PATHWAYS TO INDEPENDENCE

FINANCIAL STATEMENTS

AS AT MARCH 31, 2022

PATHWAYS TO INDEPENDENCE

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AS AT MARCH 31, 2022

WILKINSON

INDEPENDENT AUDITOR'S REPORT

To the Members of
Pathways to Independence

Opinion

We have audited the financial statements of Pathways to Independence (the Organization), which comprise the statement of financial position as at March 31, 2022 and the statements of fund balance, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its results of 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.

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 these 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.

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INDEPENDENT AUDITOR'S REPORT
(CONT'D)

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.

Wilkinson & Company LLP

BELLEVILLE, Canada
June 27, 2022

Chartered Professional Accountants
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PATHWAYS TO INDEPENDENCE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	2022 $	2021 $ (Note 2)
ASSETS		
CURRENT		
Cash	**894,495**	2,205,207
Accounts receivable	**879,168**	899,366
Due from Ministry - Note 4	**78,164**	44,011
Prepaid expenses	**124,476**	96,101
	1,976,303	3,244,685
TANGIBLE CAPITAL ASSETS - at cost less accumulated amortization - Note 5	**9,931,456**	8,796,846
OTHER		
Cash - restricted to capital purposes and other - Note 10	**1,223,723**	761,295
	13,131,482	12,802,826
LIABILITIES AND FUND BALANCE		
CURRENT		
Accounts payable and accrued liabilities	**3,126,662**	2,736,365
Deferred revenue	**9,040**	2,407
Due to Ministry - Note 4	**448,180**	1,012,014
Current portion of long-term debt	**901,629**	321,907
	4,485,511	4,072,693
LONG-TERM		
Accrued termination benefit liability - Note 7	**2,367,830**	2,969,530
Accrued post-retirement benefit liability - Note 7	**1,632,600**	1,845,700
Long-term debt - Note 8	**1,081,696**	1,909,992
Deferred contributions - Note 9	**4,391,036**	3,886,422
	9,473,162	10,611,644
	13,958,673	14,684,337
FUND BALANCE - Note 10	**(827,191)**	(1,881,511)
COMMITMENTS - Note 11		
	13,131,482	12,802,826

The accompanying notes form an integral part of these financial statements

PATHWAYS TO INDEPENDENCE
STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2022

	2022 **$**	2021 $ (Note 2)
FUND BALANCE - BEGINNING OF YEAR	**(1,881,511)**	(3,938,537)
EXCESS OF REVENUE OVER EXPENDITURES	**545,320**	333,126
RESTRICTED CONTRIBUTION - LAND - Note 5	**188,000**	
REMEASUREMENT AND OTHER ITEMS RELATING TO EMPLOYEE FUTURE BENEFITS	**321,000**	1,723,900
FUND BALANCE - END OF YEAR - Note 10	**(827,191)**	(1,881,511)

PATHWAYS TO INDEPENDENCE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022

	2022 $	2021 $ (Note 2)
REVENUE		
Government operating grants and subsidies - Note 12	**34,400,063**	31,795,864
Service recipient revenue	**1,684,302**	1,687,063
Private fees	**851,836**	867,507
Other income	**815,371**	740,663
Interest earned	**1,949**	2,493
Amortization of deferred contributions	**382,122**	359,979
Gain on sale of tangible capital assets		15,971
	38,135,643	35,469,540
EXPENDITURES		
Salaries and benefits	**29,875,344**	28,681,787
Advertising	**26,844**	14,477
Amortization of tangible capital assets	**675,562**	624,895
Food and supplies	**735,082**	776,036
General and administrative	**165,423**	157,285
Insurance	**89,008**	74,259
New furniture and equipment	**162,330**	182,015
Interest on long-term debt	**72,744**	77,286
Program expenditures	**158,783**	118,864
Purchased services	**2,927,445**	2,125,199
Rent	**439,824**	445,862
Repairs and maintenance	**839,897**	475,323
Staff training	**87,023**	76,303
Travel and automotive	**717,118**	724,458
Utilities and taxes	**617,896**	582,365
	37,590,323	35,136,414
EXCESS OF REVENUE OVER EXPENDITURES	**545,320**	333,126

