

NIAGARA SUPPORT SERVICES

Financial Statements
for the Year Ended March 31, 2024
and Independent Auditor's Report to the Board of Directors

NIAGARA SUPPORT SERVICES
FINANCIAL STATEMENTS
MARCH 31, 2024

CONTENTS

Independent Auditor's Report	1 - 2
Statement of Operations and Surplus	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 12



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Niagara Support Services:

Opinion

We have audited the accompanying financial statements of Niagara Support Services (the Organization), which comprise the statement of financial position as at March 31, 2024 and the statements of operations and surplus and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Niagara Support Services as at March 31, 2024, 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
Welland, Ontario
June 25, 2024

NIAGARA SUPPORT SERVICES

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED MARCH 31, 2024

	2024	2023
INCOME		
Provincial subsidies	\$13,794,269	\$13,446,784
Niagara Region subsidy	396,367	401,269
Residence fees	906,963	850,647
Recoveries	1,964,818	2,019,249
Donations and memberships	33,760	3,694
Interest earned	94,939	45,554
	17,191,116	16,767,197
EXPENDITURES		
Salaries	10,111,658	9,739,863
Benefits	2,098,608	1,921,504
Purchase services	1,984,114	1,780,651
Supplies	129,522	178,512
Bank charges and interest	5,126	4,969
Dietary	445,816	500,941
Occupancy	1,322,985	1,490,650
Vehicle operations	220,704	236,371
Personal needs	285,838	285,564
Training	19,264	151,924
Mortgage interest	6,499	7,747
Association expenses	9,611	2,000
Donations and memberships	1,330	2,940
Travel	15,571	15,022
Other	403,717	321,709
Transfer to reserve	1,698	1,698
Amortization	20,173	18,925
	17,082,234	16,660,990
EXCESS OF INCOME OVER EXPENDITURES BEFORE OTHER INCOME	108,882	106,207
OTHER INCOME (EXPENDITURES)		
Amortization	(131,184)	(141,846)
Amortization of deferred grants	72,540	84,295
Gain on disposal of vehicle	927	95
	(57,717)	(57,456)
EXCESS OF INCOME OVER EXPENDITURES FOR THE YEAR	51,165	48,751
SURPLUS, BEGINNING OF YEAR	410,740	347,307
TRANSFER FROM (TO) CAPITAL RESERVE FUND	(84,712)	34,772
CHANGE IN NET ASSETS INVESTED IN CAPITAL ASSETS	14,766	(20,090)
SURPLUS, END OF YEAR	\$ 391,959	\$ 410,740

NIAGARA SUPPORT SERVICES

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted (Note 2)	\$ 1,494,127	\$ 1,209,856
Cash - restricted (Note 3)	847,273	760,205
Accounts receivable	200,280	267,597
HST receivable	85,870	77,282
Subsidies receivable	2,779	4,946
Prepaid expenses	40,812	32,019
Due from related party (Note 4)	106,656	43,443
	2,777,797	2,395,348
Guaranteed investment certificate (Note 5)	327,622	204,320
Property and equipment (Note 6)	622,442	657,381
	\$ 3,727,861	\$ 3,257,049
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,711,653	\$ 1,344,880
Government remittances	53,201	22,054
Deferred revenue	101,334	61,790
Current portion of long-term debt (Note 7)	21,504	20,173
	1,887,692	1,448,897
Long-term debt (Note 7)	68,944	90,448
Lease commitment (Note 10)		
	1,956,636	1,539,345
FUND BALANCES		
Surplus	391,959	410,740
Replacement reserve fund, Windgate (Note 8)	57,184	54,828
Capital reserve fund	790,089	705,377
Net assets invested in capital assets (Note 9)	531,993	546,759
	1,771,225	1,717,704
	\$ 3,727,861	\$ 3,257,049

Approved by the Board:



