Lambton County Developmental Services
Financial Statements
March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Lambton County Developmental Services:

Opinion

We have audited the financial statements of Lambton County Developmental Services (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenses, changes in net assets 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 Organization as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 3 to the finanial statements, which explains that certain comparative information presented for the year ending March 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization in complying with the accounting policies prescribed by the Ministry of Children, Community and Social Services. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

The financial statement for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 22, 2023.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

MNP LLP

Wallaceburg, Ontario
July 2, 2024

Chartered Professional Accountants
Licensed Public Accountants

Lambton County Developmental Services
Statement of Financial Position
As at March 31, 2024

	Operating Fund	Capital Fund	2024	*2023 Restated (note 3)*
Assets				
Current				
Cash	**$ 97,584**	**$ -**	**$ 97,584**	$ 457,281
Accounts receivable	**73,652**	**-**	**73,652**	177,100
Inventory	**29,005**	**-**	**29,005**	25,316
Prepaid expenses	**198,255**	**-**	**198,255**	20,885
HST recoverable	**86,506**	**-**	**86,506**	132,552
Funds held in trust	**404,014**	**-**	**404,014**	404,014
Due from LCDS Foundation	**-**	**-**	**-**	152,347
	889,016	**-**	**889,016**	1,369,495
Property and Equipment (Note 5)	**-**	**2,110,468**	**2,110,468**	2,229,310
Due from building fund	**1,027,393**	**-**	**1,027,393**	1,027,393
Restricted cash	**77,929**	**-**	**77,929**	73,230
	$ 1,994,338	**$ 2,110,468**	**$ 4,104,806**	$ 4,699,428
Liabilities				
Current				
Accounts payable and accrued liabilities	**$ 1,167,444**	**$ -**	**$ 1,167,444**	$ 1,536,141
Wages payable	**667,609**	**-**	**667,609**	646,176
Deferred revenue	**5,000**	**-**	**5,000**	5,372
Due to LCDS Foundation	**2,657**	**-**	**2,657**	-
Current portion of long term debt **(Note 7)**	**89,289**	**38,594**	**127,883**	121,458
Current portion of capital leases	**-**	**-**	**-**	578
	1,931,999	**38,594**	**1,970,593**	2,309,725
Long-term debt (*Note 7*)	**308,918**	**452,495**	**761,413**	$ 943,016
Due to operating fund	**-**	**1,027,393**	**1,027,393**	1,027,393
Restricted deferred revenue	**25,315**	**-**	**25,315**	20,704
	2,266,232	**1,518,482**	**3,784,714**	4,300,838
Net Assets				
Fund balances	**(324,473)**	**(359,048)**	**(683,521)**	(715,656)
Net assets invested in capital assets	**-**	**951,034**	**951,034**	1,061,667
Restricted	**52,579**	**-**	**52,579**	52,579
	(271,894)	**591,986**	**320,092**	398,590
	$ 1,994,338	**$ 2,110,468**	**$ 4,104,806**	$ 4,699,428

Approved by the Board:

Director **Director**

The accompanying notes are an integral part of these financial statements.

Lambton County Developmental Services
Statement of Changes in Net Assets
For the year ended March 31, 2024

	Operating Fund	*Capital Fund*	*2024*	*2023 Restated (note 3)*
Unrestricted Net Assets				
Balance beginning of year	**$ (446,404)**	**$ (392,762)**	**$ (839,166)**	$ (849,564)
Excess (Deficiency) of revenues over expenses	**6,651**	**(85,128)**	**(78,477)**	39,361
Loss on disposal of property and equipment, restated	**-**	**2,203**	**2,203**	14,940
Amortization	**-**	**116,639**	**116,639**	125,205
Capital expenditures paid out of revenue	**-**	**-**	**-**	(45,598)
Interfund transfers (Note 12)	**115,280**	**-**	**115,280**	-
	(324,473)	**(359,048)**	**(683,521)**	(715,656)
Net Assets Invested in Capital Assets				
Balance - beginning of year, restated	**-**	**1,185,156**	**1,185,156**	1,156,214
Loss on disposal of assets, restated	**-**	**(2,203)**	**(2,203)**	(14,940)
Repayments of debt	**-**	**-**	**-**	45,598
Amortization	**-**	**(116,639)**	**(116,639)**	(125,205)
Interfund transfers (Note 12)	**-**	**(115,280)**	**(115,280)**	-
	-	**951,034**	**951,034**	1,061,667
Restricted Net Assets				
Balance - beginning of year	**52,579**	**-**	**52,579**	52,579
Net Assets - End of Year	**$ (271,894)**	**$ 591,986**	**$ 320,092**	$ 398,590

