Community Living Kingston and District

Financial Statements

March 31, 2024

Community Living Kingston and District

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Independent Auditor's Report

To the Members of Community Living Kingston and District:

Opinion

We have audited the financial statements of Community Living Kingston and District (the "Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations,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 Association 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 Association 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 Association’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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association’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 Association’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 Association’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 Association 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

Kingston, Ontario

Chartered Professional Accountants

June 19, 2024

Licensed Public Accountants

Community Living Kingston and District
Statement of Financial Position
As at March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
Assets						
Current						
Cash and bank *(Note 2)*	**2,491,730**	**-**	**670,325**	**-**	**3,162,055**	3,694,492
Accounts receivable	**445,886**	**-**	**19,910**	**-**	**465,796**	355,020
Investments *(Note 3)*	**-**	**-**	**153,000**	**-**	**153,000**	233,000
Cash and bank - investments *(Note 3)*	**-**	**-**	**5,909**	**-**	**5,909**	2,194
Prepaid expenses	**98,560**	**-**	**-**	**-**	**98,560**	98,339
Due from M.C.C.S.S.	**5,014**	**-**	**-**	**-**	**5,014**	145,100
Due from association fund	**134,240**	**-**	**-**	**-**	**134,240**	401,425
	3,175,430	**-**	**849,144**	**-**	**4,024,574**	4,929,570
Capital assets *(Note 4)*	**-**	**5,737,273**	**-**	**-**	**5,737,273**	5,891,359
Investments *(Note 3)*	**-**	**-**	**465,299**	**-**	**465,299**	366,590
	3,175,430	**5,737,273**	**1,314,443**	**-**	**10,227,146**	11,187,519

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The accompanying notes are an integral part of these financial statements

Community Living Kingston and District
Statement of Financial Position
As at March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
Liabilities						
Current						
Accounts payable and accrued liabilities	**1,286,605**	**-**	**-**	**-**	**1,286,605**	1,018,919
Unearned revenue	**90,000**	**-**	**-**	**-**	**90,000**	428,201
Salary, payroll and part-time vacation payable *(Note 5)*	**817,687**	**-**	**-**	**-**	**817,687**	1,374,189
Full-time vacation and lieu payable *(Note 6)*	**709,796**	**-**	**-**	**-**	**709,796**	690,536
Funds held in trust	**98,514**	**-**	**439,183**	**-**	**537,697**	514,269
Due to program fund	**-**	**-**	**134,240**	**-**	**134,240**	401,425
Current portion of long-term debt *(Note 7)*	**-**	**-**	**-**	**-**	**-**	646,583
	3,002,602	**-**	**573,423**	**-**	**3,576,025**	5,074,122
Deferred contributions related to capital assets *(Note 8)*	**-**	**2,611,156**	**-**	**-**	**2,611,156**	2,530,119
	3,002,602	**2,611,156**	**573,423**	**-**	**6,187,181**	7,604,241
Net Assets						
Externally restricted	**172,828**	**-**	**-**	**-**	**172,828**	192,090
Net assets invested in capital assets	**-**	**3,126,117**	**-**	**-**	**3,126,117**	2,714,657
Unrestricted	**-**	**-**	**741,020**	**-**	**741,020**	676,531
	172,828	**3,126,117**	**741,020**	**-**	**4,039,965**	3,583,278
	3,175,430	**5,737,273**	**1,314,443**	**-**	**10,227,146**	11,187,519

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Community Living Kingston and District
Statement of Operations
For the year ended March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
Revenues						
Grants - Provincial	**22,127,979**	**-**	**-**	**-**	**22,127,979**	20,736,674
Fees and other recoveries	**1,089,099**	**-**	**269,320**	**3,130**	**1,361,549**	1,328,893
Grants - Municipal	**-**	**-**	**-**	**1,211,288**	**1,211,288**	1,232,694
Rent and food recoveries	**862,487**	**-**	**-**	**-**	**862,487**	840,836
Amortization of deferred contributions *(Note 8)*	**-**	**388,973**	**-**	**-**	**388,973**	448,535
Interest	**204,466**	**-**	**62,055**	**-**	**266,521**	114,025
Sales	**-**	**-**	**227,976**	**-**	**227,976**	230,033
Gain (loss) on disposal of assets	**-**	**33,389**	**-**	**-**	**33,389**	(5,241)
Donations	**-**	**-**	**11,629**	**-**	**11,629**	25,572
Fundraising	**-**	**-**	**9,420**	**-**	**9,420**	-
	24,284,031	**422,362**	**580,400**	**1,214,418**	**26,501,211**	24,952,021

