

**Sunbeam Community & Developmental Services
2749 KINGSWAY DRIVE
KITCHENER, ON
N2C 1A7**

May 31, 2023

RLB LLP
197 Hanlon Creek Blvd., Unit 103
Guelph, Ontario
N1C 0A1

Dear RLB LLP:

We are providing this letter in connection with your audit of the financial statements of Sunbeam Community & Developmental Services (the "organization") as of March 31, 2023 for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position and results of operations of the organization in accordance with the financial reporting provisions of the Ministry of Children, Community and Social Services.

Certain representations in this letter are described as being limited to those matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

In connection with your audit of the financial statements referred to above, we confirm, to the best of our knowledge and belief, as of the date of signing this letter, which coincides with the date of your audit report, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 26, 2023, for the preparation of the financial statements in accordance with the financial reporting provisions of the Ministry of Children, Community and Social Services; in particular, the financial statements are fairly presented in accordance therewith and approve them on the date of this letter, noted below.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the financial reporting provisions of the Ministry of Children, Community and Social Services.
4. All events subsequent to the date of the financial statements and for which the financial reporting provisions of the Ministry of Children, Community and Social Services require adjustment or disclosure have been adjusted or disclosed.

5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. See Appendix B.
6. The selection and application of accounting policies are appropriate.
7. We reviewed, approved and recorded all of your proposed adjustments (except for uncorrected misstatements) to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records. See Appendix A.

Information Provided

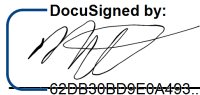
8. We have provided you with:
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - (ii) Additional information that you have requested from us for the purpose of the audit; and
 - (iii) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. All transactions have been recorded in the accounting records and are reflected in the financial statements.
10. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others where the fraud could have a material effect on the financial statements.
12. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
13. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and have disclosed to you all deficiencies in internal control we are aware of.
14. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

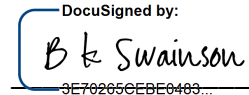
16. We have made available to you all relevant information on the organization's ability to continue as a going concern that could affect the financial statements, including the recoverability or classification of recorded assets or the amounts and classification of liabilities. The use of the going-concern assumption is appropriate and the organization will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. We have no plans or intentions that may materially and detrimentally affect the carrying value of the assets or liabilities.
17. Under the applicable financial reporting framework, the following have been recognized, measured, presented or disclosed in accordance with that framework:
- (i) Plans or intentions that may affect the carrying value or classification of assets and liabilities;
 - (ii) Liabilities, both actual and contingent;
 - (iii) Title to, or control over, assets, the liens or encumbrances on assets, and assets pledged as collateral; and
 - (iv) Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.
18. In relation to the Novel Coronavirus (COVID-19) benefits that we have applied for, we confirm the following:
- (i) All information included in the application is true and complete, and is not false or misleading, to the best of our knowledge.
 - (ii) Although the annual financial performance may be materially correct, for the purposes of the benefit calculations that are based on monthly financial results, we have not manipulated financial results to qualify for a particular benefit or qualify for a higher benefit.
 - (iii) We have reviewed the underlying legislation to determine our eligibility for each benefit that is available.
 - (iv) Where we have engaged you to prepare and/or apply for a benefit on our behalf, we have provided you with true and complete information and we have reviewed the application that you have prepared and/or filed for us.
 - (v) We take full responsibility for the result of our applications, including and not limited to, the underlying calculation of the benefits, the source of information that determines the calculation of the benefit, any potential repayments required, as well as interest or penalties assessed.

Yours truly,

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

Per:

DocuSigned by:

62DB30BD9E0A493...
Michael Osmar, Treasurer

DocuSigned by:

3E70205CEBE0403...
Brian Swainson, Chief Executive Officer

The financial statements have been approved on May 31, 2023.