PATHWAYS TO INDEPENDENCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
	$	$ (Note 2)
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**545,320**	333,126
Amortization of tangible capital assets	**675,562**	624,895
Gain on disposal of tangible capital assets		(15,971)
Amortization of deferred contributions	**(382,122)**	(359,979)
Pension, termination and post-retirement benefits expense	**1,442,200**	1,429,059
Employer benefit contributions	**(1,936,000)**	(1,697,500)
Net change in non-cash working capital balances related to operations - Note 14	**(671,662)**	1,025,963
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	**(326,702)**	1,339,593
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(870,171)**	(357,454)
Proceeds on disposal of tangible capital assets		15,971
CASH FLOWS USED IN INVESTING ACTIVITIES	**(870,171)**	(341,483)
FINANCING ACTIVITIES		
Increase in deferred contributions	**134,736**	89,270
Issuance of long-term debt	**14,773**	213,700
Repayment of long-term debt	**(263,348)**	(254,824)
CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES	**(113,839)**	48,146
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	**(1,310,712)**	1,046,256
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**2,205,207**	1,158,951
CASH AND CASH EQUIVALENTS - END OF YEAR	**894,495**	2,205,207
REPRESENTED BY:		
Cash	**894,495**	2,205,207

The accompanying notes form an integral part of these financial statements

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

1. PURPOSE OF THE ORGANIZATION

(a) Pathways to Independence was incorporated under the Ontario Corporations Act in March, 1990 as a not-for-profit organization without share capital. The Organization provides support to individuals with disabilities by providing low income housing which allows them to live in communities of their choice.

(b) Due to the nature of its operations, the Organization is not subject to corporate income taxes.

(c) In the event of dissolution of the Organization, the payment of all debts and liabilities and its remaining property shall be distributed or disposed of to another organization with similar goals and objectives.

2. AMALGAMATION

On July 23, 2021, Pathways to Independence and Pathways Foundation amalgamated. The name of the successor organization is Pathways to Independence. The primary reason for the combination was to consolidate the operations of the two combining entities, board retention and to combine management resources.

The assets and liabilities from Pathways Foundation immediately before the date of amalgamation are as follows:

Assets	
Cash	**315,406**
Accounts receivable	**398**
Investment - endowment	**1,065**
Total Assets	**316,869**
Liabilities	
Accounts payable and accrued liabilities	**5,159**
Total Liabilities	**5,159**
Fund Balance	**311,710**

Comparative figures within these financial statements are presented on a consolidated basis reflecting the financial results of both predecessor organizations.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

3. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Organization considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

The financial statements disclose the activities of the Organization's operating fund. The operating fund reflects all the activities of the Organization's day-to-day operations including short and long-term capital requirements.

(b) Accounting Estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, accounts payable and accrued liabilities, employee future benefits, deferred revenue and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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

Financial assets measured at amortized cost include cash, accounts receivable and Due from Ministry.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and Due to Ministry.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

3. ACCOUNTING POLICIES (Cont'd)

(c) Financial Instruments (Cont'd)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is reflected in excess (deficiency) of revenue over expenditures. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess (deficiency) of revenue over expenditures, up to the amount previously recognized as impaired.

(d) Revenue Recognition

(i) Government Subsidies

The Organization follows the deferral method of accounting for contributions.

Subsidies received to finance operating costs are recognized in the fiscal period to which the approved funding contribution agreements relate. Funds received that are designated for specific capital purposes are deferred and recognized as revenue at the same rate the related asset is amortized and the amount of the asset that will not be amortized is recognized as a direct increase in net assets. Funds received that are designated for capital reserve are recognized in the year received and added to the capital reserve fund.

Under agreements signed by the Organization and provincial authorities, the Organization receives substantial funding from the Ministry of Children, Community and Social Services, the Ministry of Health and Long-Term Care and Ontario Health. These financial statements reflect the interim funding arrangements which were approved for the year ended March 31, 2022, net of management estimates of final settlements for the year.

(ii) Private and Program Management Fees

Fees are recognized as revenue at the time services are supplied to clients. Provision is made for expected collection losses based on the Organization's past experience.

(iii) Rents

Rents are recognized as revenue at the time services are supplied to clients. Provisions are made for expected collection losses based on the Organization's past experience.