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The accompanying notes are an integral part of these financial statements

Community Living Kingston and District
Statement of Operations
For the year ended March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
(Continued from previous page)	**24,284,031**	**422,362**	**580,400**	**1,214,418**	**26,501,211**	24,952,021
Expenditures						
Salaries and benefits	**17,179,259**	**-**	**332,315**	**571,517**	**18,083,091**	17,557,810
Purchased services	**3,285,063**	**-**	**15,731**	**612,191**	**3,912,985**	3,617,667
Property costs	**850,879**	**-**	**18,040**	**1,071**	**869,990**	531,618
Rent	**667,247**	**-**	**80,935**	**5,130**	**753,312**	686,981
Amortization	**-**	**615,143**	**-**	**-**	**615,143**	714,343
Transportation	**303,385**	**-**	**33,568**	**-**	**336,953**	342,426
Supplies	**307,871**	**-**	**5,753**	**8,246**	**321,870**	263,061
Food	**289,318**	**-**	**-**	**-**	**289,318**	308,745
Associate families	**189,467**	**-**	**-**	**-**	**189,467**	195,107
Insurance	**176,708**	**-**	**-**	**3,500**	**180,208**	167,348
Staff travel	**150,364**	**-**	**2,008**	**10,718**	**163,090**	124,156
Equipment costs	**123,786**	**-**	**7,026**	**1,764**	**132,576**	164,786
Staff training	**125,728**	**-**	**1,920**	**281**	**127,929**	66,324
Interest on long-term debt	**-**	**42,640**	**-**	**-**	**42,640**	34,539
Fundraising	**-**	**-**	**17,938**	**-**	**17,938**	-
Bank charges and interest	**7,337**	**-**	**77**	**-**	**7,414**	6,749
Donation allocations	**-**	**-**	**600**	**-**	**600**	416
	23,656,412	**657,783**	**515,911**	**1,214,418**	**26,044,524**	24,782,076
Excess (deficiency) of revenues over expenditures	**627,619**	**(235,421)**	**64,489**	**-**	**456,687**	169,945

The accompanying notes are an integral part of these financial statements

Community Living Kingston and District

Statement of Fund Balances

For the year ended March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
Fund balances, beginning of year	**192,090**	**2,714,657**	**676,531**	**-**	**3,583,278**	3,413,333
Excess (deficiency) of revenues over expenditures	**627,619**	**(235,421)**	**64,489**	**-**	**456,687**	169,945
Inter-fund transfers *(Note 10)*	**(646,881)**	**646,881**	**-**	**-**	**-**	-
Fund balances, end of year	**172,828**	**3,126,117**	**741,020**	**-**	**4,039,965**	3,583,278