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

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YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of: Sunbeam Community & Developmental Services

Opinion

We have audited the accompanying financial statements of Sunbeam Community & Developmental Services, which comprise the statement of financial position as at March 31, 2023 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, these financial statements present fairly, in all material respects, the financial position of Sunbeam Community & Developmental Services as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Ministry of Children, Community and Social Services.

Basis of 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 Sunbeam Community & Developmental Services 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.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to notes 2 and 3 to the financial statements, which describe the basis of accounting. These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian accounting standards for not for profit organizations, are prepared solely for the information and use of the Directors of Sunbeam Community & Developmental Services and the Ministry of Children, Community and Social Services. Our report is intended solely for the specified users and should not be distributed to any other parties or used for any other purpose.

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 the financial reporting provisions of the Ministry of Children, Community and Social Services 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 a 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 judgement 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 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.



Guelph, Ontario
May 31, 2023

Chartered Professional Accountants
Licensed Public Accountants

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

| | 2023 | 2022 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (note 4) | \$ 4,499,479 | \$ 3,464,122 |
| Investments (note 5) | 1,188,505 | 1,188,720 |
| Accounts receivable | 575,183 | 692,153 |
| Government remittances recoverable | 910,352 | 582,863 |
| MCCSS receivable | 106,788 | 428,893 |
| Due from Dedicated Supportive Housing | 2,896 | 2,896 |
| Prepaid expenses and supplies (note 12) | <u>285,656</u> | <u>47,064</u> |
| | <u>7,568,859</u> | <u>6,406,711</u> |
| CAPITAL ASSETS (note 6) | <u>8,186,795</u> | <u>8,510,516</u> |
| | <u>\$ 15,755,654</u> | <u>\$ 14,917,227</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 5,175,380 | \$ 4,339,702 |
| Due to residents | 601,145 | 502,090 |
| Deferred revenue | 229,344 | 646,833 |
| Current portion of mortgages payable (note 7) | <u>328,308</u> | <u>676,132</u> |
| | <u>6,334,177</u> | <u>6,164,757</u> |
| MORTGAGES PAYABLE (note 7) | 23,171 | 34,417 |
| DEFERRED CAPITAL CONTRIBUTIONS (note 8) | <u>3,794,745</u> | <u>4,061,363</u> |
| | <u>10,152,093</u> | <u>10,260,537</u> |
| NET ASSETS | | |
| INVESTMENT IN CAPITAL ASSETS (note 9) | 4,040,571 | 3,738,604 |
| UNRESTRICTED | <u>1,562,990</u> | <u>918,086</u> |
| | <u>5,603,561</u> | <u>4,656,690</u> |
| | <u>\$ 15,755,654</u> | <u>\$ 14,917,227</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

| | Investment in Capital Assets | Unrestricted | 2023 Total | 2022 Total |
|-----------------------------------|------------------------------------|---------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 3,738,604 | \$ 918,086 | \$ 4,656,690 | \$ 3,895,407 |
| (Deficit) surplus for the year | (100,283) | 1,047,154 | 946,871 | 761,283 |
| Investment in capital assets | <u>402,250</u> | <u>(402,250)</u> | <u>-</u> | <u>-</u> |
| Balance, end of year | <u>\$ 4,040,571</u> | <u>\$ 1,562,990</u> | <u>\$ 5,603,561</u> | <u>\$ 4,656,690</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

| | 2023 | 2022 |
|---|---------------------|---------------------|
| REVENUE | | |
| Provincial subsidy - MCCSS | \$ 54,107,401 | \$ 48,767,858 |
| Other service revenues and donations | 4,716,307 | 3,743,461 |
| Amortization of deferred capital contributions (note 8) | <u>309,649</u> | <u>242,923</u> |
| | <u>59,133,357</u> | <u>52,754,242</u> |
| EXPENSES | | |
| Salaries wages and benefits (note 10) | 24,865,949 | 24,129,594 |
| Other direct operating costs | 32,910,605 | 27,534,751 |
| Amortization of capital assets (note 6) | <u>409,932</u> | <u>328,614</u> |
| | <u>58,186,486</u> | <u>51,992,959</u> |
| SURPLUS for the year | 946,871 | 761,283 |
| NET ASSETS, beginning of year | <u>4,656,690</u> | <u>3,895,407</u> |
| NET ASSETS, end of year | <u>\$ 5,603,561</u> | <u>\$ 4,656,690</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

