

**KERRY'S PLACE RESIDENTIAL SERVICES**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Kerry's Place Residential Services

### Opinion

We have audited the accompanying financial statements of Kerry's Place Residential Services (the Organization), which comprise the statement of financial position as at March 31, 2020, and the statement of operations, statement 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance and 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### 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 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 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.

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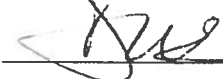
Chartered Professional Accountants  
Licensed Public Accountants

Newmarket, Ontario  
July 7, 2020

**KERRY'S PLACE RESIDENTIAL SERVICES  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 643,699	\$ 522,629
Amounts receivable	<u>751</u>	<u>34,348</u>
	644,450	556,977
<b>FIXED</b> (Notes 2 and 4)	<u>9,840,176</u>	<u>9,135,498</u>
	<u>\$ 10,484,626</u>	<u>\$ 9,692,475</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 5,641	\$ 28,945
Current portion of bank loan payable (Note 5)	2,010,233	98,005
Current portion of mortgages payable (Note 6)	<u>99,357</u>	<u>203,837</u>
	2,115,231	330,787
<b>BANK LOAN PAYABLE</b> (Note 5)	2,017,429	3,380,125
<b>MORTGAGES PAYABLE</b> (Note 6)	<u>1,065,848</u>	<u>1,056,318</u>
	<u>5,198,508</u>	<u>4,767,230</u>
<b>NET ASSETS</b>		
Invested in capital assets (Note 7)	4,647,312	4,397,214
Unrestricted (Note 10)	413,238	302,463
Reserve for major repairs and maintenance (Note 11)	<u>225,568</u>	<u>225,568</u>
	<u>5,286,118</u>	<u>4,925,245</u>
	<u>\$ 10,484,626</u>	<u>\$ 9,692,475</u>

On behalf of the Board:

  
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 \_\_\_\_\_

Director

Director

**KERRY'S PLACE RESIDENTIAL SERVICES  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Rent (Note 12)	\$ 877,242	\$ 771,398
Membership	751	155
Expenses recovered (Note 12)	<u>-</u>	<u>31,489</u>
	<u>877,993</u>	<u>803,042</u>
<b>EXPENDITURES</b>		
Administrative (Note 12)	45,000	45,000
Depreciation	227,950	203,941
Miscellaneous and general	280	5,020
Mortgage and loan interest	190,029	158,798
Professional fees	43,263	72,331
Repairs and maintenance	<u>10,598</u>	<u>31,489</u>
	<u>517,120</u>	<u>516,579</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 360,873</u>	<u>\$ 286,463</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS

**KERRY'S PLACE RESIDENTIAL SERVICES  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Invested in Capital Assets</u> (Note 7)	<u>Unrestricted</u>	<u>Reserve for Major Repairs and Maintenance</u> (Note 10)	<u>2020 Total</u>	<u>2019 Total</u>
<b>Net assets, beginning of year</b>	\$ 4,397,214	\$ 302,463	\$ 225,568	\$ 4,925,245	\$ 4,638,779
<b>Excess of revenue over expenses</b>	-	360,873	-	360,873	286,463
<b>Change in investment in capital assets</b>	<u>250,098</u>	<u>(250,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets, end of year</b>	<u>\$ 4,647,312</u>	<u>\$ 413,238</u>	<u>\$ 225,568</u>	<u>\$ 5,286,118</u>	<u>\$ 4,925,242</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS

**KERRY'S PLACE RESIDENTIAL SERVICES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 360,873	\$ 286,463
Items not involving cash		
Depreciation	<u>227,950</u>	<u>203,941</u>
	588,823	490,404
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	(23,301)	8,363
Accounts receivable	<u>33,597</u>	<u>(19,357)</u>
	<u>599,119</u>	<u>479,410</u>
<b>INVESTING ACTIVITY</b>		
Purchase of fixed assets	<u>(932,631)</u>	<u>(1,468,307)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	648,559	1,027,415
Repayment of long-term borrowings	<u>(193,977)</u>	<u>(161,864)</u>
	<u>454,582</u>	<u>865,551</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	121,070	(123,346)
<b>CASH, beginning of year</b>	<u>522,629</u>	<u>645,975</u>
<b>CASH, end of year</b>	<u>\$ 643,699</u>	<u>\$ 522,629</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS

**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**1. NATURE OF BUSINESS**

Kerry's Place Residential Services (the "Organization") is a non-profit organization, incorporated without share capital under the laws of Ontario on February 10, 1997 and is registered with the Canada Revenue Agency as a charitable organization. The Organization's purpose, among other activities, is to provide home/housing in various communities in the Province of Ontario for persons with pervasive Developmental Disorder/Autism, as well as to promote community involvement and to provide services, programs and facilities and/or treatment for such persons.