The accompanying notes are an integral part of these financial statements

Community Living Kingston and District
Statement of Cash Flows
For the year ended March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
Cash provided by (used for) the following activities						
Operating						
Excess (deficiency) of revenues over expenditures	**627,619**	**(235,421)**	**64,489**	**-**	**456,687**	169,945
Amortization	**-**	**615,143**	**-**	**-**	**615,143**	714,343
Amortization of deferred capital contributions	**-**	**(388,973)**	**-**	**-**	**(388,973)**	(448,535)
Loss (gain) on disposal of capital assets	**-**	**(33,389)**	**-**	**-**	**(33,389)**	5,241
	627,619	**(42,640)**	**64,489**	**-**	**649,468**	440,994
Changes in working capital accounts						
Accounts receivable	**(115,608)**	**-**	**4,832**	**-**	**(110,776)**	169,055
Due from M.C.C.S.S.	**140,086**	**-**	**-**	**-**	**140,086**	385,232
Prepaid expenses	**(221)**	**-**	**-**	**-**	**(221)**	4,513
Accounts payable and accrued liabilities	**267,686**	**-**	**-**	**-**	**267,686**	336,059
Unearned revenue	**(338,201)**	**-**	**-**	**-**	**(338,201)**	428,201
Salary, payroll and part-time vacation payable	**(517,982)**	**-**	**-**	**-**	**(517,982)**	391,779
Full-time vacation and lieu payable	**(19,260)**	**-**	**-**	**-**	**(19,260)**	45,256
Funds held in trust	**(6,042)**	**-**	**29,470**	**-**	**23,428**	64,578
	38,077	**(42,640)**	**98,791**	**-**	**94,228**	2,265,667
Financing						
Repayment of long-term debt	**-**	**(646,583)**	**-**	**-**	**(646,583)**	(128,417)
Deferred capital contributions	**-**	**580,512**	**-**	**-**	**580,512**	1,163,539
Interfund	**(379,696)**	**646,881**	**(267,185)**	**-**	**-**	-
	(379,696)	**580,810**	**(267,185)**	**-**	**(66,071)**	1,035,122
Investing						
Purchase of capital assets	**-**	**(580,512)**	**-**	**-**	**(580,512)**	(1,163,539)
Proceeds on disposal of capital assets	**-**	**152,844**	**-**	**-**	**152,844**	1,500
Purchase of investments	**-**	**-**	**(275,621)**	**-**	**(275,621)**	(254,027)
Proceeds on disposal of investments	**-**	**-**	**256,912**	**-**	**256,912**	244,765
Change in accrued interest	**-**	**-**	**-**	**-**	**-**	(5,902)
Disposal of funded asset	**-**	**(110,502)**	**-**	**-**	**(110,502)**	-
	-	**(538,170)**	**(18,709)**	**-**	**(556,879)**	(1,177,203)
Increase (decrease) in cash resources	**(341,619)**	**-**	**(187,103)**	**-**	**(528,722)**	2,123,586

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The accompanying notes are an integral part of these financial statements

Community Living Kingston and District
Statement of Cash Flows
For the year ended March 31, 2024

	Program Fund	*Capital Fund*	*Association Fund*	*Child Care Fund*	***2024***	*2023*
Increase (decrease) in cash resources *(Continued from previous page)*	**(341,619)**	**-**	**(187,103)**	**-**	**(528,722)**	2,123,586
Cash resources, beginning of year	**2,833,349**	**-**	**863,337**	**-**	**3,696,686**	1,573,100
Cash resources, end of year	**2,491,730**	**-**	**676,234**	**-**	**3,167,964**	3,696,686
Cash resources are composed of:						
Cash and bank	**2,491,730**	**-**	**670,325**	**-**	**3,162,055**	3,694,492
Cash and bank - investments	**-**	**-**	**5,909**	**-**	**5,909**	2,194
	2,491,730	**-**	**676,234**	**-**	**3,167,964**	3,696,686

The accompanying notes are an integral part of these financial statements

1. Significant Accounting Policies

Nature of Association

Community Living Kingston and District (the "Association") engages in a wide range of activities that contribute toward the development of capacity in the community to include people with intellectual disabilities in every facet of life. The Association delivers disability supports that generally fall into the following groups:

Residential services ranging from differential assistance to enable individuals to establish their own homes to providing living arrangements with 24-hour staff support.

Family support to enable families to include a child or adult member with intellectual disability.

Childcare consulting and resource support to enable licensed childcare programs throughout Frontenac County to include children with special needs.

Day programs to enable individuals who are not in the work force to contribute to the community as participating members and as volunteers.

Employment support and assistance to individuals seeking to gain and maintain jobs.

The Association is incorporated under the Ontario Corporations Act as a not-for-profit association and is a registered charity. The Association is exempt from income taxes under sub-paragraph 149(1)(f) of the Canadian Income Tax Act. Membership in the Association is open to residents of Kingston and surrounding townships. The authority of ownership by the members is delegated to a Board of Directors elected from among their members. The members hold their elected representatives subordinate and accountable in accordance with the by-laws. The Board of Directors governs by means of policy development and enforcement. Policy gives direction and sets limits upon what employees and members may or may not do within the Association.

Basis of Accounting

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

Fund Accounting

Accrual accounting and the deferral method of accounting are applied to revenue contributions within the following funds:

The Program Fund reports those activities related to programs subsidized by the Provincial Government which includes family support services, residential services and adult day programs.

The Capital Fund reports on the transactions related to the Association's capital assets. The Ministry has contributed funds towards property acquisitions and their ownership stake over these capital asset acquisitions is limited based on their original acquisition cost.