| | 2023 | 2022 |
|--|---------------------|---------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Surplus for the year | \$ 946,871 | \$ 761,283 |
| Items not requiring an outlay of cash | | |
| Amortization of capital assets | 409,932 | 328,614 |
| Amortization of deferred capital contributions | (309,649) | (242,923) |
| Amortization of mortgages payable | <u>11,090</u> | <u>10,899</u> |
| | 1,058,244 | 857,873 |
| Changes in non-cash working capital | | |
| Accounts receivable | 116,970 | (358,469) |
| Government remittances recoverable | (327,489) | 224,538 |
| MCCSS receivable | 322,105 | 457,154 |
| Prepaid expenses and supplies | (238,592) | 134,282 |
| Accounts payable and accrued liabilities | 835,678 | (359,556) |
| Due to residents | 99,055 | 93,516 |
| Deferred revenue | <u>(417,489)</u> | <u>400,541</u> |
| | <u>1,448,482</u> | <u>1,449,879</u> |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | | |
| Mortgage additions | - | 692,977 |
| Mortgage principal payments | <u>(359,069)</u> | <u>(38,874)</u> |
| | <u>(359,069)</u> | <u>654,103</u> |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| Additions to capital assets | (97,302) | (1,726,259) |
| Additions to deferred capital contributions | 43,031 | 309,997 |
| Decrease (increase) in investments | <u>215</u> | <u>(77,144)</u> |
| | <u>(54,056)</u> | <u>(1,493,406)</u> |
| NET INCREASE IN CASH | 1,035,357 | 610,576 |
| NET CASH, BEGINNING OF YEAR | <u>3,464,122</u> | <u>2,853,546</u> |
| NET CASH, END OF YEAR | <u>\$ 4,499,479</u> | <u>\$ 3,464,122</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

1. NATURE OF ORGANIZATION

Sunbeam Community & Developmental Services is a not for profit organization established in 1956 as a private care facility. The organization was incorporated under the laws of the Province of Ontario without share capital in 1966, for the purpose of providing full-time and respite residential care, day program and outreach services to individuals with developmental, physical or emotional disabilities. The organization is a registered charity classified under Section 149.1(1)(b) of the Income Tax Act (Canada) and, as such, is exempt from income tax.

As of February 7, 2020, the organization's name was legally changed from Sunbeam Centre to Sunbeam Community & Developmental Services, and the objects from the Supplementary Letters Patent dated May 5, 1989 and April 12, 1990 were updated to better reflect the current mandate of the organization:

"To provide assistance and advocacy as a charitable organization for people with intellectual and physical disabilities that may include mental health and other aligned life challenges, and to promote public understanding and acceptance of such persons as contributing members of society and as Canadian citizens..."

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the organization's agreement with the Ministry of Children, Community and Social Services (MCCSS). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not for profit organizations because capital assets:

- i) purchased from unrestricted net assets are charged to operations in the year the expenditure is incurred, and
- ii) purchased from the invested in capital assets fund are charged against the fund, capitalized on the statement of financial position and amortized over their useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the organization are the representation of management prepared in accordance with accounting principles in keeping with the MCCSS's guidelines. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions, which include grants and donations. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in the subsequent period. Other service revenues are recognized as services are performed. Donations and pledges are recorded as income when received or receivable if the amount to be received can reasonably be estimated and the collection is reasonably assured.