(iv) Interest Income

Interest income is recognized at the time it is earned.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

3. ACCOUNTING POLICIES (Cont'd)

(e) Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost. Gains and losses on the sale of individual assets are charged to operations in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	**Basis**	**Rate**
Buildings	Straight-line	25 years
Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	25 years
Automotive equipment	Straight-line	4 years
Parking area	Straight-line	10 years

(f) Donations

Cash donations are recognized strictly on a cash received basis. Donated tangible capital assets are recorded at fair market value when the value can be reasonably estimated, or value is greater than $5,000 and the Organization would have paid for the item if it had not been donated. Donated tangible capital assets that will not be amortized will be recognized as direct increases in net assets.

(g) Investments

Investments are classified at amortized cost.

(h) Cash and Equivalents

Cash and equivalents consist of cash on deposit (revolving bank overdrafts), demand loans and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

(i) Employee Future Benefits

(a) Pension Benefits

The Organization has adopted the following policies for the defined benefit plan:

(i) The cost of pensions earned by employees is determined using an actuarial valuation for funding purposes. The most recent actuarial valuation of the obligation was performed December 31, 2019 with extrapolated results to March 31, 2022.

(ii) Changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, gains and losses arising from settlement and curtailments and changes in the valuation allowance are recognized in the Statement of Fund Balance in the period in which they occur. The current service cost and finance cost are recognized in the Statement of Operations in the period in which they occur.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

3. ACCOUNTING POLICIES (Cont'd)

(i) Employee Future Benefits (Cont'd)

(b) Termination Benefits - Severance Pay Program

The Organization has adopted the following policies for the defined benefit plan:

(i) The cost of termination benefits earned by employees who have completed a minimum of one year of continuous service and who cease to be an employee due to death, retirement, permanent lay-off or resignation is determined using an actuarial valuation for accounting purposes. The most recent actuarial valuation of the obligation was performed March 31, 2022.

(ii) Changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, gains and losses arising from settlement and curtailments and changes in the valuation allowance are recognized in the Statement of Fund Balance in the period in which they occur. The current service cost and finance cost are recognized in the Statement of Operations in the period in which they occur.

(c) Post-Retirement Benefits

The Organization has adopted the following policies for the defined benefit plan:

(i) The cost of post-retirement life insurance benefits, extended health benefits and dental benefits is determined using an actuarial valuation for accounting purposes. The most recent actuarial valuation of the obligation was performed March 31, 2022.

(ii) Changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, gains and losses arising from settlement and curtailments and changes in the valuation allowance are recognized in the Statement of Fund Balance in the period in which they occur. The current service cost and finance cost are recognized in the Statement of Operations in the period in which they occur.

(j) Contributed Services

Directors and committee members volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements.

4. MINISTRY

Included in these financial statements are references to the "Ministry". This reference relates to one of or all of the following: Ministry of Children, Community and Social Services, Ministry of Health, and/or Ontario Health. The balances due to/from the Ministry are payable/receivable on demand.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