The Association Fund contains all other activities and programs not funded through a provincial or municipal annual service contract and includes fundraising activities, co-operative services, employment supports and other activities.

The Child Care Fund reports those activities subsidized by the municipality of the City of Kingston, specifically the Resource Consultant Program.

Program Fund

The Program Fund receives most of its funding from the Ministry of Children, Community and Social Services under the Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act and under the Child and Family Services Act. A funding surplus of any individual program supported by either of these Ministries may be used to offset deficits in other Ministry supported programs that are within the same executive and allotment transfer control and within the same legislation. Deficits, if any, in excess of approved Ministries funding must be financed by the Association from its own fundraising resources.

1. Significant Accounting Polices (continued)

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 straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	30 years
Vehicles	straight-line	5 and 10 years
Computer software	straight-line	2 years
Equipment	straight-line	5 years
Leasehold improvements	straight-line	10 years

Revenue Recognition

Restricted contributions, which include contributions for capital assets and forgivable loans, are recorded as deferred revenue in the appropriate fund and this deferred revenue is transferred to earned revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

Contributed Services

The work of the Association benefits from the voluntary services of many members of the community. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Measurement Uncertainty (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 expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates have been made by management within these financial statements primarily in relation to accounts receivable, due from M.C.C.S.S., prepaid expenses, long-term investments, capital assets, accounts payable and accrued liabilities, salary, payroll and part-time vacation payable, and full-time vacation and lieu payable.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in the periods in which they become known.

Cash and Cash Equivalents

Cash and cash equivalents are represented by deposits and overdraft balances held at Canadian banking institutions.

Investments

All investments are adjusted to fair value at each reporting date with unrealized gains and losses being reported as a change in the current year's statement of operations.

2. Cash and Bank

The Association's bank accounts are held at one chartered bank. Those bank accounts with an average monthly balance of over $25,000 earn interest at bank's prime rate less 2.25% and those over $1,000,000 earn interest at bank's prime rate less 2.00%.

At March 31, 2024, the Association had the following credit facilities available:

	2024	*2023*
US Bank corporate visa	**257,700**	257,700
RBC revolving demand facility	**500,000**	500,000
RBC revolving facility available by way of term loans	**250,000**	250,000
RBC revolving lease line of credit by way of leases	**250,000**	250,000
RBC non-revolving term facility	**775,000**	775,000
	2,032,700	2,032,700

The US Bank corporate Visa card is due on demand and bears a delinquency fee of 2.5% of amounts past due, calculated and payable monthly. This credit facility is unsecured.

The RBC revolving demand facility is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. This is secured by a general security agreement covering all assets except real property.

The RBC revolving demand facility by way of term loans and lease line of credit specific repayment terms will be determined at the time of borrowing but has a maximum repayment term of six years and will bear interest at bank prime plus 0.5%. The aggregate of these two facilities must not exceed $250,000 at any time.

The RBC non-revolving term facility is specific to the financing of a real estate construction project. The facility bears interest at bank prime less 0.5%. The loan is secured by land and improvements.

3. Long-term Investments

CIBC Wood Gundy's Asset Advantage Account

	2024	*2023*
Investments	**624,208**	601,784
Less: Current investments maturing within 12 months	**(153,000)**	(233,000)
Less: Cash balance	**(5,909)**	(2,194)
Long-term investments	**465,299**	366,590

Investments are comprised of equities, mutual funds, bonds and guaranteed investment certificates (GICs) with effective interest rates of 2.22% to 5.35% (2023 - 0.97% to 4.56%). Interest is receivable on a semi-annual and annual basis, with various maturity dates no later than December, 2027.

The CIBC Wood Gundy's Asset Advantage Account has an authorized margin account limit of up to 99% of the market value of the investments held within the account, due on demand and bears interest at bank's prime rate plus 0.75% (interest rate is determined by both Investment Dealers Association of Canada Regulations and CIBC Wood Gundy internal “house” policies), calculated and payable monthly. This credit facility is secured by the investments held within the account.