(b) CAPITAL ASSETS

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) CAPITAL ASSETS (continued)

Capital assets funded by capital grants, donations and other revenue are recorded at cost and are amortized on the straight-line basis over their estimated useful lives. Amortization of capital assets funded by mortgages is calculated using Dedicated Supportive Housing for Non-profit Housing guidelines of an amount equal to the principal repayments on related mortgage loans during the year. Capital grants and the value of capitalized equipment acquired with operating subsidies are recorded as deferred contributions. Funds raised through the organization for the acquisition of capital assets are recorded as the organization's investment in capital assets. Deferred contributions and the organization's investment in capital assets are amortized at the same rate as the assets acquired with those funds.

Amortization is calculated at the following rates:

| | |
|-------------------------------|-----------------------------------|
| Land improvements | - 10 % declining balance basis |
| Buildings | - 2.5 % declining balance basis |
| Buildings - service equipment | - 5 % declining balance basis |
| Furniture and equipment | - 10-20 % declining balance basis |
| Computer equipment | - 20 % declining balance basis |
| Vehicles | - 25 % declining balance basis |

(c) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(d) EMPLOYEE FUTURE BENEFITS

The organization maintains a contributory money-purchase pension plan for administrative and ONA employees, providing a benefit to be paid upon retirement, depending on the amount of accumulated contributions and investment income during the term of the employee's participation in the plan. The NHRIPP for UNIFOR employees is a targeted benefit plan based on defined contributions. In all cases, the organization's contributions to the pension plans are based on a percentage of the employee's salary.

(e) COMPENSATED ABSENCES

Compensated absence expense is accrued for all employees as entitlement to these payments are earned, in accordance with the organization's benefit plan for sick leave.

(f) CONTRIBUTED SERVICES

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) NET ASSETS

The organization's net assets represent the cumulative surplus derived from fundraising events and other endeavours. When capital assets are purchased by the organization from this surplus, an amount equal to the purchase amount is removed from the net asset account and recorded as investment in capital assets.

(h) USE OF ESTIMATES

The preparation of financial statements 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. Significant estimates made by management include the useful lives of capital assets and the valuation of accrued liabilities and sick leave benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

(i) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net surplus.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. 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 surplus.

Transaction costs

The organization recognizes its transaction costs in net surplus in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(j) GIFTS IN KIND

Gifts in kind are recognized in the financial statements when the fair value can be reasonably estimated.

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

4. CASH

Cash includes the organization's unrestricted funds, amounts held for accrued Ministry program expenditures, amounts belonging to supported individuals and a capital reserve for the maintenance of property funded under the Dedicated Supportive Housing program.

| | 2023 | 2022 |
|-----------------------------|---------------------|---------------------|
| Operating funds | \$ 1,247,942 | \$ 774,821 |
| Non-operating funds | 2,626,693 | 2,164,575 |
| Client funds | 601,145 | 502,090 |
| Housing replacement reserve | <u>23,699</u> | <u>22,636</u> |
| | <u>\$ 4,499,479</u> | <u>\$ 3,464,122</u> |

5. INVESTMENTS

Investments consist of equities and fixed income investments managed by the Waterloo Region Community Foundation.

6. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net 2023 | Net 2022 |
|----------------------------------|----------------------|-------------------------------------|---------------------|---------------------|
| Land | \$ 2,730,939 | \$ - | \$ 2,730,939 | \$ 2,730,939 |
| Land improvements | 137,535 | 137,535 | - | - |
| Buildings | 10,302,650 | 5,199,757 | 5,102,893 | 5,366,134 |
| Buildings - service equipment | 144,941 | 144,941 | - | - |
| Furniture and equipment | 1,451,393 | 1,451,393 | - | - |
| Computer equipment | 81,143 | 81,143 | - | - |
| Vehicles | <u>990,642</u> | <u>637,679</u> | <u>352,963</u> | <u>413,443</u> |
| | <u>\$ 15,839,243</u> | <u>\$ 7,652,448</u> | <u>\$ 8,186,795</u> | <u>\$ 8,510,516</u> |

Amortization in the amount of \$409,932 was recorded during the year (2022 - \$328,614).

