

# Meta Centre

## Financial Statements

March 31, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Meta Centre

### *Opinion*

We have audited the financial statements of Meta Centre (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations 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 Meta Centre as at March 31, 2019, and its changes in fund balances, results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITORS' REPORT - continued

### *Auditors' Responsibilities for the Audit of the Financial Statements - continued*

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

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

*Williams & Partners*

Chartered Professional Accountants LLP  
Licensed Public Accountants

Markham, Ontario  
June 19, 2019

# Meta Centre

## Statement of Financial Position

March 31, 2019

	2019			2018	
	<i>Various Restricted Programs</i> \$	<i>Restricted Supportive Housing</i> \$	<i>Unrestricted Fund</i> \$	<i>Total</i> \$	<i>Total</i> \$
<b>Assets</b>					
Current					
Cash and short-term deposits	-	34,846	1,882,013	1,916,859	1,717,490
Accounts receivable	130,078	-	272,762	402,840	348,508
HST receivable	-	-	367,633	367,633	264,317
Prepaid expenses	-	-	75,461	75,461	85,028
	130,078	34,846	2,597,869	2,762,793	2,415,343
Property and equipment (note 4)	-	-	3,158,585	3,158,585	2,564,648
	130,078	34,846	5,756,454	5,921,378	4,979,991
<b>Liabilities</b>					
Current					
Accounts payable and accrued liabilities	872,216	-	47,436	919,652	568,735
Client funds held in trust	-	-	14,176	14,176	14,176
Interfund advances	4,063,726	138,629	(4,202,355)	-	-
	4,935,942	138,629	(4,140,743)	933,828	582,911
Deferred contributions (note 5)	-	-	2,798,426	2,798,426	2,203,832
	4,935,942	138,629	(1,342,317)	3,732,254	2,786,743
<i>Commitments (note 8)</i>					
<b>Net Assets (Deficiency)</b>	(4,805,864)	(103,783)	7,098,771	2,189,124	2,193,248
	130,078	34,846	5,756,454	5,921,378	4,979,991

On behalf of the Board

Director

Director

See accompanying notes

# Meta Centre

## Statement of Changes in Net Assets

year ended March 31, 2019

	2019			2018	
	<i>Various Restricted Programs</i>	<i>Restricted Supportive Housing</i>	<i>Unrestricted</i>	<i>Total</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Balance, beginning	(4,705,732)	(98,462)	6,997,442	2,193,248	2,272,216
Excess (deficiency) of revenues over expenses:					
Toronto Region	15,979	-	-	15,979	(57,023)
Central Region	(116,111)	-	-	(116,111)	(150,811)
Other	-	(5,321)	101,329	96,008	128,866
	(100,132)	(5,321)	101,329	(4,124)	(78,968)
Balance, ending	(4,805,864)	(103,783)	7,098,771	2,189,124	2,193,248

Meta Centre  
Statement of Operations  
year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Revenues</b>		
Government of Ontario grants - operations	18,354,451	17,167,260
ODSP funding	1,750,914	1,580,692
Deferred contributions (note 5)	239,531	110,270
Donations	38	1,988
Government subsidies	133,416	130,882
Net program revenue	1,245,639	1,196,845
Interest earned	38,850	15,221
Independently funded programs - revenue	307,464	323,992
Special interest projects revenue	527,984	480,841
	<u>22,598,287</u>	<u>21,007,991</u>
<b>Expenses</b>		
Salaries	14,646,182	14,138,718
Benefits	2,517,829	2,425,471
Advertising and promotion	71,311	48,214
Food costs	491,129	434,866
Insurance and licenses	125,037	122,359
Interest and bank charges	7,166	31,514
Legal and accounting	43,704	42,053
Furnishings and equipment	176,289	194,088
Program costs	663,389	623,972
Rent - premises (note 6)	901,570	921,683
Repairs and maintenance	1,248,194	549,901
Staff training	268,517	244,962
Staff travel	101,940	92,615
Supplies	344,187	356,376
Telephone	50,972	35,305
Utilities and realty taxes	339,922	317,648
Vehicle operation and maintenance	317,430	295,232
Amortization	287,643	211,982
	<u>22,602,411</u>	<u>21,086,959</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(4,124)</u>	<u>(78,968)</u>

# Meta Centre

## Statement of Cash Flows

year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash flows from operating activities		
Cash received from Ministries and clients	22,201,107	20,844,406
Cash paid to suppliers and employees	<u>(21,954,283)</u>	<u>(20,829,851)</u>
	246,824	14,555
Cash flows from investing activities		
Proceeds on disposal of vehicle	18,383	6,149
Acquisition of property and equipment	<u>(899,963)</u>	<u>(413,337)</u>
	<u>(881,580)</u>	<u>(407,188)</u>
Cash flows from financing activity		
Deferred contributions	<u>834,125</u>	<u>476,688</u>
Increase in cash and short-term deposits	199,369	84,055
Cash and short-term deposits, beginning	<u>1,717,490</u>	<u>1,633,435</u>
Cash and short-term deposits, ending	<u>1,916,859</u>	<u>1,717,490</u>
Cash and short-term deposits consists of the following:		
Cash	616,859	417,490
Short-term deposits, bearing interest at 1.8% per annum	<u>1,300,000</u>	<u>1,300,000</u>
	<u>1,916,859</u>	<u>1,717,490</u>

# Meta Centre

## Notes to Financial Statements

March 31, 2019

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### 1. PURPOSE OF ORGANIZATION

The Meta Centre ("Organization") develops and maintains programs and services for adults with developmental disabilities in Toronto and York Region. The Meta Centre is a registered charity, incorporated on December 30, 1992 under the laws of the Province of Ontario as a corporation without share capital, and has been granted tax exempt status under the Income Tax Act.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

#### **Fund accounting**

The Organization follows fund accounting in presenting its assets, liabilities, revenues and expenses.

