

**VISIONS OF INDEPENDENCE
INC.**

Financial Statements
For the year ended March 31, 2020

VISIONS OF INDEPENDENCE INC.

Financial Statements

For the year ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of Visions of Independence Inc.

Opinion

We have audited the financial statements of Visions of Independence Inc. (the "Organization") which comprise the statement of financial position as at March 31, 2020, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020 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.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 16 through 19 of Visions of Independence Inc.'s financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
September 10, 2020

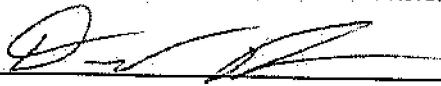
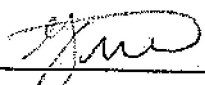
VISIONS OF INDEPENDENCE INC.
Statement of Financial Position

March 31	2020	2019
Assets		
Current Assets		
Cash and bank	\$ 1,034,233	\$ 1,318,802
Accounts receivable (Note 2)	302,833	384,481
Prepaid expenses	55,069	25,848
	1,392,135	1,729,131
Capital assets (Notes 3, 8)	4,076,425	3,781,243
	\$ 5,468,560	\$ 5,510,374

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities	\$ 64,149	\$ 88,451
Wages and vacation payable	526,438	432,536
Working capital advance - Department of Families	-	145,602
Current portion of obligation under capital lease (Note 8)	34,564	17,724
Current portion of long-term debt (Note 5)	128,655	114,842
	753,806	799,155
Obligation under capital lease (Note 8)	124,279	48,887
Long-term debt (Note 5)	2,102,531	1,959,099
Deferred contributions (Note 7)	802,523	832,557
	3,783,139	3,639,698
Commitments (Note 8)		
Net Assets		
Invested in capital assets	883,874	826,870
Unrestricted	801,547	1,043,806
	1,685,421	1,870,676
	\$ 5,468,560	\$ 5,510,374

Approved on behalf of the Board of Directors:

	
	Director
	
	Director

VISIONS OF INDEPENDENCE INC.
Statement of Operations

For the year ended March 31	2020	2019
Revenue		
Province of Manitoba - Department of Families (Note 6)	\$ 8,806,220	\$ 8,470,309
Program revenue	98,773	66,239
Amortization of deferred contributions (Note 7)	30,034	30,035
Rental revenue	27,980	19,470
Fundraising, donations and miscellaneous	7,754	71,947
Interest	2,772	4,078
Others	13	2,371
	8,973,546	8,664,449
Expenditures		
Advertising	2,670	1,467
Amortization of capital assets	190,982	183,218
Board expenses	8,461	6,085
Consulting and IT support	76,443	65,136
Employee benefits	704,626	744,366
Food	223,757	208,428
Furniture and equipment	21,218	19,407
Housewares	50,568	46,126
Insurance	36,757	40,173
Interest and bank charges	3,761	4,528
Interest on long-term debt	69,153	61,991
Membership and dues	7,843	12,679
Office supplies and equipment	26,809	32,311
Payroll tax and other payroll costs	169,976	149,495
Professional fees	25,405	51,227
Program supplies	80,307	73,852
Property taxes	49,462	54,321
Recreation and leisure	45,958	30,074
Rent	223,428	231,112
Repairs and maintenance	114,212	213,172
Salaries	6,695,425	5,825,015
Sundry	4,705	5,664
Telecommunications	92,071	74,237
Training	25,763	32,494
Transportation	123,191	80,180
Utilities	85,850	91,425
	9,158,801	8,338,183
Excess (deficiency) of revenue over expenditures	\$ (185,255)	\$ 326,266

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

VISIONS OF INDEPENDENCE INC.
Statement of Changes in Net Assets

For the year ended March 31	2020			2019
	Invested in Capital Assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 826,870	\$ 1,043,806	\$ 1,870,676	\$ 1,544,410
Excess (deficiency) of revenue over expenses	(160,948)	(24,307)	(185,255)	326,266
Purchase of capital assets	486,164	(486,164)	-	-
Long-term debt advanced	(275,686)	275,686	-	-
Repayment of long-term debt	118,441	(118,441)	-	-
Obligation under capital lease advanced	(117,730)	117,730	-	-
Capital lease repayments	25,497	(25,497)	-	-
Transfer	(18,734)	18,734	-	-
Net assets, end of year	\$ 883,874	\$ 801,547	\$ 1,685,421	\$ 1,870,676