7. MORTGAGES PAYABLE

| | 2023 | 2022 |
|---|------------------|------------------|
| Non-revolving demand instalment loan bearing interest at 1.45% repayable in monthly blended repayments of \$3,362, financed by a Canadian chartered bank, secured by the 12 Norman Lane, Cambridge and 42 Lyndhurst Drive, Kitchener properties with a carrying value of \$1,424,900. | \$ 317,022 | \$ 665,003 |
| Mortgage payable bearing interest at 1.40% repayable in monthly blended repayments of \$975, due March 1, 2026, financed by a Canadian chartered bank, secured by the 122 Young Street, St. Jacobs property with a carrying value of \$77,485. | <u>34,457</u> | <u>45,546</u> |
| | 351,479 | 710,549 |
| Less current portion: | <u>328,308</u> | <u>676,132</u> |
| | <u>\$ 23,171</u> | <u>\$ 34,417</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

7. MORTGAGES PAYABLE (continued)

Future minimum principal payments on mortgages payable are as follows:

| | |
|------|-------------------|
| 2024 | \$ 328,308 |
| 2025 | 11,445 |
| 2026 | <u>11,726</u> |
| | <u>\$ 351,479</u> |

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount of subsidy attributed to the purchase of capital assets.

| | 2023 | 2022 |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 4,061,363 | \$ 3,994,289 |
| Contributions received | 43,031 | 309,997 |
| Amortization | <u>(309,649)</u> | <u>(242,923)</u> |
| Balance, end of year | <u>\$ 3,794,745</u> | <u>\$ 4,061,363</u> |

9. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets represents the net book value of capital assets purchased with funds generated through the organization's fundraising endeavours. The investment in capital assets is calculated as follows:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Net book value of capital assets | \$ 8,186,795 | \$ 8,510,516 |
| Assets financed by deferred contributions | (3,794,745) | (4,061,363) |
| Assets financed by mortgages | <u>(351,479)</u> | <u>(710,549)</u> |
| Investment in capital assets | <u>\$ 4,040,571</u> | <u>\$ 3,738,604</u> |

10. EMPLOYEE FUTURE BENEFITS

The organization contributes to a defined contribution pension plan administered by a third party. The retirement plan provides retirement benefits to most of the organization's employees. The organization's contributions are defined based on a fixed percentage of wages and are fully funded each pay period.

The expense for the organization's contribution to the retirement plan is \$906,821 (2022 - \$831,883).

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

11. COMMITMENTS

The organization has entered into several operating leases. The major items are computers, telephone equipment and office space. Minimum lease payments are as follows:

| | |
|------|-------------------|
| 2024 | \$ 395,353 |
| 2025 | 365,446 |
| 2026 | 99,866 |
| 2027 | <u>33,765</u> |
| | <u>\$ 894,430</u> |

12. SUBSEQUENT EVENTS

Subsequent to year end, the organization purchased a new property. The total cost of the property is \$975,000, including a \$50,000 deposit which was paid prior to the fiscal year end and is included in prepaid expenses. The closing date on the property is May 4, 2023.

13. FINANCIAL INSTRUMENTS

All financial instruments are denominated in Canadian dollars. It is management's opinion that the organization is not exposed to significant liquidity, interest, currency, credit or other price risks.

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

14. SERVICE CONTRACT WITH THE MCCSS

The organization has a service contract with the Ministry of Children, Community and Social Services. An annual reconciliation report to the Ministry summarizes, by program, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the approved service contract.

A review of this report shows no contracts with the Ministry are in a surplus position as at March 31, 2023, subject to final approval. Adjustments to funding, if any, will be recorded in the year in which they occur.