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services
Statement of Revenues and Expenses
For the year ended March 31, 2024

	Operating Fund	Capital Fund	2024	2023 Restated (note 3)
Revenue				
MCCSS funding	$ **14,208,059**	**-**	$ **14,208,059**	13,964,405
Other grants and subsidies	**675,044**	**-**	**675,044**	433,773
Rent	**386,506**	**39,229**	**425,735**	436,757
Sales - Petrolia Enterprises	**264,205**	**-**	**264,205**	289,914
Other income	**884,162**	**-**	**884,162**	333,987
Donations and fundraising	**32,245**	**-**	**32,245**	155,999
Total Revenues	**16,450,221**	**39,229**	**16,489,450**	15,614,835
Expenses				
Amortization	**-**	**116,639**	**116,639**	125,205
Advertising and promotion	**60,145**	**-**	**60,145**	35,797
Interest and bank charges	**-**	**5,515**	**5,515**	9,912
Interest on mortgages	**30,436**	**-**	**30,436**	29,034
Office	**152,616**	**-**	**152,616**	148,851
COVID-19 costs	**-**	**-**	**-**	32,039
Program costs	**234,843**	**-**	**234,843**	247,311
Quality enhancement	**678,306**	**-**	**678,306**	140,049
Buildings	**1,381,700**	**-**	**1,381,700**	1,630,208
Client purchased services	**1,369,900**	**-**	**1,369,900**	1,213,382
Purchased services	**94,049**	**-**	**94,049**	102,387
Other expenses and fundraising	**450,573**	**-**	**450,573**	421,372
Equipment repairs and maintenance	**325**	**-**	**325**	715
Wages and benefits	**11,753,051**	**-**	**11,753,051**	11,183,316
Travel	**237,626**	**-**	**237,626**	240,956
Total Expenses	**16,443,570**	**122,154**	**16,565,724**	15,560,534
Excess of revenues over expenses from operations before other item	$ **6,651**	$ **(82,925)**	$ **(76,274)**	$ 54,301
Other Item				
Loss on disposal of property and equipment	**-**	**(2,203)**	**(2,203)**	(14,940)
Excess (Deficiency) of revenues over expenses	$ **6,651**	$ **(85,128)**	$ **(78,477)**	$ 39,361

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services
Statement of Cash Flows

For the year ended March 31, 2024

		2024		2023 Restated (note 3)
Operating activities				
Excess (deficiency) of revenues over expenses for the year	**$**	**(78,477)**	$	39,361
Items not affecting cash:				
Amortization		**116,639**		125,205
Loss on disposal of property and equipment		**2,203**		14,940
		40,365		179,506
Changes in non-cash working capital balances:				
Accounts receivable		**103,448**		(11,205)
Inventory		**(3,689)**		598
Prepaid expenses		**(177,370)**		100,981
HST recoverable		**46,046**		(29,775)
Accounts payable and accrued liabilities		**(368,697)**		(650,498)
Wages payable		**21,433**		99,876
Deferred revenue		**4,239**		(150,625)
		(334,225)		(461,142)
Financing activities				
Repayment of long-term debt		**(175,178)**		(129,521)
Repayment of obligations under capital lease		**(578)**		(8,022)
Advances to LCDS Foundation		**(62,538)**		(155,119)
Repayment of advances to LCDS Foundation		**217,521**		-
		(20,773)		(292,662)
Decrease in cash		**(354,998)**		(753,804)
Cash, beginning of year		**530,511**		1,284,315
Cash, end of year	**$**	**175,513**	$	530,511

The accompanying notes are an integral part of these financial statements

1. Nature of Operations

Lambton County Developmental Services (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization was founded in 1955 to provide support services to individuals with developmental disabilities residing in the County of Lambton.

2. Significant accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out by the Ontario Ministry of Children, Community and Social Services (the Ministry) funding agreement. The basis of accounting used in these financial statements is in accordance with Canadian accounting standards for not-for-profit organizations, except for:

i) Property and equipment

The funding model utilized by the Ministry in providing funds to the organization provides for the funding of capital expenditures. Capital expenditures of the Operating Fund, with the exception of land and building, are recorded as Operating Fund expenditures in the year incurred.

ii) Accrued Liabilities

The modified accrual accounting method requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short term accruals are defined as payable or receivable within 30 days of the budget year end.

iii) Vacation Pay Accrual

The Ministry funding model accounts for vacation pay on a cash basis. As a result, a vacation pay accrual is not recorded in these financial statements.

iv) Long Term Debt

The amount of principal repaid during the year is charged to reduce the carrying value of the debt, and is added to fund balances.

v) Revenue Recognition

Contributions received for capital assets are recognized in the year received as revenue instead of being deferred and amortized on the same basis as the related property and equipment.

a) Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Building Fund reports the assets, liabilities, revenues, and expenses related to LCDS's capital assets. It provides for the use of assets to various operating programs in return for recovery payments equal to the principal payments required on the assets' related loans.