The Organization derives substantially all of its revenue from Kerry's Place Autism Services ("KPAS"), a not-for-profit charitable organization which also operates residential, respite and community services in Ontario serving people with autism (Note 12).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles, the most significant of which are summarized as follows:

**Revenue recognition**

Rental income is recorded on an accrual basis. Donations are recorded when received.

**Donated materials and services**

Donated materials and services received by the Organization are not recognized in the financial statements because of the difficulty in determining their fair value.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and any adjustments are reported in earnings in the period they become known. The principal estimates used in the preparation of these financial statements include useful life of fixed assets and accrued liabilities. Actual results could differ from managements' best estimates as additional information becomes available in the future.

**Fixed assets**

Fixed assets comprise land and buildings and are recorded at cost less accumulated depreciation. Buildings are being depreciated on a straight line basis over 40 years. In the year of acquisition, one half of the normal rate is used.



**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**Impairment of Long-lived Assets**

The Organization reviews long-lived assets such as capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value of the assets exist, and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below the carrying value. There were no significant indications of impairment of the carrying values of the Organization's long-lived assets at March 31, 2020.

**Measurement of financial instruments**

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

Financial assets measured at amortized cost include amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**Impairment of financial instruments**

Financial assets measured at cost are tested annually for impairment if there are indicators of impairment. 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, directly or by adjusting the allowance account, provided it is 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 net income.

**3. FINANCIAL RISKS**

**Credit risk**

Credit risk represents the financial loss that the organization would experience if a counterparty to a financial instrument failed to meet its obligations.

The organization has established various internal controls designed to mitigate credit risk. Management reviews rental income agreements and renewals to mitigate any credit risk on its obligations.

**Liquidity risk**

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at reasonable cost. Management manages liquidity risk by monitoring its operational requirements and preparing budgets to ensure it has sufficient funds to fulfill its obligations.

**Interest rate risk**

Certain mortgages payable have variable interest rates. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The organization does not use derivative financial instruments to alter the effects of this risk.

**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**4. FIXED ASSETS**

	<u>Land</u>	<u>Building</u>	<u>Depreciation</u>	<u>2020 Total</u>	<u>2019 Total</u>
McIntyre Road	\$ 87,424	\$ 349,694	\$ 123,197	\$ 313,921	\$ 322,664
Amoro Drive	134,445	537,779	33,652	638,572	652,016
Rusholme Road	108,680	434,722	190,191	353,211	364,079
Holborn Road	120,150	480,600	186,232	414,518	426,533
First Avenue	54,054	216,216	94,594	175,676	181,081
Ringway Crescent	68,094	272,375	119,164	221,305	228,114
Shoredale Drive	76,242	304,968	110,551	270,659	278,283
Gray Road	38,402	153,610	55,684	136,328	140,169
Clare Street	32,557	129,504	40,470	121,591	124,829
Clare Street	17,838	71,353	24,081	65,109	66,893
Clare Street	17,838	71,352	24,082	65,109	66,893
Leader Drive	78,951	315,806	82,899	311,858	319,753
Wingfield Road	83,527	334,106	96,055	321,578	329,930
8th Line	77,763	311,054	81,652	307,165	314,942
First Street	89,000	363,471	86,324	366,147	375,234
Doane Road	183,301	734,491	174,442	743,350	761,712
Harvard Avenue	154,824	619,294	147,083	627,035	642,518
Gavey Street	77,290	309,160	57,968	328,482	336,211
First Street	95,605	382,421	71,704	406,322	415,883
Old Homestead	88,584	354,337	57,580	385,341	394,200
Reid Settlement	89,724	358,897	58,321	390,300	399,273
D'Arcy McGee	116,272	465,087	52,322	529,037	540,664
Mountland Drive	146,990	587,959	22,048	712,901	727,600
Newbury	186,526	746,104	9,326	923,304	-
5 Sideroad	146,672	586,686	22,001	711,357	726,024
	<u>\$ 2,370,753</u>	<u>\$ 9,491,046</u>	<u>\$ 2,021,623</u>	<u>\$ 9,840,176</u>	<u>\$ 9,135,498</u>