5. TANGIBLE CAPITAL ASSETS

	2022 Cost $	**2022** Accumulated amortization $	2021 Cost $	2021 Accumulated amortization $
Land and buildings				
Main Office - Pinnacle	**3,472,182**	**1,971,190**	3,472,182	1,831,705
Bethesda	**631,355**	**411,344**	614,091	395,633
McGovern Road	**773,595**	**25,344**		
Cloverleaf Drive	**576,108**	**184,443**	576,108	165,999
Emily Street	**429,120**	**309,017**	429,120	293,694
Fry Road	**285,657**	**175,113**	285,657	171,218
Lake Street	**276,958**	**185,250**	276,958	175,645
Frankford	**472,971**	**327,074**	472,971	310,008
Lesley	**358,072**	**241,088**	358,072	228,005
North Park Street	**982,613**	**138,925**	982,613	104,193
Crofton	**391,785**	**233,280**	391,785	220,535
Clothier	**617,976**	**333,895**	606,701	311,776
Mitchell	**960,000**	**30,880**		
William Street	**421,440**	**264,957**	421,440	257,492
West Moira	**287,478**	**192,461**	287,478	189,871
Whites Road	**256,424**	**170,724**	256,424	168,134
Mark Crescent	**289,134**	**180,971**	289,134	177,516
West Street	**575,477**	**201,829**	575,477	186,730
122 Cannifton Road North	**281,774**	**197,845**	281,774	195,140
98 Bridge Street	**200,106**	**148,623**	200,106	141,977
122 Bridge Street West	**169,114**	**129,673**	169,114	124,249
139 Bridge Street West	**145,222**	**111,880**	145,222	106,990
Burnham Street	**300,729**	**171,503**	293,453	161,301
Charles Street	**305,494**	**199,968**	305,494	189,688
Chatham Street	**243,922**	**131,621**	243,922	122,744
Coleman Street	**130,485**	**98,707**	130,485	94,483
34 College Street	**178,052**	**133,308**	178,052	127,502
Foster Avenue	**133,045**	**98,928**	133,045	94,584
Bachman Terrace	**1,336,939**	**285,804**	1,336,939	244,685
Napanee ABI	**1,407,561**	**330,054**	1,407,561	282,426
198 College Street	**286,798**	**37,280**	286,798	27,960
Haig Road	**281,100**	**44,976**	281,100	35,981
	17,458,686	**7,697,955**	15,689,276	7,137,864
Computer equipment	**321,776**	**276,579**	281,015	238,018
Furniture and fixtures	**462,130**	**428,897**	462,130	373,288
Leasehold improvements	**245,564**	**197,060**	245,564	189,582
Automotive equipment	**485,092**	**472,988**	485,092	465,661
Parking area	**64,942**	**33,255**	64,942	26,760
	19,038,190	**9,106,734**	17,228,019	8,431,173
Cost less accumulated amortization	**$ 9,931,456**		$ 8,796,846	

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

5. TANGIBLE CAPITAL ASSETS (Cont'd)

During the year, the Organization received a donation in-kind of a tangible capital asset with a fair market value of $940,000 being allocated to land and building in the amount of $188,000 and $752,000 respectively.

Certain tangible capital assets, including Bethesda, Clothier, Emily Street, Fry Road, Lake Street, Frankford, Leslie Street, the Pinnacle Street main office, some furniture and fixtures and some vehicles have been funded by capital grants from the Government of Ontario. The Organization is restricted in its ability to sell, mortgage or otherwise encumber these assets, as the Government of Ontario maintains its interest in these assets.

6. CREDIT FACILITIES

The Organization has a credit facility agreement with the Royal Bank of Canada whereby it can draw on a demand operating loan to a maximum of $1,065,000. The loan bears interest at prime plus 1% and is secured by a general security agreement and the first charge on properties held by the Organization totalling $3,399,000 which are secured concurrently with the demand loans as outlined in Note 8 to these financial statements. Any unused portion of the $1,065,000 operating loan may be cancelled or restricted by the bank without notice. At year-end the balance is $Nil (2021 - $Nil).

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

7. EMPLOYEE FUTURE BENEFITS

(a) Pension Benefits

Included in the Organization's accounts payable and accrued liabilities are pension liabilities totalling $130,767 (2021 - $117,434).

The Organization contributes to a defined benefit plan for its employees. Pension fund assets consist primarily of pooled funds, valued at market value as at March 31, 2022. The following information is provided on pension asset funds:

	2022	2021
	$	$
Fair value of plan assets, beginning of year	**43,080,400**	35,591,200
Actual return on plan assets	**2,442,700**	6,644,400
Contributions on behalf of employees	**1,323,300**	1,263,500
Contributions by employees	**1,308,100**	1,249,100
Benefits paid	**(2,734,600)**	(1,667,800)
Fair value of plan assets, end of year	**45,419,900**	43,080,400
Accrued benefit obligation	**41,321,100**	40,265,900
Jointly sponsored plan surplus (deficit)	**4,098,800**	2,814,500
Valuation allowance	**(4,098,800)**	(2,814,500)
Accrued benefit asset (liability)	**NIL**	NIL

As at March 31, 2022, based on the extrapolation from the results of the December 31, 2019 actuarial valuation for funding purposes, the pension plan is projected to have a surplus of $4,098,800. The Pension Plan is a jointly sponsored plan, and as such, the Organization is restricted in its ability to utilize any estimated surplus.