Payments on loans reported in Building Fund liabilities are recorded as expenses of the Operating Fund. The principal portion of the payments is shown in the Building Fund as receipts from the Operating Fund.

2. Significant accounting policies, continued

a) Fund accounting, continued

Where the full purchase price of a long-lived asset is funded by a program, the purchase price is reported as a direct operating expense of the Operating Fund and as receipts from operating funds to the Building Fund.

b) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Donations

Donations specifically contributed for operating purposes are recognized as revenue of the Operating Fund. Donations made for capital purposes are recorded as revenue of the Building Fund.

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining the fair value of volunteer hours, contributed services are not recognized in the financial statements.

d) Property and equipment

Certain property and equipment purchased are expensed when acquired. Other property and equipment purchased are capitalized to the extent the cost exceeds any grants or subsidies received and are recorded in the Building Fund.

Amortization is provided on the diminishing balance basis over the asset's estimated useful lives at the following annual rates:

Buildings and improvements	5%
Furniture and equipment	20%
Vehicles	30%

e) Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated or issued in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

2. Significant accounting policies, continued

e) Financial instruments, continued

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in.

2. Significant accounting policies, continued

e) Financial instruments, continued

Financial asset Impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Correction of an error

The prior year's figures have been adjusted to reflect the following correction that was made to the March 31, 2023 financial statement figures:

The Organization's property and equipment has been amortized using the diminishing balance method. The following table summarizes the impact of this on the Organization's statement of financial position, and statement of revenues and expenses.

	Previously recorded	April 1, 2022 Adjustments	Measurement Adjustment	Restated
As at April 1, 2022				
Statement of Financial Position				
Property and equipment	$6,510,981	$ -	($4,141,526)	$2,369,455
Net Assets Invested in Capital Assets	5,297,740	-	(4,141,526)	1,156,214
As at March 31, 2023				
Statement of Financial Position				
Property and equipment	6,340,640	(4,141,526)	30,196	2,229,310
Net Assets Invested in Capital Assets	5,172,997	(4,141,526)	30,196	1,061,667
Statement of Revenues and Expenses				
Amortization	-	-	125,205	125,205
Loss on disposal of property and equipment	$170,341	-	($155,401)	$14,940

4. Funds Held in Trust

The funds held in trust are held and distributed on behalf of the Organization by Pooran Law Professional Corporation. The amounts in trust are being held for future settlement claims. As at March 31, 2024 the trust funds consist of cash in the amount of $404,014 (2023 - $404,014).

5. Property and Equipment

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land, buildings, and improvements	$5,707,014	$3,618,381	$2,088,633	$2,198,714
Furniture and equipment	359,189	339,443	19,746	24,683
Vehicles	119,410	117,321	2,089	5,913
	$6,185,613	**$4,075,145**	**$2,110,468**	**$2,229,310**

6. Bank Debt

In addition to various fixed term loans described in Note 7, RBC Royal Bank has agreed to lend the Organization the following credit facilities:

A revolving demand facility of $200,000. Interest is at the Royal Bank Prime rate + 0.9%, payable monthly in revolving increments of $5,000. At year end, there was no balance outstanding on this facility (2023 - $Nil).

A revolving term facility in the amount of $149,999, the terms of which are set as and when drawn upon. At year end there was no balance outstanding.

Collateral for the Organization's debts are as follows:

a. General security agreement constituting a first ranking security interest in all personal property of the Borrower;

b. Collateral mortgage in the amount of $490,000, constituting a first fixed charge on the lands and improvements located at 4189 Petrolia Line, Petrolia, ON, supported by Priority Agreement between the Bank, the Borrower and the Corporation of the County of Lambton;

c. Collateral mortgage in the amount of $1,120,000, constituting a first fixed charge on the lands and improvements located at 339 and 339 1/2 Centre Street, Petrolia, ON;

d. Collateral mortgage in the amount of $164,000, constituting a second fixed charge on the lands and improvements located at 3097 Main Street, Oil City, ON;

e. Collateral mortgage in the amount of $132,000, constituting a second fixed charge on the lands and improvements located at 432 Albany Street, Petrolia, ON;

f. Certificate of insurance evidencing fire and other perils coverage on the property located at 3097 Main Street, Oil City, ON, showing the Bank as first mortgage;

g. Certificate of insurance evidencing fire and other perils coverage on the property located at 4189 Petrolia Line, Petrolia, ON, showing the Bank as first mortgage;

h. Certificate of insurance evidencing fire and other perils coverage on the property located at 339 and 339 1/2 Centre Street, Petrolia, ON, showing the Bank as first mortgage;

i. Certificate of insurance evidencing fire and other perils coverage on the property located at 432 Albany Street, Petrolia, ON, showing the Bank as first mortgage.