4. Capital Assets

	Cost	*Accumulated amortization*	***2024 Net book value***	*2023 Net book value*
Land	**1,024,266**	**-**	**1,024,266**	1,024,266
Buildings	**6,156,792**	**2,779,005**	**3,377,787**	3,242,606
Vehicles	**1,817,183**	**926,397**	**890,786**	925,167
Computer software	**200,636**	**200,636**	**-**	-
Equipment	**1,225,890**	**1,191,955**	**33,935**	95,531
Leasehold improvements	**1,761,821**	**1,351,322**	**410,499**	603,789
	12,186,588	**6,449,315**	**5,737,273**	5,891,359

During the year, capital assets were acquired at an aggregate cost of $580,512 (2023 - $1,163,539) of which $580,512 (2023 - $1,156,804) were acquired with cash, and $Nil (2023 - $725,000) was property received from a donor in exchange for no consideration.

5. Salary, Payroll and Part-Time Vacation Payable

Of the $817,687 in salary, payroll and part-time vacation payable reported on the Statement of Financial Position, $192,388 is due to the Canada Revenue Agency in the form of source deductions including EI, CPP and income taxes.

6. Full-time Vacation and Lieu Payable

The M.C.C.S.S. does not recognize vacation and lieu payable as an expense unless the amounts are paid to employees within one month after year-end. The excess amount of $709,796 (2023 - $690,536) has been recorded as a liability of the Association as at March 31, 2024. It is management's opinion that if the vacation and lieu payable is paid out in future years the liability would be funded by the M.C.C.S.S. at the time of payment. Management has not recognized this amount of potential funding as an asset because it is only receivable when payment is made.

7. Long-term debt

RBC term loan bearing interest at prime minus 0.5% payable in monthly instalments of $2,583.34, due April 2023, secured by a general security agreement over the Clover street property, with a net book value of $1,178,677.This loan was paid back during the year.

8. Deferred Contribution Related to Capital Assets

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions, including forgivable loans, with which some of the Association's assets were originally purchased. The changes for the year in the deferred contributions reported in the Capital Fund are as follows:

	2024	*2023*
Balance, beginning of year	**2,530,119**	1,815,115
Add: contributions during the year	**580,512**	1,163,539
Less: amounts recognized as amortization of deferred contributions for the year	**(388,973)**	(448,535)
Less: disposal of funded asset	**(110,502)**	-
Balance, end of year	**2,611,156**	2,530,119

The deferred contributions related to capital assets, excluding forgivable CMHC loans, are amortized in future years at the same rate as the amortization of the related assets.

9. Re-allocation of Administration Expenditures

Administration expenditures are re-allocated between the Program Fund, Association Fund and Child Care Fund proportionate to their share of actual expenditures. The Child Care Fund allocation is capped at a maximum of $47,195 per budget approval from the City of Kingston.

	2024	*2023*
Program Fund	**100.00**	92.73
Association Fund	**-**	3.47
Child Care Fund	**-**	3.8
	100.0%	100.0%

10. Inter-fund Transfer

During the year, the Board of Directors approved a transfer of $Nil (2023 - $30,388) from the Program Fund to the Child Care Fund and $646,881 (2023 - $161,456) from the Program Fund to the Capital Fund.

11. Commitments

The Association has annual rental commitments for equipment as well as office and operations facilities expiring no later than September 2028.

The minimum annual lease payments and contract obligations for the above noted commitments for the next five years are as follows:

2025	445,201
2026	409,842
2027	284,544
2028	237,190
2029	102,002
	1,478,779

12. Financial Instruments

Financial instruments are financial assets or liabilities of the Association where, in general, the Association has the right to receive cash or another financial asset from another party or the Association has the obligation to pay another party cash or other financial asset.

Financial instruments consist of cash and bank, accounts receivable, due from M.C.C.S.S., investments, accounts payable and accrued liabilities, salary, payroll and part-time vacation payable and full-time vacation and lieu payable.

The Association initially recognized its financial instruments at fair value and subsequently measure them at amortized cost, with the exception of investments which are subsequently measured at fair value.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year and the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

As a result of holding financial instruments, the Association is exposed to investment risk, market risk and interest rate risk. The following is a description of those risks and how the Association manages its exposure to them.

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk.
The Association mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. The policy limits investments to bonds or guaranteed investment certificates and any bond purchased must be rated by the Standard and Poor's bond rating service as at least "A" and 60% of the total bond portfolio at any one time must be rated at least "AA" or "AAA".
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Market and Interest Rate Risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.