7. EMPLOYEE FUTURE BENEFITS (Cont'd)

(b) Termination Benefits - Severance Pay Program

In alignment with the Collective Agreement and the Organization's policies, an employee who has completed a minimum of one year of continuous service and ceases to be an employee because of death, retirement, permanent lay-off or resignation is entitled to severance pay. This pay is either one or one and a half week's pay for each year of continuous service, dependent on the hire date. The severance pay will not exceed twenty-six weeks of regular pay. The Organization recognizes these benefits as they are earned during the employees' tenure of service.

As at March 31, 2022, based on the results of the March 31, 2022 actuarial valuation for accounting purposes, the termination benefit plan is projected to have a deficit of $2,565,000.

	2022 **$**	2021 $
Fair value of plan assets, end of year	**NIL**	NIL
Accrued benefit obligation	**2,565,000**	3,157,500
Plan deficit	**2,565,000**	3,157,500
Less: Termination benefits included in accounts payable and accrued liabilities	**(197,170)**	(187,970)
Accrued benefit liability	**2,367,830**	2,969,530

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

7. EMPLOYEE FUTURE BENEFITS (Cont'd)

(c) Post-Retirement Benefits

The Organization offers post-retirement life insurance benefits, extended health benefits and dental benefits to employees subsequent to their retirement, until the age of sixty-five. The Organization recognizes these benefits as they are earned during the employees' tenure of service.

As at March 31, 2022, based on the results of the March 31, 2022 actuarial valuation for accounting purposes, the post-retirement benefit plan is projected to have a deficit of $1,632,600.

	2022 **$**	2021 $
Fair value of plan assets, end of year	**NIL**	NIL
Accrued benefit obligation	**1,632,600**	1,845,700
Plan deficit	**1,632,600**	1,845,700
Accrued benefit liability	**1,632,600**	1,845,700

Annual cash requirements to fund Termination Benefits and ongoing Post-Retirement Benefit obligations detailed in Note 7(b) and 7(c) are anticipated by the Organization's management each year and form part of the Organization’s funding submissions in accordance with the Ministry’s budget process each fiscal year. Accordingly, plan assets to fund these employee future benefits are not accumulated separately because the Organization's annual service contracts with the Ministry provide funding sufficient to satisfy these obligations in the years they become payable.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

8. LONG-TERM DEBT

Long-term debt consists of:

	2022 **$**	2021 $
Term Loans		
Term loan payable at 3.99%, repayable in blended monthly instalments of $1,425 until December, 2022 for 257 Haig Road and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $236,124 at March 31, 2022.	**199,820**	208,755
Term loan payable at 4.29%, repayable in blended monthly instalments of $1,400 until March, 2023 for 198 College Street and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $249,518 at March 31, 2022.	**194,203**	202,479
Term loan payable at 4.29%, repayable in blended monthly instalments of $5,650 until February, 2023 for 289 Pinnacle Street and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $1,500,992 at March 31, 2022.	**188,358**	246,711
Term loan payable at 3.73%, repayable in blended monthly instalments of $1,991 until March, 2025 for Bachman Terrace and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $1,051,135 at March 31, 2022.	**243,987**	258,453
Term loan payable at 3.99%, repayable in blended monthly instalments of $728 until December, 2022 for Cloverleaf Drive and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $391,665 at March 31, 2022.	**74,189**	79,846
	900,557	996,244

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

8. LONG-TERM DEBT (Cont'd)

	2022 **$**	2021 $
Mortgages		
Mortgage payable bearing interest at a rate of 2.248% per annum, repayable in blended monthly instalments to January, 2027 of $998 and secured by a first charge on land and building at 248 William Street, Belleville, Ontario, which has a net book value of $156,483 at March 31, 2022.	**54,863**	65,551
Mortgage payable bearing interest at a rate of 6.49%, repayable in blended monthly instalments to January, 2026 of $1,348 and secured by a first charge on land and building at 155 West Moira Street, Belleville, Ontario, which has a net book value of $95,017 at March 31, 2022.	**78,675**	89,338
Mortgage payable bearing interest at a rate of 3.03%, repayable in blended monthly instalments to September, 2023 of $850 and secured by a first charge on land and building at 342 Whites Road, Quinte West, Ontario, which has a net book value of $85,700 at March 31, 2022.	**60,204**	68,444
Mortgage payable bearing interest at a rate of 1.865%, repayable in blended monthly instalments to June, 2022 of $795 and secured by a first charge on land and building at 9 Mark Crescent, Quinte West, Ontario, which has a net book value of $108,163 at March 31, 2022.	**64,663**	72,910
Mortgage payable bearing interest at a rate of 2.22%, repayable in blended monthly instalments to September, 2024 of $819 and secured by a first charge on land and building at 169 West Street, Napanee, Ontario, which has a net book value of $373,648 at March 31, 2022.	**67,852**	76,080
	326,257	372,323