VISIONS OF INDEPENDENCE INC.
Statement of Cash Flows

For the year ended March 31	2020	2019
Cash Flows From Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (185,255)	\$ 326,266
Adjustments for		
Amortization of capital assets	190,982	183,218
Contributions relating to capital assets	-	490,000
Amortization of deferred contributions	(30,034)	(30,035)
Obligation under capital lease	117,730	82,684
	<u>93,423</u>	<u>1,052,133</u>
Changes in non-cash working capital:		
Accounts receivable	81,648	472,462
Prepaid expenses	(29,221)	1,401
Accounts payable and accrued liabilities	(76,003)	28,095
	<u>(23,576)</u>	<u>501,958</u>
	<u>69,847</u>	<u>1,554,091</u>
Cash Flows From Financing Activities		
Repayment of long-term debt	(118,441)	(95,854)
Proceeds from long-term debt	275,686	434,314
Repayment of Jubilee Fund Loan	-	(9,510)
Repayment of obligation under capital lease	(25,497)	(16,073)
	<u>131,748</u>	<u>312,877</u>
Cash Flows Used in Investing Activities		
Purchase of capital assets	(486,164)	(1,015,493)
Net increase (decrease) in cash and bank	(284,569)	851,475
Cash and bank, beginning of year	1,318,802	467,327
Cash and bank, end of year	\$ 1,034,233	\$ 1,318,802

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

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

For the year ended March 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Corporation

Visions of Independence Inc. (the "Organization") was incorporated under the laws of the Province of Manitoba as a non-profit corporation with registered charity status for income tax purposes. The purpose of the Organization is to provide housing and other support to individuals with intellectual disabilities.

Basis of Accounting

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

Revenue Recognition

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

The Organization is funded primarily by the Department of Families of the Province of Manitoba in accordance with budget arrangements established by the Province. 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 relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed funding arrangements approved by the Province with respect to the year ended March 31, 2020.

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 contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

Rental income is recognized in accordance with the terms established between the Organization and the tenant.

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

For the year ended March 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Capital Assets

Purchased capital assets are recorded at historical cost less accumulated amortization.

Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Capital assets are amortized using the following rates and methods:

Buildings	4% straight-line (25 years)
Leasehold improvements	20% straight-line (5 years)
Computer software	20% straight-line (5 years)
Furnishings and equipment	20% straight-line (5 years)
Vehicles	20% straight-line (5 years)

Use of Estimates

Financial statements prepared in conformity with Canadian accounting standards for not-for-profit organizations require 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 these estimates.

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2020

2. Accounts Receivable

	2020	2019
Province of Manitoba	\$ 93,053	\$ 191,387
Goods and Services Tax	26,301	11,330
Wage enhancement	126,822	126,822
Other	56,657	54,942
	\$ 302,833	\$ 384,481

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 835,105	\$ -	\$ 785,105	\$ -
Buildings	3,644,430	879,478	3,338,395	743,109
Leasehold improvements	7,790	7,790	7,790	7,790
Computer software	54,664	41,773	54,664	30,841
Furnishings and equipment	473,308	195,134	470,000	191,543
Vehicles	334,515	149,212	207,693	109,121
	\$ 5,349,812	\$ 1,273,387	\$ 4,863,647	\$ 1,082,404
Net book value		\$ 4,076,425		\$ 3,781,243

4. Credit Facilities

The Organization has an operating line of credit to a maximum of \$300,000 bearing interest at prime plus 1.75% (4.20% effective rate). The Organization has provided a General Security Agreement providing for a first fixed and floating charge over all assets. The line of credit was unutilized as at March 31, 2020.

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2020

5. Long-term Debt

	2020	2019
<u>Assiniboine Credit Union</u>		
79 Ambassador - mortgage repayable in monthly payments of \$2,595, including interest at 2.84%, maturing April 1, 2038.	\$ 439,749	\$ 458,160
232 Sutton Ave. - mortgage repayable in monthly payments of \$1,275, including interest at 2.79%, maturing November 30, 2044.	272,415	-
270 Seneca St. - mortgage repayable in monthly payments of \$1,225, including interest at 3.49%, maturing October 1, 2043.	236,087	242,467
57 Rupersland - mortgage repayable in monthly payments of \$1,444, including interest at 3.49%, maturing October 30, 2023	187,154	197,782
545 Royal Road - mortgage repayable in monthly payments of \$1,205, including interest at 3.34%, maturing January 15, 2035.	168,923	177,609
171 Barrington - mortgage repayable in monthly payments of \$1,010, including interest at 2.99%, maturing October 1, 2037.	165,057	172,145
7th St. NW - mortgage repayable in monthly payments of \$960, including interest at 2.79%, maturing January 18, 2035.	136,196	143,268
20 Saskatchewan - mortgage repayable in monthly payments of \$1,556, including interest at 4.94%, maturing January 25, 2029.	133,449	145,264
17 Barrington - mortgage repayable in monthly payments of \$765 including interest at 2.54%, maturing May 30, 2037.	123,692	129,658
2nd Ave NW - mortgage repayable in monthly payments of \$990, including interest at 3.49%, maturing April 1, 2028.	83,169	91,993
423 Kildare - mortgage repayable in monthly payment of \$922, including interest at 3.49%, maturing July 16, 2028.	79,406	87,558
755 3rd St. NE - mortgage repayable in monthly payments of \$410, including interest at 2.54%, maturing June 30, 2037.	67,644	70,808