The Various Restricted Programs and Restricted Supportive Housing Funds report the assets, liabilities, revenues and expenses relating to the delivery and administration of the Organization's programs supported by restricted resources.

The Unrestricted Fund reports the assets, liabilities, revenues and expenses relating to the delivery and administration of the Organization's programs supported by unrestricted resources.

#### **Revenue recognition**

The Organization follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is probable. Restricted contributions related to general operations are deferred and recognized in the unrestricted fund when the related activity occurs. Restricted contributions related to property and equipment are deferred and amortized over the useful life of the assets. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Program revenue is recognized when services are performed and collection is probable.

Interest income is recognized on an accrual basis.

#### **Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and short-term deposits and accounts receivable.



# Meta Centre

## Notes to Financial Statements

March 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### Financial instruments - continued

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and client funds held in trust.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down from impairment is recognized as a charge against the excess of revenues over expenses.

#### Cash and short-term deposits

Cash and short-term deposits is defined as cash on hand, cash on deposit and short-term deposits with maturity dates of less than one year, net of cheques issued and outstanding at the reporting date.

#### Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided for on a declining balance basis at the following rates:

Building	5%
Furniture, fixtures and equipment	30%
Vehicles	30%
Leasehold improvements	15%

Property and equipment are assessed for impairment when events or changes in circumstance indicate that the Organization may not be able to recover their carrying value. The Organization calculates impairment by deducting the fair value, based on discounted cash flows expected from their use and disposition, from their carrying value. Any excess is a charge against the excess of revenues over expenses.

#### Donated materials and services

These financial statements do not reflect donated materials and services except where the fair value can be reasonably estimated and when they are used in the course of normal operations.

Members of the Board of Directors of the Organization serve without remuneration.

#### Allocation of overhead expenses

The Organization charges expenses specific to the Various Restricted Programs and Restricted Supportive Housing Funds where these expenses can be identified. Overhead expenses that relate to the central administration of the Organization are allocated to these restricted funds based on management's best estimates.

# Meta Centre

## Notes to Financial Statements

March 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### *Use of estimates*

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Estimates are used when accounting for revenue recognition, amortization, allocation of central administration overhead and legal contingencies. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in the excess of revenues over expenses in the period in which they become known.

### 3. FINANCIAL INSTRUMENT RISK EXPOSURES

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at the date of the statement of financial position:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization is exposed to credit risk on the accounts receivable from its clients and other organizations. In order to reduce its credit risk, the Organization has adopted credit policies which include the analysis of the financial position of its clients and other organizations and the regular review of their credit limits.

#### *Liquidity risk*

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due as a result of the Organization's inability to liquidate assets in a timely manner and at a reasonable price.

The Organization is exposed to liquidity risk and mitigates this risk by preparing and monitoring detailed budgets and forecasts of cash flows and maintaining large cash reserves.

#### *Market risk*

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all securities traded in the market. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Organization is not exposed to currency risk or price risk.

# Meta Centre

## Notes to Financial Statements

March 31, 2019

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### 3. FINANCIAL INSTRUMENT RISK EXPOSURES - continued

#### *Market risk - continued*

##### (i) 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 price risk on its short-term deposits.

#### **Changes in risk**

There have been no significant changes in the Organization's risk exposures from the prior year.

### 4. PROPERTY AND EQUIPMENT

			<i>2019</i>	<i>2018</i>
			\$	\$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	529,075	-	529,075	529,075
Buildings	2,081,013	1,140,099	940,914	990,436
Furniture, fixtures and equipment	711,956	587,489	124,467	127,562
Vehicles	625,346	553,091	72,255	101,185
Leasehold improvements	2,497,589	1,005,715	1,491,874	816,390
	<u>6,444,979</u>	<u>3,286,394</u>	<u>3,158,585</u>	<u>2,564,648</u>

There were no impairment indicators affecting property and equipment noted for the year ended March 31, 2019.

### 5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted contributions towards the purchase of property and equipment net of accumulated amortization and various program funding. The changes in the deferred contributions balance for the year are as follows:

	<i>2019</i>	<i>2018</i>
	\$	\$
Balance, beginning	2,203,832	1,837,414
Contributions - property and equipment	834,125	324,862
Contribution - program funding	-	151,826
	<u>3,037,957</u>	<u>2,314,102</u>
Amounts amortized to revenue	<u>(239,531)</u>	<u>(110,270)</u>
Balance, ending	<u>2,798,426</u>	<u>2,203,832</u>

# Meta Centre

## Notes to Financial Statements

March 31, 2019

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### 6. AFFILIATED ORGANIZATION TRANSACTIONS

During the year, the Organization paid rent of \$339,600 (2018 -\$339,659) to the Meta Foundation, an organization with some common directors. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the affiliated parties.

### 7. ALLOCATION OF OVERHEAD EXPENSES

Overhead expenses have been allocated to the operating segments as follows:

	<i>Toronto Region</i>	<i>Central Region</i>	<i>Total 2019</i>
	\$	\$	\$
Salaries and benefits	707,839	121,023	828,862
Supplies	47,132	1,200	48,332
Legal and accounting	43,704	-	43,704
Other	42,907	3,767	46,674
	<u>841,582</u>	<u>125,990</u>	<u>967,572</u>

### 8. COMMITMENTS

Minimum lease payments under the Organization's leases for its premises and equipment over each of the next five years and thereafter are as follows:

	\$
2020	653,389
2021	571,002
2022	580,683
2023	447,784
2024	354,526
Thereafter	<u>520,468</u>
	<u>3,127,852</u>