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

8. LONG-TERM DEBT (Cont'd)

	2022 **$**	2021 $
Mortgages (Cont'd)		
Mortgages balance carried forward	**326,257**	372,323
Mortgage payable bearing interest at a rate of 2.7%, repayable in blended monthly instalments to April, 2024 of $932 and secured by a first charge on land and building at 122 Cannifton Road North, Belleville, Ontario, which has a net book value of $83,929 at March 31, 2022.	**72,115**	81,213
Mortgage payable bearing interest at a rate of 3.75%, repayable in blended monthly instalments to January, 2024 of $854 and secured by a first charge on land and building at 98 Bridge Street, Belleville, Ontario, which has a net book value of $51,483 at March 31, 2022.	**18,151**	27,523
Mortgage payable bearing interest at a rate of 2.38%, repayable in blended monthly instalments to July, 2024 of $858 and secured by a first charge on land and building at 122 Bridge Street West, Belleville, Ontario, which has a net book value of $39,441 at March 31, 2022.	**23,370**	32,986
Mortgage payable bearing interest at a rate of 0.52%, repayable in blended monthly instalments to February, 2024 of $609 and secured by a first charge on land and building at 139 Bridge Street West, Belleville, Ontario, which has a net book value of $33,342 at March 31, 2022.	**13,935**	21,151
Mortgage payable bearing interest at a rate of 2.89%, repayable in blended monthly instalments to October, 2023 of $1,001 and secured by a first charge on land and building at 179 Burnham Street, Belleville, Ontario, which has a net book value of $129,226 at March 31, 2022.	**22,392**	33,582
	476,220	568,778

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

8. LONG-TERM DEBT (Cont'd)

	2022 **$**	2021 $
Mortgages (Cont'd)		
Mortgages balance carried forward	**476,220**	568,778
Mortgage payable bearing interest at a rate of 2.42%, repayable in blended monthly instalments to May, 2025 of $1,080 and secured by a first charge on land and building at 247 Charles Street, Belleville, Ontario, which has a net book value of $105,526 at March 31, 2022.	**62,961**	74,251
Mortgage payable bearing interest at a rate of 2.40%, repayable in blended monthly instalments to April, 2023 of $750 for 80 Chatham Street, Belleville, Ontario and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $112,301 at March 31, 2022.	**9,626**	17,803
Mortgage payable bearing interest at a rate of 2.25%, repayable in blended monthly instalments to March, 2023 of $631 for 247 Coleman Street, Belleville, Ontario and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $31,778 at March 31, 2022.	**8,077**	
Mortgage payable bearing interest at a rate of 3.16%, repayable in blended monthly instalments to October, 2024 of $847 for 34 College Street, Belleville, Ontario and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $44,744 at March 31, 2022.	**25,273**	34,487
Mortgage payable bearing interest at a rate of 5.755%, repayable in blended monthly instalments to May, 2024 of $760 and secured by a first charge on land and building at 281 Foster Avenue, Belleville, Ontario, which has a net book value of $34,117 at March 31, 2022.	**18,429**	26,235
	600,586	721,554

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

8. LONG-TERM DEBT (Cont'd)

	2022 $	2021 $
Mortgages (Cont'd)		
Mortgages balance carried forward	**600,586**	721,554
Mortgage payable bearing interest at a rate of 3.16%, repayable in blended monthly instalments to October, 2024 of $1,801 for 110 North Park Street, Belleville, Ontario and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $843,688 at March 31, 2022.	**291,507**	303,709
Mortgage payable bearing interest at a rate of 2.65%, repayable in blended monthly instalments to January, 2027 of $2,040 for 169 West Street, Napanee, Ontario and secured in conjunction with the credit facility agreement detailed in Note 6 to these financial statements, which has a net book value of $373,648 at March 31, 2022.	**190,675**	210,392
	1,082,768	1,235,655
Total long-term debt	**1,983,325**	2,231,899
Less: Current portion of long term debt	**901,629**	321,907
	1,081,696	1,909,992