15. LINE OF CREDIT

The organization has access to \$250,000 in a revolving line of credit, at an interest rate of prime plus 1% per annum, without security. No balance was outstanding at year end (2022 - \$0).

16. ECONOMIC DEPENDENCE

The organization is economically dependent on the Ministry of Children, Community and Social Services as the organization receives the majority of funding from this ministry.

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES**SCHEDULE OF REVENUE AND EXPENSES***Schedule 1***FOR THE YEAR ENDED MARCH 31, 2023**

| | MCCSS | OTHER | 2023 TOTAL |
|--|-------------------|-------------------|-----------------------|
| REVENUE | | | |
| Provincial subsidy MCCSS | \$ 52,839,556 | \$ 1,267,845 | \$ 54,107,401 |
| Other services and donations | 1,159,655 | 3,556,652 | 4,716,307 |
| Amortization of deferred contributions | - | 309,649 | 309,649 |
| | <u>53,999,211</u> | <u>5,134,146</u> | <u>59,133,357</u> |
| EXPENSES | | | |
| Salaries and benefits | 23,602,523 | 1,263,426 | 24,865,949 |
| Other direct operating costs | 30,396,688 | 2,513,917 | 32,910,605 |
| Amortization of capital assets | - | 409,932 | 409,932 |
| | <u>53,999,211</u> | <u>4,187,275</u> | <u>58,186,486</u> |
| SURPLUS FOR THE YEAR | \$ <u>-</u> | \$ <u>946,871</u> | \$ <u>946,871</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

SCHEDULE OF REVENUE AND EXPENSES - MCCSS

Schedule 2

FOR THE YEAR ENDED MARCH 31, 2023

| | COMMUNITY AND PREVENTION SUPPORTS | AUTISM | CHILDREN REHABILITATION SERVICES | OUT OF HOME | COMPLEX SPECIAL NEEDS | SERVICE PLANNING COORDINATION |
|------------------------------|--|----------------|---|------------------------|--------------------------------------|--|
| REVENUE | | | | | | |
| Provincial subsidy MCCSS | \$ 16,500 | \$ 174,100 | \$ 34,400 | \$ 738,876 | \$ 4,259,308 | \$ 554,050 |
| Other income | - | - | - | 64,584 | - | - |
| | <u>16,500</u> | <u>174,100</u> | <u>34,400</u> | <u>803,460</u> | <u>4,259,308</u> | <u>554,050</u> |
| EXPENSES | | | | | | |
| Salaries and benefits | - | 78,712 | - | 624,434 | 431,168 | 525,662 |
| Other direct operating costs | 16,500 | 95,388 | 34,400 | 142,688 | 3,828,140 | 19,136 |
| Allocated administration | - | - | - | 36,338 | - | 9,252 |
| | <u>16,500</u> | <u>174,100</u> | <u>34,400</u> | <u>803,460</u> | <u>4,259,308</u> | <u>554,050</u> |
| SURPLUS FOR THE YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

SCHEDULE OF REVENUE AND EXPENSES - MCCSS

Schedule 2 (continued)

FOR THE YEAR ENDED MARCH 31, 2023

| | ADULT COMMUNITY ACCOMMO- DATION | CHILDREN COMMUNITY ACCOMMO- DATION | ADULT COMMUNITY SUPPORT SERVICES | CHILDREN COMMUNITY SUPPORT SERVICES | CENTRAL ADMIN. | 2023 TOTAL MCCSS |
|------------------------------|--|---|---|--|---------------------------|---------------------------------|
| REVENUE | | | | | | |
| Provincial subsidy MCCSS | \$ 38,534,981 | \$ 1,918,567 | \$ 5,807,206 | \$ 801,568 | \$ - | \$ 52,839,556 |
| Other income | <u>571,560</u> | <u>60,423</u> | <u>288,582</u> | <u>-</u> | <u>174,506</u> | <u>1,159,655</u> |
| | <u>39,106,541</u> | <u>1,978,990</u> | <u>6,095,788</u> | <u>801,568</u> | <u>174,506</u> | <u>53,999,211</u> |
| EXPENSES | | | | | | |
| Salaries and benefits | 14,030,313 | 1,488,526 | 4,377,611 | 574,530 | 1,471,567 | 23,602,523 |
| Other direct operating costs | 23,903,355 | 273,074 | 1,356,098 | 189,462 | 538,447 | 30,396,688 |
| Allocated administration | <u>1,172,873</u> | <u>217,390</u> | <u>362,079</u> | <u>37,576</u> | <u>(1,835,508)</u> | <u>-</u> |
| | <u>39,106,541</u> | <u>1,978,990</u> | <u>6,095,788</u> | <u>801,568</u> | <u>174,506</u> | <u>53,999,211</u> |
| SURPLUS FOR THE YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES

