,665	-	-	<b>776,665</b>	747,891
County of Simcoe Provincial Wage Enhancement Funding	-	-	36,038	<b>36,038</b>	30,938
County of Simcoe Enhancement Inclusion Funding	-	-	1,380	<b>1,380</b>	1,131
County of Simcoe One Time Capital Funding	18,936	-	23,192	<b>42,128</b>	-
County of Simcoe Pay Equity	-	-	29,175	<b>29,175</b>	29,175
County of Simcoe General Operating Grant	-	-	46,699	<b>46,699</b>	64,865
Dedicated Supportive Housing subsidy	68,497	-	-	<b>68,497</b>	69,094
Recovery of allocated administration costs	1,056,717	-	-	<b>1,056,717</b>	1,209,108
Fundraising	-	-	114,082	<b>114,082</b>	88,525
Interest	-	-	33,213	<b>33,213</b>	23,820
Membership fees	-	-	115	<b>115</b>	122
Other income	-	-	4,769	<b>4,769</b>	1,185
Passport brokerage revenue	-	-	328,435	<b>328,435</b>	187,727
Provincial grant	164,700	-	-	<b>164,700</b>	-
Provincial subsidy	9,670,892	-	-	<b>9,670,892</b>	9,994,405
Programs	6,996	-	8,739	<b>15,735</b>	7,735
Rental income	-	-	597,293	<b>597,293</b>	611,454
Sales - ReUse Centres	-	-	314,347	<b>314,347</b>	325,345
Amortization of deferred capital contributions (Note 10)	-	222,089	-	<b>222,089</b>	202,398
<b>Total revenue</b>	<b>12,886,252</b>	<b>222,089</b>	<b>2,029,226</b>	<b>15,137,567</b>	<b>15,176,084</b>

See accompanying notes to the financial statements

# E3 COMMUNITY SERVICES INC.

## STATEMENT OF OPERATIONS - CONTINUED FOR THE YEAR ENDED MARCH 31

	Operating Fund	Capital Asset Fund	Association Fund	Total 2020	Total 2019
	\$	\$	\$	\$	\$
Expense					
Advertising and promotion	25,211	-	20,773	<b>45,984</b>	48,317
Allocated administration and central resources costs	951,634	-	135,176	<b>1,086,810</b>	1,226,174
Amortization of capital assets	-	338,351	-	<b>338,351</b>	349,035
Equipment rentals	19,126	-	-	<b>19,126</b>	26,605
Food costs	234,906	-	20,905	<b>255,811</b>	276,434
Fundraising	-	-	61,542	<b>61,542</b>	26,253
Insurance	35,677	-	12,917	<b>48,594</b>	50,515
Interest and bank charges	5,076	-	11,102	<b>16,178</b>	15,476
Meetings	2,303	-	-	<b>2,303</b>	5,085
Memberships and licenses	12,108	-	1,918	<b>14,026</b>	8,194
Mortgage	41,335	-	-	<b>41,335</b>	41,153
New furnishings and equipment	144,529	-	11,236	<b>155,765</b>	100,454
Non-recoverable HST	64,391	-	16,000	<b>80,391</b>	68,604
Office and program supplies	256,670	-	29,792	<b>286,462</b>	249,150
Personal needs	133,633	-	-	<b>133,633</b>	158,786
Premises rent	336,632	-	59,370	<b>396,002</b>	400,362
Professional and consulting	119,645	-	20,000	<b>139,645</b>	130,507
Purchased services	733,169	-	241,124	<b>974,293</b>	1,191,584
Repairs and maintenance	230,706	-	114,300	<b>345,006</b>	319,672
Salaries and benefits	9,045,267	-	744,901	<b>9,790,168</b>	9,803,688
Social and recreation	10,706	-	4,723	<b>15,429</b>	14,541
Staff training	39,182	-	230	<b>39,412</b>	36,291
Telephone	33,913	-	4,410	<b>38,323</b>	34,933
Utilities and taxes	82,245	-	101,714	<b>183,959</b>	194,942
Vehicle, staff travel and transportation	197,959	-	6,258	<b>204,217</b>	172,764
<b>Total expense</b>	<b>12,756,023</b>	<b>338,351</b>	<b>1,618,391</b>	<b>14,712,765</b>	<b>14,949,519</b>
Excess (deficiency) of revenue over expense as reported in schedules	130,229	(116,262)	410,835	<b>424,802</b>	226,565
Mortgage principal payments (Note 8)	37,047	-	(37,047)	-	-
<b>Excess (deficiency) of revenue over expense</b>	<b>167,276</b>	<b>(116,262)</b>	<b>373,788</b>	<b>424,802</b>	<b>226,565</b>