The requirements for future repayment of long-term debt obligations are as follows:

	$
2023	**901,629**
2024	**209,082**
2025	**651,224**
2026	**102,491**
2027	**118,899**
	1,983,325

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

9. DEFERRED CONTRIBUTIONS

Deferred contributions related to tangible capital assets represent the remaining unamortized balances of donations and grants received for tangible capital asset acquisitions. Details of the continuity of these funds are as follows:

	2022	2021
	$	$
Balance - Beginning of year	**3,886,422**	4,157,131
Donations in-kind - Note 5	**752,000**	
Additional contributions received	**134,736**	89,270
Less: Amounts amortized to revenue	**(382,122)**	(359,979)
Balance - End of year	**4,391,036**	3,886,422

10. RESTRICTIONS ON FUND BALANCE

The Organization is restricted in the future use of any surpluses arising from those programs which receive Ministry of Children, Community and Social Services or Ministry of Health funding. These amounts represent excess funding which may be expended only at the direction of the designated Ministry.

The Organization's fund balance is comprised of the following:

	2022	2021
	$	$
Investment in tangible capital assets	**3,557,095**	2,678,525
Restricted (deficiency)	**(5,608,009)**	(5,620,180)
Internally restricted	**623,972**	504,364
Capital reserve	**504,199**	486,429
Trustee Program	**95,552**	69,351
	(827,191)	(1,881,511)

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

11. COMMITMENTS

The Organization has thirty-four vehicle lease agreements that expire at various times between July 2022 and January 2026. The future payments of these operating leases are as follows:

	$
2023	**188,411**
2024	**93,933**
2025	**58,580**
2026	**12,180**

The Organization has a number of premise lease agreements that expire at various times between October 2022 and March 2037. In addition to the payments outlined below, the lease expiring in March 2037 has annual payments of $111,996. The future payments of these operating leases are as follows:

	$
2023	**216,834**
2024	**135,113**
2025	**111,996**
2026	**111,996**
2027	**111,996**

The Organization has three technology agreements that expire at various times between April 2025 and November 2025. The future payments of these technology agreements are as follows:

	$
2023	**5,915**
2024	**5,915**
2025	**4,136**

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

12. GOVERNMENT OPERATING GRANTS AND SUBSIDIES

The Organization's government operating grants and subsidies are comprised of the following:

	2022 **$**	2021 $
Ministry of Children, Community and Social Services	**26,122,972**	24,110,719
Dedicated Supportive Housing	**297,840**	297,559
Ministry of Health	**1,170,129**	1,170,129
Ontario Health (formerly SE Local Health Integration Network)	**4,160,879**	4,029,139
Pandemic Pay and Temporary Wage Enhancement - Note 17	**2,648,243**	2,163,318
Canada Revenue Agency - Temporary Wage Subsidy		25,000
	34,400,063	31,795,864

13. ECONOMIC DEPENDENCE

The Organization relies on the Government of Ontario for substantially all of its income, and accordingly, is economically dependent for the continuation of its operations on funding from this source.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

14. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2022	2021
	$	$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	**20,198**	(275,783)
Short-term investments		49,995
Due from Ministry - Note 4	**(34,153)**	(19,991)
Prepaid expenses	**(28,375)**	41,636
Funds restricted for capital purchases	**(462,428)**	(87,705)
Inventories		500
	(504,758)	(291,348)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**390,297**	986,310
Government remittances payable		(186,418)
Deferred revenue	**6,633**	(2,606)
Due to Ministry - Note 4	**(563,834)**	520,025
	(166,904)	1,317,311
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	**(671,662)**	1,025,963

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

15. FINANCIAL RISK AND CONCENTRATION OF RISK

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, and equity risk. It is in management's opinion that the Organization is not exposed to currency and equity risk as it does not hold amounts denominated in foreign currency or equities.

(b) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization is exposed to interest rate risk on its long-term debt, as discussed in Note 8 of these financial statements. The Organization is exposed to this risk in two respects;

(a) Fixed rate long-term debt; as prevailing interest rates increase or decrease, the Organization may not be able to renew the long-term debt at similar rates. Long-term debt with fixed rates held by the Organization at year end total $1,983,325.