VISIONS OF INDEPENDENCE INC.
Notes to Financial Statements

For the year ended March 31, 2020

5. Long-term Debt (continued)

	2020	2019
<u>Assiniboine Credit Union</u>		
71 Emerald - mortgage repayable in monthly payments of \$704, including interest at 3.34%, maturing January 25, 2028.	57,924	64,330
90 12th St. - mortgage repayable in monthly payments of \$704, including interest at 3.34%, maturing January 26, 2028.	57,924	64,330
95 Gemini - mortgage repayable in monthly payments of \$573, including interest at 2.74%, maturing July 1, 2023.	22,397	28,569
	2,231,186	2,073,941
Current portion of long-term debt required within 12 months	128,655	114,842
	\$ 2,102,531	\$ 1,959,099

The mortgages are secured by a first charge mortgage against their respective property. The Organization has a revolving term facility in the amount of \$2,500,000 to finance future purchases of residential group homes. Subsequent to year end the revolving term facility has increased to \$5,000,000. The net book value of the properties securing these mortgages was \$2,412,765 at March 31, 2020. Principal repayments for the next five years and thereafter are as follows:

2021	\$ 128,655
2022	131,369
2023	135,759
2024	136,249
2025	137,925
Thereafter	1,561,229
	\$ 2,231,186

6. Province of Manitoba - Department of Families

	2020	2019
Residential services	\$ 7,051,549	\$ 6,821,775
Benefits funding	220,050	219,768
Transportation carrier	6,576	19,169
Day program	853,559	782,206
Payroll tax reimbursed	142,095	124,962
Wage enhancement	507,291	502,091
Training funding	-	338
Crisis funding	25,100	-
	\$ 8,806,220	\$ 8,470,309

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2020

7. Deferred Contributions

The balance represents the unamortized amount of contributions received for the purchase or acquisition of property and equipment. The amortization of contributions is recorded as revenue in the statement of operations.

	2020	2019
Balance, beginning of year	\$ 832,557	\$ 372,592
Add: Contributions received in the year	-	490,000
Less: Amounts amortized to revenue	(30,034)	(30,035)
	\$ 802,523	\$ 832,557

8. Commitments

Operating lease

The Organization has future rental and operating lease commitments on properties as follows:

2021		\$	112,534
2022			115,134

Capital lease

The organization leases its vehicles for 5 years which have a net carrying amount of \$172,020 (\$74,416 in 2019) which is classified as capital leases as the rental period amounts to the estimated useful economic life of the assets concerned and often has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount or at guaranteed residual amount. Capital lease obligations are secured by the assets under lease. The obligations bear interest at ranges from 3.48% to 5.69% and the organization recognized \$4,746 of interest expense related to the lease obligations.

Future lease payments are due as follows:

2021		\$	34,564
2022			35,147
2023			33,387
2024			18,070
2025			37,675

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2020

9. Pension Plan

The Organization has a defined contribution registered retirement savings plan for full-time employees. The contributions are held in trust by Assiniboine Credit Union Limited and are not recorded in these financial statements. The Organization matches employee contributions at a rate of 3% of the employee salary to a maximum of \$500 per year. The expense and payments for the year ended March 31, 2020 was \$51,819 (\$51,361 in 2019). As a defined contribution registered retirement savings plan, the Organization has no further liability or obligation for future contributions to fund future benefits to plan members.

10. Financial Instrument Risk

In the normal course of operations the Organization is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Organization does not meaningfully participate in the use of financial instruments to control these risks. The Organization has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

Credit Risk and Market Risk

Credit risk is the risk that the Organization will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and accounts receivable. Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Organization is not exposed to significant credit risk as the majority of accounts receivable is from the Province of Manitoba and cash is kept in low risk investment vehicles such as chequing and savings accounts. The risks have not changed from the previous period.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate price risk to the extent that its long-term debt is at floating rates of interest. The risk has not changed from the previous period.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. Management monitors the organization's liquidity and is of the opinion that it is unlikely that the Organization will encounter difficulty in raising funds to meet commitments associated with financial instruments. The risk has not changed from the previous period.

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2020

11. Economic Dependence

The Organization receives a major portion of its revenues pursuant to a funding arrangement with the Province of Manitoba.

12. Uncertainty due to COVID-19

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a global pandemic. The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The entity's ability to continue to service debt and meet lease and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

13. Comparative figures

Certain parts of the comparative figures for the year ended March 31, 2019 have been reclassified to provide better comparison with the current year's presentation. The excess of revenue over expenditures for the year remains as previously reported.