See accompanying notes to the financial statements



# E3 COMMUNITY SERVICES INC.

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2020	2019
	\$	\$
<b>Cash flows from (for):</b>		
<b>Operating activities</b>		
Excess of revenue over expense	424,802	226,565
Items not involving cash		
Amortization of capital assets	338,351	349,035
Amortization of deferred capital contributions	(222,089)	(202,398)
	541,064	373,202
Changes in		
Accounts receivable and operating subsidies receivable	(150,106)	(29,590)
Prepaid expenses	51,313	(31,313)
Accounts payable	(150,425)	425,325
Government remittances payable	7,178	(16,049)
Deferred revenue	13,200	(13,730)
Due to Strategic Operations Committee	(12,055)	2,148
	300,169	709,993
<b>Financing activities</b>		
Repayment of long-term liabilities	(49,844)	(45,543)
<b>Investing activities</b>		
Additions to capital assets	(334,127)	(45,004)
Capital funding received	333,782	45,002
Maturity of investments	100,000	200,000
	99,655	199,998
<b>Change in cash</b>	<b>349,980</b>	<b>864,448</b>
Cash position, beginning of year	1,263,850	399,402
<b>Cash position, end of year</b> (Note 4)	<b>1,613,830</b>	<b>1,263,850</b>

See accompanying notes to the financial statements

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### **Purpose of the organization**

E3 Community Services Inc. is a not-for-profit, charitable organization, the main purpose of which is to serve, support, educate, protect and advocate for persons of all ages with developmental disabilities, in order that they may grow, live and work in the community in as normal a manner as possible. The organization's activities are dependent on funding from the Ministry of Children, Community and Social Services, the County of Simcoe, members and private donors.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with guidance issued by the Ministry of Children, Community and Social Services. The basis of accounting used in these financial statements differs materially from Canadian accounting standards for not-for-profit organizations only with respect to accrued vacation, sick pay and employee future benefits, which is recorded on a cash basis; the same basis on which the Ministry of Children, Community and Social Services funds vacation pay, sick pay and employee future benefits.

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements:

#### **(a) Fund accounting**

The organization follows the deferral method of accounting for contributions.

(i) Revenue and expense related to program delivery and administrative activities are reported in the Operating Fund. Revenue in this fund is externally restricted by the Ministry of Children, Community and Social Services and the County of Simcoe and must be administered in accordance with Ministry and County approved objectives.

(ii) The Capital Asset Fund reports the assets, liabilities, revenue and expense related to the capital assets owned by the organization and the Ministry of Children, Community and Social Services.

(iii) The Association Fund includes all unrestricted donations and reports revenue and expense related to fundraising, membership and operations other than program administration delivery, as detailed in Schedules 1, 2, 3, 4, 5, 6, 7, 8, 11 and 26.

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 1. Significant accounting policies (continued)

#### (b) Financial instruments

The organization considers any contract that creates a financial asset, a financial liability or equity instrument as a financial instrument, except in limited items such as leases and loan commitments.

##### *Initial recognition and measurement*

A financial asset or a financial liability is recognized when the organization becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value.

##### *Subsequent measurement*

Changes in fair value of investments in equity instruments are recognized in operations in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

##### *Impairment*

At the end of each reporting period, the organization assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

#### (c) Investments

Investments are initially measured at fair value. Interest income is recognized in the period it is earned.

#### (d) Capital assets

Purchased capital assets are recorded at cost. Cost includes the purchase price and any directly attributable cost of preparing the asset for its intended use. Contributed capital assets are recorded at fair market value at the date of contribution.

Capital assets are tested for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Amortization is provided to amortize the cost of assets over their estimated useful lives. Provision is made for amortization as follows:

Buildings and fixtures	- 4% diminishing balance
Leaseholds	- 5 years straight-line
Computers and software	- 30% diminishing balance
Vehicles	- 30% diminishing balance

Land is not amortized.

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 1. Significant accounting policies (continued)

#### (e) Replacement reserve fund

The organization is required by the Ministry of Children, Community and Social Services to establish a capital reserve fund for future expenditures of a capital nature at Oak Street, Reid Crescent and Fifth Street only. This requirement is under the Dedicated Supportive Housing Program. The fund is represented by a bank account and all interest earned on these funds is added to the reserve.