SCHEDULE OF REVENUE AND EXPENSES - OTHER

Schedule 3

FOR THE YEAR ENDED MARCH 31, 2023

| | PARTNER FACILITY RENEWAL | DEDICATED HOUSING SUPPORT | CRRF | TEMPORARY WAGE ENHANCEMENT | WORKPLACE CAPACITY | OAP URGENT RESPONSE |
|--|---|--|------------------|---|-------------------------------|--------------------------------|
| REVENUE | | | | | | |
| Provincial subsidy MCCSS | \$ 95,100 | \$ 34,762 | \$ 1,056,122 | \$ (37,022) | \$ 118,883 | \$ - |
| Other income | - | 5,290 | - | - | - | 1,370,088 |
| Amortization of deferred contributions | - | - | - | - | - | - |
| | <u>95,100</u> | <u>40,052</u> | <u>1,056,122</u> | <u>(37,022)</u> | <u>118,883</u> | <u>1,370,088</u> |
| EXPENSES | | | | | | |
| Salaries and benefits | - | 8,462 | 675,386 | (37,022) | 118,883 | 99,292 |
| Other direct operating costs | 95,100 | 31,590 | 380,736 | - | - | 1,270,796 |
| Amortization of capital assets | - | - | - | - | - | - |
| | <u>95,100</u> | <u>40,052</u> | <u>1,056,122</u> | <u>(37,022)</u> | <u>118,883</u> | <u>1,370,088</u> |
| SURPLUS FOR THE YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SUNBEAM COMMUNITY & DEVELOPMENTAL SERVICES
SCHEDULE OF REVENUE AND EXPENSES - OTHER
FOR THE YEAR ENDED MARCH 31, 2023

Schedule 3 (continued)

| | HRDC | AUTISM KERRY'S PLACE | PASSPORT SUNBEAM | PASSPORT DSRC | SUNBEAM NON- OPERATING | 2023 TOTAL OTHER |
|---|---------------|----------------------------|---------------------|------------------|------------------------------|------------------------|
| REVENUE | | | | | | |
| Provincial subsidy MCCSS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,267,845 |
| Other income | 55,842 | 390,822 | 245,121 | 369,699 | 1,119,790 | 3,556,652 |
| Amortization of deferred contributions | - | - | - | - | 309,649 | 309,649 |
| | <u>55,842</u> | <u>390,822</u> | <u>245,121</u> | <u>369,699</u> | <u>1,429,439</u> | <u>5,134,146</u> |
| EXPENSES | | | | | | |
| Salaries and benefits | 58,827 | 339,598 | - | - | - | 1,263,426 |
| Other direct operating costs | (2,985) | 51,224 | 245,121 | 369,699 | 72,636 | 2,513,917 |
| Amortization of capital assets | - | - | - | - | 409,932 | 409,932 |
| | <u>55,842</u> | <u>390,822</u> | <u>245,121</u> | <u>369,699</u> | <u>482,568</u> | <u>4,187,275</u> |
| SURPLUS FOR THE YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 946,871</u> | <u>\$ 946,871</u> |