Director



Director

NIAGARA SUPPORT SERVICES

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of income over expenditures	\$ 51,165	\$ 48,751
Items not affecting cash		
Amortization, net	78,817	76,476
Gain on disposal of vehicle	(927)	(95)
	129,055	125,132
Changes in non-cash operating assets and liabilities		
Accounts receivable	67,317	(111,407)
HST receivable	(8,588)	22,143
Subsidies receivable	2,167	46,200
Prepaid expenses	(8,793)	43,043
Due to related party	(63,213)	(160,541)
Accounts payable and accrued liabilities	366,773	(22,380)
Government remittances	31,147	1,623
Deferred revenue	39,544	(33,895)
	555,409	(90,082)
INVESTING ACTIVITIES		
Purchase of property and equipment	(76,528)	(77,856)
Decrease (increase) in long term guaranteed investment certificates	(123,302)	314,760
Proceeds on disposition of property and equipment	33,577	310
	(166,253)	237,214
FINANCING ACTIVITIES		
Repayment of long-term debt	(20,173)	(18,925)
Increase in replacement reserve fund	2,356	2,328
	(17,817)	(16,597)
INCREASE IN CASH	371,339	130,535
CASH, BEGINNING OF YEAR	1,970,061	1,839,526
CASH, END OF YEAR	\$ 2,341,400	\$ 1,970,061
CASH IS REPRESENTED BY:		
Cash and cash equivalents - unrestricted	\$ 1,494,127	\$ 1,209,856
Cash - restricted	847,273	760,205
	\$ 2,341,400	\$ 1,970,061

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of organization

The Organization is a non-profit organization incorporated without share capital under the Ontario Business Corporations Act, which is partially funded by the Ministry of Community and Social Services and the Ministry of Children and Youth Services. The Organization's primary purpose is to provide facilities, programs and services for persons with disabilities. The Organization is also a registered charity and is therefore exempt from income taxes.

Income and expenditures

Income and expenditures are accounted for on the accrual basis whereby they are recorded in the fiscal period to which they apply, except for donations which are recorded on the cash basis.

Revenue recognition

The Organization recognizes revenue from government grants using the deferral method. Funding provided for general operating purposes is recorded as revenue in the fiscal year in which it is awarded. Contributions received for special projects are reflected in revenue to the extent that related expenses have been incurred. Contributions received for capital assets are deferred and taken into income at a rate corresponding with the amortization rate for the related assets acquired.

These grants are subject to final approval by the Ministry of Community and Social Services and Ministry of Children and Youth Services and any adjustments are recorded in the year in which the adjustment is received.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and guaranteed investment certificates with original maturities of less than twelve months.

Property and equipment

Property and equipment are recorded at acquisition cost. Amortization on the property and equipment is calculated using the diminishing-balance method at the following rates, with one-half of the normal rate of amortization being recorded in the year of addition and none in the year of disposal:

Buildings	6.67%
Equipment	20%
Vehicles	25%
Parking areas	25%
Leasehold improvements	20%

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Deferred revenue

This represents amounts related to services to be provided in subsequent periods.

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

Replacement reserve fund

This reserve represents money to be used for future replacement costs on the Windgate property. Any such expenditures must be approved by the Ministry of Community and Social Services.

Capital reserve fund

This reserve represents money transferred from operations into separate accounts for the purpose of future building renovations and major capital repairs.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents - unrestricted, cash - restricted, guaranteed investment certificates, accounts receivable and subsidies receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Amounts due from related party are measured at cost.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as impairment of long lived assets, determination of useful lives of property and equipment, revenue recognition, contingent liabilities and allowances for accounts receivable.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many companies. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

2. CASH AND CASH EQUIVALENTS - UNRESTRICTED

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,494,127	\$ 888,949
Guaranteed investment certificates (Note 5)	-	320,907
	<u>\$ 1,494,127</u>	<u>\$ 1,209,856</u>

3. CASH - RESTRICTED

	<u>2024</u>	<u>2023</u>
Replacement reserve fund, Windgate (Note 8)	\$ 57,184	\$ 54,828
Building and major capital reserve fund	790,089	705,377
	<u>\$ 847,273</u>	<u>\$ 760,205</u>

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

4. DUE FROM RELATED PARTY

Niagara Support Services has significant influence in Niagara Training & Employment Agency Inc. (NTEC) by virtue of several common board of directors and common management. NTEC is a non-profit, charitable organization, incorporated without share capital under the Ontario Business Corporation Act. NTEC's primary purpose is to provide facilities, programs and services for persons with disabilities.

The balance is due on demand and is unsecured.