#### (f) Revenue recognition

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unrestricted contributions include: childcare fees, contributions from clients and agencies, expenditure recovery, recovery of allocated administration costs and fundraising.

Restricted contributions, such as government funding, are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions include: various County of Simcoe subsidies, Dedicated Supportive Housing subsidy, Provincial grant and subsidy.

Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis that the related capital assets are amortized.

All other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### (g) Contributed services

The organization receives volunteer services from many individuals. Since these services are not normally purchased by the organization and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

#### (h) Use of estimates

The preparation of financial statements in conformity with the basis of accounting described in Note 1 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 amount of revenue and expenditures during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known. Estimates include accounting for amortization expense of capital assets and amortization of deferred capital contributions. Actual results could differ from those estimates.

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 2. Change in accounting policy

Effective April 1, 2019, the Organization prospectively adopted ASNPO Section 4433, "Tangible Capital Assets Held by Not-for-Profit Organizations" in accordance with its transitional provisions. This section replaces ASNPO Section 4431, "Tangible Capital Assets Held by Not-for-Profit Organizations" and provides guidance on amortization and componentization of tangible capital assets. Existing assets were not componentized. New additions during the year were examined to determine if they should be recognized as a separate component.

### 3. Financial instruments

The organization's financial instruments consist of cash, investments, accounts receivable, operating subsidiaries receivable, accounts payable and long-term liabilities.

The organization is not exposed to significant market risk, currency risk nor other price risk.

#### *Financial risks*

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the organization.

Credit risk is managed through maintaining credit policies. Credit is not extended to parties with aged accounts and credit is not issued beyond approved credit limits.

The organization has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the organization is considered to relate to the class of assets described as "accounts receivable", and primarily comprised of monies due from government.

#### (b) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the year end date whereby a future change in interest rates will affect future cash flows or the fair value of fixed financial instruments.

Interest rate risk is managed by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations.

#### (c) Liquidity risk

Liquidity risk is the risk that the organization will not be able to fund its obligations as they come due. The organization meets its liquidity requirements through cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. This is combined with the fact that 72% of the organization's revenues are from either provincial or regional government sources. Additional cash requirements may be met with the available operating line of credit, providing flexibility in the short-term to meet operational needs.

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 4. Cash

Cash consists of the following:

	2020	2019
	\$	\$
Unrestricted cash - Operating Fund	1,286,269	918,767
Restricted cash - Funds held on behalf of the Strategic Operations Committee	43,610	55,665
Restricted cash - Dedicated Supportive Housing Replacement Reserve funds (Note 1(e))	44,707	43,877
Operating fund	1,374,586	1,018,309
Restricted cash - Association Fund	71,588	23,271
Restricted cash - Client trust accounts	167,656	222,270
Association fund	239,244	245,541
	1,613,830	1,263,850

Included in accounts payable for the Association Fund are client funds held in trust of \$167,656 (2019 - \$222,270).

### 5. Investments

At the end of the year the organization held three guaranteed investment certificates (GIC) with two maturing in June 2022 and one in October 2024. Each of these have a face value of \$100,000. The interest rate ranges from 0.70% to 1.75% with interest compounded annually. In 2019 there were four GICs, each with a face value of \$100,000.

### 6. Operating subsidies receivable

Operating subsidies receivable as at March 31 are as follows:

	2020	2019
	\$	\$
Dedicated Supportive Housing	6,935	6,935

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 7. Capital assets

Capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
	\$	\$	\$	\$
<b>Agency Owned</b>				
Land	935,382	-	<b>935,382</b>	935,382
Buildings and fixtures	3,671,359	1,328,483	<b>2,342,876</b>	2,413,409
Leaseholds	24,885	24,885	-	-
Vehicles	19,707	13,962	<b>5,745</b>	8,208
	4,651,333	1,367,330	<b>3,284,003</b>	3,356,999
<b>Ministry Owned</b>				
Land - Residences	752,105	-	<b>752,105</b>	752,105
Buildings and fixtures - Residences	4,055,493	1,589,818	<b>2,465,675</b>	2,394,318
Computers and software	469,215	393,171	<b>76,044</b>	56,383
Vehicles	823,403	602,416	<b>220,987</b>	189,321
	6,100,216	2,585,405	<b>3,514,811</b>	3,392,127
<b>Jointly Owned*</b>				
Land	350,000	-	<b>350,000</b>	350,000
Land - Residences	225,504	-	<b>225,504</b>	225,504
Buildings and fixtures	1,584,294	714,955	<b>869,339</b>	889,389
Buildings and fixtures - Residences	1,109,725	297,054	<b>812,671</b>	846,533
	3,269,523	1,012,009	<b>2,257,514</b>	2,311,426
	14,021,072	4,964,744	<b>9,056,328</b>	9,060,552

\*The Ministry's interest is derived from capital contributions to the Peel Street property of \$423,910 (22%) (2019 - \$423,910), Stanley Street property of \$517,000 (81%) (2019 - \$517,000) and the 60th Street property of \$184,144 (28%) (2019 - \$184,144).