7. Long-term debt

	2024	2023
RBC Royal Bank loan bearing interest at 3.93% per annum, repayable in monthly blended payments of $8,578. The loan matures on December 21, 2026 and is secured by lands and improvements described in Note 6, which have a carrying value of $2,058,133 (2023 - $2,166,503).	**$398,207**	$535,314
Less: current portion of Operating Fund debt	**(89,289)**	(83,384)
Long term debt of the Operating Fund	**308,918**	451,930
Habitat for Humanity - Sarnia/Lambton loan bearing interest at 0% per annum, repayable in monthly blended payments of $641. The loan matures on October 1, 2041, and is secured by land and improvements at 774 Devine St., Sarnia, which has a carrying value of $121,169 (2023 - $173,511).	**135.051**	142,743
LCDS Organization loan bearing interest at 4.12% per annum, repayable in monthly blended payments of $1,491. The loan matures on August 18, 2032, and is secured by land and improvements at 433 King St., Petrolia, which has a carrying value of $211,833 (2023 - $268,021).	**127,112**	139,491
Habitat for Humanity - Sarnia/Lambton loan bearing interest at 0% per annum, repayable in monthly blended payments of $500. The loan matures on April 10, 2042, and is secured by land and improvements at 386 Northridge St., Sarnia, which has a carrying value of $98,843 (2023 - $165,085).	**108,085**	114,085
Habitat for Humanity - Sarnia/Lambton loan bearing interest at 0% per annum, repayable in monthly blended payments of $1,000. The loan matures on August 1, 2032, and is secured by land and improvements at 388 Northridge St., Sarnia, which has a carrying value of $145,914 (2023 - $268,021).	**120,841**	132,841
Less: current portion of Building Fund debt	**(38,594)**	(38,074)
Long term debt of the Building Fund	**$452,495**	$529,160
	$889,296	$943,016

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2025	$ 127,883
2026	131.580
2027	135.843
2028	140.279
2029	61,243
Thereafter	292,468
	$ 889,296

8. Lease commitments

The Organization leases premises for use as residences from Nainstay Non-Profit Buildings Inc., a related party. Annual lease payments are $ 174,019 (2023 - $172,938).

9. Related Party transactions

The following is a summary of the Organization’s related party transactions:

	2024	2023
LCDS Organization *Organization incorporated for the support of LCDS*		
Principal and interest payments	**(17,395)**	(17,897)
Recovery of fund development costs	**30,000**	30,000
Fundraising payments to the Organization	**(2,657)**	-
Donations received from the Organization	**-**	152,876
	9,948	164,979
Nainstay Non-Profit Building Inc. *Owns properties used in LCDS program delivery*		
Rents paid	**(174,019)**	(172,938)
Management fees received	**60,000**	60,000
	(114,019)	(112,938)
Total	**(104,072)**	52,041

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at March 31, 2024, the Organization had $2,657 (2023 – ($152,347)) payable to LCDS Organization.

Advances from related organizations are non-interest bearing and have no set repayment terms.

10. Economic Dependence

LCDS received approximately 89% of its total revenue for the year (2023 - 93%) from the Ministry of Children, Community and Social Services. It would be difficult to continue operations without the support of these funds.

11. Financial risk

The Organization is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis presents the Organization's exposure to significant risk at March 31, 2024:

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due.
The Organization manages its exposure to liquidity risk by constantly monitoring forecasted and actual cash flows.

There has been no change in this risk exposure from the prior year.

12. Interfund transactions

During the year, the Organization transferred $115,280 from the Capital fund to the Operating fund. The Board of Directors has approved this transfer.

13. Subsequent event

Effective June 1, 2024 the Organization received approval from the Ministry to acquire the operations including all assets and liabilities of Nainstay Non–Profit Building Inc..

14. Comparative figures

Certain comparative figures have been reclassified to confirm with current year presentation.