Niagara Support Services and NTEC share management, other staff and occupancy costs. These costs are allocated to each organization based on use, on normal market terms, and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. The following transactions occurred during the year:

	<u>2024</u>	<u>2023</u>
Rental revenue	\$ 1,560	\$ 1,560
Rental expense	\$ 231,840	\$ 231,170
Purchase of goods and services	\$ -	\$ 32,843
Wages and benefits charged	\$ 271,950	\$ 264,512
Wages and benefits received	\$ 112,971	\$ 182,455

5. GUARANTEED INVESTMENT CERTIFICATES

	<u>2024</u>	<u>2023</u>
Redeemable GIC - 4.1%, maturing December, 2026	\$ 327,622	\$ 320,907
Redeemable GIC - 1.2%, cashed October, 2023	-	102,160
Redeemable GIC - 1.2%, cashed October, 2023	-	102,160
	327,622	525,227
Less principal maturing within one year	-	320,907
	\$ 327,622	\$ 204,320

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

6. PROPERTY AND EQUIPMENT

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 530,984	\$ -	\$ 530,984	\$ -
Buildings	3,021,557	2,458,802	3,021,557	2,378,670
Equipment	1,390,233	1,353,459	1,390,233	1,344,265
Vehicles	752,859	596,664	713,645	562,017
Parking areas	68,570	63,394	68,570	61,669
Leasehold improvements	854,109	770,130	854,109	749,135
	6,618,312	5,242,449	6,579,098	5,095,756
Net book value		1,375,863		1,483,342
Deferred grants				
Balance, beginning of year	(2,728,817)	(1,902,856)	(2,728,817)	(1,818,561)
Current year additions/amortization	-	(72,540)	-	(84,295)
Balance, end of year	(2,728,817)	(1,975,396)	(2,728,817)	(1,902,856)
Net book value		(753,421)		(825,961)
		\$ 622,442		\$ 657,381

The following four properties of the Organization were fully financed by the Ministry of Community and Social Services, located in the cities of Niagara Falls and Niagara-on-the-Lake: 4846/4848 Windgate Drive, 6362 Maitland Street, and 1046 Line 9.

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

7. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Mortgage payable 6.49% from Great-West Life, payable in equal monthly installments of \$2,223 including principal and interest, due January 2028 and secured by land and buildings on Windgate Drive with a net book value equal to the mortgage value	\$ 90,448	\$ 110,621
Less amounts due within one year	<u>21,504</u>	<u>20,173</u>
	<u>\$ 68,944</u>	<u>\$ 90,448</u>

Principal amounts due in each of the next four years are as follows:

2025	\$ 21,504
2026	22,922
2027	24,434
2028	<u>21,588</u>
	<u>\$ 90,448</u>

The Ministry of Community and Social Services provides a subsidy to fund the operating costs of the property and repayment of the mortgage.

8. REPLACEMENT RESERVE FUND, WINDGATE

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 54,828	\$ 52,500
Interest earned	658	630
Transfer from operations	<u>1,698</u>	<u>1,698</u>
	<u>\$ 57,184</u>	<u>\$ 54,828</u>

9. NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 546,759	\$ 526,669
Additions net of disposals during the year	43,878	77,641
Amortization, net of amortization of grants and gain on disposal	(78,817)	(76,476)
Debt repayments	<u>20,173</u>	<u>18,925</u>
Balance, end of year	<u>\$ 531,993</u>	<u>\$ 546,759</u>

NIAGARA SUPPORT SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

10. LEASE COMMITMENT

The Organization leases three properties which expire in the 2029 fiscal year. These properties are owned by Niagara Training and Employment Agency (NTEC), a related party by virtue of several common board of directors and common management. The aggregate minimum annual lease payments and commitments for the next five years is as follows:

Year ending March 31, 2025	\$ 65,224
2026	65,224
2027	14,400
2028	14,400
2029	14,400
	<u>14,400</u>
	<u>\$ 173,648</u>

11. ECONOMIC DEPENDENCE

The Organization's primary source of operating funding is derived from the Ministry of Children, Community and Social Services. Should these contributions cease, the Organization would need to consider its ability to continue its current operations.

12. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk since changes in interest rates may impact the Organization's borrowing costs. The Organization does not use any derivative instrument to reduce its exposure to interest rate risk.

It is management's opinion that the Organization is not exposed to significant market (other price), liquidity, currency or credit risks arising from its financial instruments.