

Community Living Brant

Report to the Members of the Board of Directors

March 31, 2021

June 24, 2021

To the Members of the Board of Directors of
Community Living Brant

Our audit of the financial statements of Community Living Brant for the year ended March 31, 2021 is now complete and we have reported on those financial statements with the standard qualification due to the completeness of fund raising and donation revenue and a qualification due to the treatment of capital assets completely funded by the Ministry being expensed.

The report to the members of the Board of Directors has been prepared to facilitate communication with those charged with governance, as required by Canadian Auditing Standards. These standards require that we communicate with those charged with governance regarding various matters including:

- Auditor responsibilities in relation to the financial statement audit
- Planned scope and timing of the audit
- Auditor independence
- Significant finding from the audit, including:
 - qualitative aspects of accounting practices
 - difficulties encountered with management
 - matters discussed with management
 - other matters relevant to the financial reporting process

We express our appreciation for the cooperation and assistance received from the management and the accounting staff of Community Living Brant during the course of our audit.

If you have any particular comments or concerns, please do not hesitate to contact me.

Yours very truly,

MILLARD, ROUSE & ROSEBRUGH LLP



Steven W. McGaghran, CPA, CA, CGA, LPA
Engagement Partner



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Contents

Introduction	1
Audit Scope and Responsibility	2
Independence	5
Scope and Timing of the Audit	6
Significant Findings from the Audit	7
Current Accounting and Reporting Developments	10

Introduction

This report summarizes those significant matters that we believe should be brought to your attention for the Organization. We emphasize that the audit and this report would not necessarily identify all matters that may be of interest to the Board of Directors.

This report has been prepared solely for the purpose of assisting the board of directors in the discharge of its responsibility and should not be used for any other purpose. We disclaim any obligation to any other party that may rely upon this report.

Audit Scope and Responsibility

INDEPENDENT AUDITORS' REPORT

To the Directors of
Community Living Brant

Qualified Opinion

We have audited the financial statements of Community Living Brant (the 'Entity'), which comprise the statement of financial position as at March 31, 2021, the statements of revenue and expenditures, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting policies specified by the Ministry of Community and Social Services, the Ministry of Children and Youth Services and the Ministry of Education.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Entity 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 qualified opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Entity to meet the reporting requirements of the Ministry of Community and Social Services, the Ministry of Children and Youth Services and the Ministry of Education. 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 - Restriction on Use

Our report is intended solely for the Entity and the Ministry of Community and Social Services, the Ministry of Children and Youth Services and the Ministry of Education, and should not be used by parties other than the Entity's and the Ministry of Community and Social Services, the Ministry of Children and Youth Services and the Ministry of Education. Our opinion is not modified in respect of this matter.

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 accounting policies specified by the Ministry of Community and Social Services, the Ministry of Children and Youth Services and the Ministry of Education, 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.

Independence

As external auditors of the Organization, we are required to be independent in accordance with the Canadian professional requirements. These standards require that we disclose to the board of directors all relationships that, in our professional judgement, may reasonably be thought to bear on independence. We have provided a letter to the Board of Directors, dated July 13, 2021, which confirms our independence with respect to the Organization.

We confirm that we are not presently aware of any relationship or non-audit services that would impair our independence for purposes of expressing an opinion on the financial statements.

Scope and Timing of the Audit

Preparation of financial statements

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. This includes the preparation of the financial statements in accordance with accounting policies specified by the Ministry of Community and Social Services and the Ministry of Children and Youth Services and the Ministry of Education.

Management is responsible for selecting the significant accounting policies used in the preparation of the financial statements, and for applying judgement in preparing accounting estimates contained in the financial statements, as well as for preparing or obtaining documentation supporting amounts and disclosures in the financial statements. In addition, management is responsible for assessing the impact of any misstatements detected during the preparation and audit of the financial statements, individually and in aggregate, on the fair presentation of amounts and disclosures contained in the financial statements and determining if such adjustments should be recorded.

Management's representations

The transactions and estimates reflected in the accounts and in the financial statements are within the direct control of management. Accordingly, the fairness of the representations made through the financial statements is an implicit and integral part of management's responsibility.

Throughout the course of our audit, we obtain representations from management in the form of answers to our audit enquiries. We also obtained a formal representation letter from management at the conclusion of the audit.

Significant Findings from the Audit

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the financial statements. Within the context of the audits, management has represented to us that there have not been any material changes in the accounting principles and policies during the year.

We have not noted any significant unusual transactions.

Materiality

Millard, Rouse & Rosebrugh LLP planned the audits with the objective of having reasonable assurance of detecting misstatements that would be material to the financial statements taken as a whole. As required by audit standards, materiality was utilized during the conduct of the audit and the evaluation of any misstatements identified.

Misstatements and significant audit adjustments

Misstatements represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements.

A misstatement may arise from an error or from fraud and other irregularities. An error refers to an unintentional misstatement in financial statements, including an omission of amount or disclosure.

Fraud and other irregularities refer to an intentional misstatement in financial statements, including an omission of amount or disclosure, or to a misstatement arising from theft of the entity's assets.

In conducting our procedures, we may identify misstatements that require adjustments to the recorded amounts. These audit adjustments are discussed with management, who in consultation with us, determine if an adjustment should be recorded.

Difficulties encountered during the audit

We did not encounter any difficulties in the performance of the audit. We have had no disagreements with management, and have resolved all auditing, accounting and presentation issues to our satisfaction.

We report that we have received excellent cooperation from management at Community Living Brant. To our knowledge, we were provided with complete access to all necessary accounting records and other documentation. Issues identified as a result of our audit work, whether in amounts for the financial

statements or disclosure, were discussed with management and have been resolved to our satisfaction. There were no limitations placed on the scope of our audit.

Internal controls

Management is responsible for the design and operation of an effective system of internal control that provides reasonable assurance that the accounting systems provide timely, accurate and reliable financial information, as well as safeguard the assets of the Organization.

Through our role as auditors of your financial statements we possess an understanding of the Organization and its environment, including internal control. However, a financial statement audit is not designed to provide assurance on internal control. Professional standards do require us to communicate to the board of director's significant deficiencies and material weaknesses in internal control that have come to our attention in the course of performing the audit.

As a result of the lack of segregation of duties, we have not relied on internal controls for the 2021 audit. This lack of segregation occurs due to the limited staff necessary for each of the areas within the Organization. Our audit was carried out primarily through substantive tests of account balances and analytical procedures.

Illegal acts

Our inquiries of management and our testing of financial records did not reveal any material illegal or possible illegal acts. However, please be aware that improper conduct is usually carefully and often elaborately concealed and therefore, the probability of detecting such is not high. Management is also asked in the formal letter of representations to disclose if they are aware of any illegal or possible illegal acts.

Other matters

We remind the Board that there are inherent control weaknesses in smaller organizations such as Community Living Brant. These weaknesses occur because of a lack of segregation of duties, which is common with organizations of this size. The Audit Committee should review the information flow to ensure controls are in place in higher risk or material situations.

Community Living Brant engaged our firm to perform a surprise walkthrough of the payroll, payables and purchasing systems during their fiscal year. The walkthroughs were intended to ensure controls and systems were operating as described. The review conducted this year did not discover any irregularities or issues.

Current Accounting and Reporting Developments

We continually monitor the potential impact of new accounting pronouncements on the accounting practices of Community Living Brant.