### 8. Interfund transfers

During the year, \$37,047 (2019 - \$33,387) was transferred from the Operating Fund to the Capital Asset Fund for cash outlays related to mortgage and loan principal payments and \$12,799 (2019 - \$12,155) was transferred from the Association Fund to the Capital Asset Fund for cash outlays related to mortgage principal payments.

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 9. Long-term liabilities

Long-term liabilities consist of the following:

	2020	2019
	\$	\$
(a) 3.15% fixed term loan payable to BMO, repayable \$1,808 monthly principal and interest, secured by property at 137 Constance Boulevard, Wasaga Beach, with a net book value of \$690,520, due March 2022.	<b>343,974</b>	354,632
(b) 1.85% mortgage payable to MCAP, repayable \$951 monthly principal and interest, secured by property at 2 Reid Crescent, Collingwood, with a net book value of \$145,569, due May 2021.	<b>61,388</b>	71,572
(c) 1.74% mortgage payable to The Bank of Nova Scotia, repayable \$1,178 monthly principal and interest, secured by property at 444 Fifth Street, Collingwood, with a net book value of \$234,312, due March 2021.	<b>76,484</b>	90,255
(d) 2.99% mortgage payable to First National Financil LP, repayable \$1,336 monthly principal and interest, secured by property at 120 Oak Street, Collingwood, with a net book value of \$261,578, due October 2024.	<b>132,486</b>	145,577
(e) 4.80% commercial loan payable to TD Canada Trust, repayable in monthly principal and interest, secured by property at 60th Street, Wasaga Beach, with a net book value of \$492,283, due September 2023.	<b>36,555</b>	38,695
	<b>650,887</b>	700,731
Less current portion	<b>(111,711)</b>	(182,184)
	<b>539,176</b>	518,547

Scheduled principal payments anticipated in the next five years and thereafter are as follows:

2021	\$ 111,711
2022	397,691
2023	14,987
2024	44,030
2025	82,468

An operating line of credit in the amount of \$325,000 is available through the Bank of Montreal. The interest rate is prime plus 0.25%.



# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 10. Deferred capital contributions

Deferred capital contributions reported in the Capital Asset Fund include the amount of restricted contributions with which capital assets were originally purchased. The changes for the year in the deferred capital contributions balance are as follows:

	2020	2019
	\$	\$
Balance, beginning of year	3,929,234	4,086,630
Designated funds received during the year	333,782	45,002
Amounts amortized to revenue during the year	(222,089)	(202,398)
Balance, end of year	4,040,927	3,929,234

### 11. Contingent liabilities

In the ordinary course of operations, claims and lawsuits are brought against the organization. The amount and likelihood of loss resulting from any claims or lawsuits is unknown at this time. Any payment made by the organization pursuant to claims or lawsuits will be expensed in the year of settlement.

Certain employees and their spouses are eligible for extended health benefits for life if they serve a minimum tenure with the organization of 10 years. The liability for these benefits has not been accrued in the financial statements, as the organization is unable to determine the amount at this time.

### 12. Allocation of expenses

The organization operates a number of programs in the Operating and Association Funds. The costs of each program include directly related expenses and common costs such as office supplies, salary and benefit costs, premises rent, building maintenance, interest and bank charges and professional and consulting fees. Generally, each program is allocated such costs up to 10% of its Ministry funding amount. This is the maximum allowed by the Ministry. In some cases, the organization has the flexibility to allocate less than 10% for non-Ministry programs. This allocation is applied consistently from year to year.

# E3 COMMUNITY SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

### 13. Deferred revenue

Deferred revenue consists of the following:

	2020	2019
	\$	\$
Operating fund:		
Deferred enhancement initiative funding	7,857	7,857
Association fund:		
Deferred fundraising revenue	13,200	-
	<b>21,057</b>	<b>7,857</b>

### 14. Economic dependence

The organization received 72% (2019 - 72%) of its revenue from the Ministry of Children, Community and Social Services.

### 15. Impact of the COVID-19 pandemic

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing, could mean that the organization's revenues and collections are reduced. The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.