	Administration	Group Homes	Community Participation	SIL	Host Family	Other Programs (schedule 2)	***2024***	*2023*
Revenues								
MCSS funding	$ -	$ 7,962,625	$ 2,356,772	$ 1,330,323	$ 1,663,452	$ 894,887	$ 14,208,059	$ 13,964,405
Other grants and subsidies	-	3,000	519,554	-	-	152,490	675,044	433,773
Other income	570,301	119,190	23,143	8,425	20,485	142,618	884,162	292,487
Sales - Petrolia Enterprises	-	-	193,184	-	-	71,021	264,205	289,914
Rent	45,603	237,029	-	15,540	-	88,334	386,506	381,870
Donations and fundraising	6,630	-	5,615	-	-	20,000	32,245	155,999
	622,534	8,321,844	3,098,268	1,354,288	1,683,937	1,369,350	16,450,221	15,518,448
Administrative allocations	1,063,478	(595,069)	(176,759)	(99,775)	(124,760)	(67,115)	-	(2)
Expenses								
Advertising and promotion	59,420	-	287	-	-	438	60,145	35,797
Buildings	389,554	182,045	92,531	53,460	402,140	261,970	1,381,700	1,630,208
COVID-19 costs	-	-	-	-	-	-	-	32,039
Client purchased services		87,876	587,774	51,787	558,860	83,603	1,369,900	1,213,382
Equipment repairs and maintenance	-	-	325	-	-	-	325	715
Interest and bank charges	-	-	-	-	-	-	-	3,899
Interest on mortgages	9,320	-	872	-	-	20,243	30,436	29,034
Office	54,200	48,974	13,107	12,600	16,821	6,914	152,616	148,852
Other expenses and fundraising	73,400	126,976	45,636	32,195	18,397	153,969	450,573	421,372
Program costs	9,481	56,291	98,550	14,540	21,364	34,617	234,843	247,311
Purchased services	94,049	-	-	-	-	-	94,049	102,387
Quality enhancement	158,540	311,196	85,884	43,874	43,071	35,741	678,306	140,049
Travel	7,328	10,981	187,201	20,408	13,136	(1,428)	237,626	240,956
Wages and benefits	941,179	6,850,397	1,302,141	1,162,855	771,125	725,354	11,753,051	11,183,316
	1,796,471	7,674,736	2,414,308	1,391,719	1,844,914	1,321,421	16,443,570	15,429,317
Excess (deficiency) of revenues over expenses	**(110,459)**	**52,039**	**507,201**	**(137,206)**	**(285,737)**	**(19,186)**	**$ 6,651**	**$ 89,129**

Lambton County Developmental Services

Schedule 2 - Statement of Revenue and Expenses - Other Programs

For the year ended March 31, 2024

	Caregiver Respite	Recreation	Social Enterprise	Habitat Homes	Skills Development Fund	***2024***	*2023*
Revenues							
MCSS funding	$ 12,184	$ -	$ -	$ 882,703	$ -	$ 894,887	$ 776,284
Other grants and subsidies	-			-	152,490	152,490	13,049
Other income	-	27,720	114,898	-	-	142,618	101,020
Sales - Petrolia Enterprises	-	-	71,021	-	-	71,021	82,354
Rent	-	-	-	88,334	-	88,334	79,639
Donations and fundraising	-	20,000	-	-	-	20,000	-
	12,184	47,720	185,919	971,037	152,490	1,369,350	1,052,346
Administrative allocations	(913)	-	-	(66,202)	-	(67,115)	(58,222)
Expenses							
Advertising and promotion	-	-	438	-	-	438	3,748
Buildings	-	-	104,657	157,313	-	261,970	300,851
COVID-19 costs	-	-	-	-	-	-	13,129
Client purchased services	4,210	-	-	79,393	-	83,603	86,794
Interest on mortgages	-	-	20,243	-	-	20,243	22,771
Office	-	-	3,999	2,915	-	6,914	10,650
Other expenses and fundraising	-	-	4,599	13,798	135,572	153,969	23,150
Program costs	-	673	32,931	1,013	-	34,617	44,876
Quality enhancement	485	-	-	35,256	-	35,741	8,379
Travel	-	384	-	(1,812)	-	(1,428)	8,465
Wages and benefits	2,032	15,141	36,597	671,584	-	725,354	541,507
	6,727	16,198	203,464	959,460	135,572	1,321,421	1,064,320
Excess (deficiency) of revenues over expenses	**$ 4,544**	**$ 31,522**	**$ (17,545)**	**$ (54,625)**	**$ 16,918**	**$ (19,186)**	**$ (70,196)**