(b) Variable rate long-term debt; as current market interest rates increase or decrease, the interest expense of the Organization will fluctuate. Long-term debt with variable rates held by the Organization at year end total $Nil.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization mitigates this risk by monitoring cash activities and expected outflows and through its access to its credit facility.

Management is of the opinion that the Organization will be able to meet all of its cash flow obligations as they come due and is not subject to significant liquidity risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

15. FINANCIAL RISK AND CONCENTRATION OF RISK (Cont'd)

(d) Credit Risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due.

Accounts receivable are short term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk is limited to the carrying value of these instruments.

There have been no significant changes from the previous period in the exposure to risk or policies used to measure risk.

16. SERVICE CONTRACT/CFSA APPROVAL WITH THE MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES

The Organization has a Service Contract/CFSA Approval with the Ministry of Children, Community and Social Services. One requirement of the Service Contract/CFSA Approval is the production by management of a report, TPAR, which shows a summary by service of all revenues and expenditures and any resulting surplus of deficit that relates to the Service Contract/CFSA Approval. Any surplus amounts are reflected in the Due to Ministry on the Statement of Financial Position.

A review of these reports shows the following services to be in a surplus (deficit) position as follows:

Ministry of Children, Community and Social Services

	2022 **$**	2021 $
Adults' DS Community Support Services (East Region)	**72,101**	487,431
DSB Employment Supports (Transition) (East Region)		145,460
DSRS Adults' Community Accommodation (East Region)		(157,937)
Covid Residential Relief Fund (CRRF)	**(156,374)**	
Partner Facility Renewal - Minor Capital		3,123
Current year surplus (recovery)	**(84,273)**	478,077
Add: Balance from prior year not yet recovered	**437,060**	14,063
	352,787	492,140

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

17. COVID-19

Since the beginning of calendar year 2020, a virus known as Coronavirus (COVID-19) has caused a world-wide pandemic, including being present in Canada. The pandemic has had a considerable impact both globally and locally, which has the potential to create financial stress on the Organization.

Both federal and provincial governments have introduced legislative measures to combat the financial impact of the pandemic as well as combating the spread of the virus, including forced closures of several businesses.

During the year, the Ministry of Children, Community and Social Services, Ontario Health and Ministry of Health provided Pandemic Pay and Temporary Wage Enhancement funding in the amounts of $2,262,135, $301,658 and $84,450 respectively during the year, which are included in Government operating grants and subsidies on the Statement of Operations.

At the time that these financial statements were finalized, the amount of the financial impact on the Organization could not be determined

PATHWAYS TO INDEPENDENCE
DEDICATED SUPPORTIVE HOUSING SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2022

	2022 **$**	2021 $
REVENUE		
Government operating grants	**297,840**	297,559
Interest earned	**989**	1,075
Private fees	**99,800**	101,968
	398,629	400,602
EXPENSES		
Salaries and benefits	**10,602**	12,648
General and administrative	**9,745**	8,846
Insurance	**12,091**	11,053
Interest on long-term borrowing	**20,924**	24,478
Interest on short-term borrowing	**2,209**	2,141
Repairs and maintenance	**89,509**	100,743
Utilities	**101,024**	90,881
	246,104	250,790
	152,525	149,812

PATHWAYS TO INDEPENDENCE
MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2022

	2022 $	2021 $
REVENUE		
Government operating grants and subsidies	**28,385,107**	25,884,699
Interest earned	**284**	20
Program management fees	**84,730**	79,704
Service recipient revenue	**1,277,168**	1,274,738
Other revenue	**102,745**	163,445
	29,850,034	27,402,606
EXPENSES		
Salaries and benefits	**24,239,434**	22,941,645
Advertising	**22,750**	12,647
Food and supplies	**582,066**	622,331
General and administrative	**137,971**	121,768
Insurance	**62,587**	50,309
Interest on long-term debt	**29,900**	29,783
New furniture and equipment	**140,905**	156,957
Program expenditures	**127,995**	101,807
Purchased services	**2,518,926**	1,774,123
Rent	**165,528**	169,024
Repairs and maintenance	**681,535**	313,432
Staff training	**28,277**	41,053
Travel and automotive	**584,632**	601,041
Utilities and taxes	**374,224**	350,338
	29,696,730	27,286,258
	153,304	116,348