**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**5. BANK LOAN PAYABLE**

	<u>2020</u>	<u>2019</u>
Bank loan payable, 3.30%, monthly payments of \$10,689.77 on account of principal and interest, secured by land and building, due February 12, 2021	\$ 1,936,301	\$ 1,999,358
Bank loan payable, 3.81%, monthly payments of \$2,433.08 on account of principal and interest, secured by land and building, due August 4, 2022	439,195	451,357
Bank loan payable, 4.60%, monthly payments of \$2,891.08 on account of principal and interest, secured by land and building, due August 30, 2023	496,974	509,415
Bank loan payable, 2.90%, monthly payments of \$3,421.64 on account of principal and interest, secured by land and building, due October 15, 2022	648,559	-
Bank loan payable, 4.45%, monthly payments of \$2,864.74 on account of principal and interest, secured by land and building, due March 14, 2024	<u>506,633</u>	<u>518,000</u>
	4,027,662	3,478,130
Less current portion	<u>2,010,233</u>	<u>98,005</u>
	<u>\$ 2,017,429</u>	<u>\$ 3,380,125</u>

Principal repayments on the bank loan are due as follows:

2021	\$ 2,010,233
2022	76,986
2023	610,344
2024	<u>1,330,099</u>
	<u>\$ 4,027,662</u>

The loan is secured by collateral mortgages, constituted as a first charge on the lands and improvements, on the following properties:

Reid Settlement  
D'Arcy McGee  
Doane Road  
Ringway Crescent  
Harvard Street  
First Street  
McIntyre Court  
First Avenue  
8th Line  
Amoro

**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

Gray Road  
Gavey Street  
First Street

**6. MORTGAGES PAYABLE**

<u>Property</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2020</u>	<u>2019</u>
Mortgages payable to financial institutions:				
Rusholme Road	December 17, 2023	4.20%	156,889	174,213
Holborn Road	August 13, 2019	2.94%	35,840	61,748
Shoredale Drive	March 30, 2020	3.70%	71,453	85,099
Leader Drive	March 31, 2024	3.80%	112,921	119,366
Wingfield Road	February 26, 2023	5.75%	168,943	176,753
Gavey Street	December 17, 2023	4.20%	195,890	204,045
Old Homestead	December 17, 2023	4.20%	194,432	201,254
First Street	December 17, 2023	4.20%	<u>228,837</u>	<u>237,677</u>
			1,165,205	1,260,155
Less: current portion			<u>99,357</u>	<u>203,837</u>
			<u>\$ 1,065,848</u>	<u>\$ 1,056,318</u>

In the ordinary course of business, mortgages are renewed or replaced at maturity at the prevailing rate.

Principal repayments on the mortgages are due as follows:

2021	\$ 99,357
2022	87,689
2023	611,007
2024	<u>367,152</u>
	<u>\$ 1,165,205</u>

**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**7. INVESTED IN CAPITAL ASSETS**

(a) Invested in capital assets is calculated as follows:

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 9,840,176	\$ 9,135,501
Amounts financed by mortgages	(1,165,205)	(1,260,155)
Amounts financed by bank loan payable	<u>(4,027,662)</u>	<u>(3,478,132)</u>
	<u>\$ 4,647,309</u>	<u>\$ 4,397,214</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	<u>2020</u>	<u>2019</u>
Net change in investment in capital assets:		
Additions to capital assets	932,630	1,468,307
Amortization of capital assets	(227,950)	(203,941)
Loan payable (additions) repayments	(549,532)	(954,433)
Mortgage principal repayments (additions)	<u>94,950</u>	<u>88,882</u>
	<u>\$ 250,098</u>	<u>\$ 398,815</u>

**8. PANDEMIC**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As of June 5, 2020 the company is not aware of any adverse affects due to this pandemic on the organization.

**9. INDEMNIFICATION OF OFFICERS AND DIRECTORS**

The Organization has granted indemnity to its past, present and future directors, officers, employees and volunteers against expenses, judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of the Organization.

**10. UNRESTRICTED FUNDS**

Unrestricted funds can only be disbursed upon the discretion and agreement of the Board of Directors.

**11. RESERVE FOR MAJOR REPAIRS AND MAINTENANCE**

The Organization has adopted a policy to reserve up to a maximum of \$225,000 for future major repairs and maintenance. To maintain this reserve the Organization may allocate 10% of rent and interest income per year as required.

**KERRY'S PLACE RESIDENTIAL SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**12. KERRY'S PLACE AUTISM SERVICES TRANSACTIONS**

The Organization had the following transactions with KPAS:

	<u>2020</u>	<u>2019</u>
Rental income	\$ 877,242	\$ 771,398
Administrative expenses paid	\$ 45,000	\$ 45,000
Expenses recovered	\$ -	\$ 31,489

**13. CREDIT FACILITIES**

The Organization has an available \$150,000 revolving demand facility with an interest rate of RBP + 0.8%, and two revolving facilities by way of term loans in the amounts up to \$7,300,000 and \$3,700,000 at an interest rate of RBP + 1.0%. Security for these facilities are the underlying properties.

**14. SUBSEQUENT EVENT**

On May 1, 2020 the organization sold the Wingfield Road property for proceeds of \$390,000.