AYR AND DISTRICT CITIZENS ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2021

CONTENTS

	Page
Independent Auditors' report	1 - 2
Statement of financial position	3
Statement of operations and net assets	4
Statement of cash flows	5
Notes to financial statements	6 - 13
Schedule 1 - impact of the change in basis of accounting	14 - 15

RACOLTA JENSEN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Ayr and District Citizens Association:

Opinion

We have audited the financial statements of Ayr and District Citizens Association (the organization), which comprise the statement of financial position as at May 31, 2021, May 31, 2020 and June 1, 2019, and the statements of operations and net assets, and cash flows for the years ended May 31, 2021 and May 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

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 in our audit 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 ASNPO, 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 for 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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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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.

Racolta Jensen LLP

Cambridge, Ontario
September 20, 2021

Racolta Jensen LLP
Chartered Professional Accountants
Licensed Public Accountants

AYR AND DISTRICT CITIZENS ASSOCIATION
(Incorporated under the laws of Canada)

STATEMENT OF FINANCIAL POSITION AS AT MAY 31, 2021
(With comparative figures as at 2020)

	2021	2020
ASSETS		
CURRENT		
Bank	$ 363,437	$ 785,902
Accounts receivable	7,888	-
Government remittances recoverable	72,242	145,417
Prepaid expenses	15,252	4,970
	458,819	936,289
RESTRICTED FUNDS (note 2)	284,423	216,835
CAPITAL ASSETS (note 3)	9,974,051	4,225,495
BUILDING UNDER CONSTRUCTION (note 4)	-	3,388,893
	$ 10,717,293	**$ 8,767,512**
LIABILITIES		
CURRENT		
Accounts, payable and accrued	$ 127,414	$ 1,077,922
Note payable (note 5)	-	50,000
Rent deposits	38,609	20,805
Scheduled repayments of long-term debt due within one year (note 6)	44,193	28,894
Loan forgiveness expected within one year (note 7)	74,072	1,000
	284,288	1,178,621
DEFERRED CONTRIBUTIONS (note 8)	102,836	104,935
LONG-TERM DEBT (note 6)	3,866,736	1,908,571
FORGIVABLE LOANS (note 7)	1,499,691	649,000
	5,753,551	3,841,127
COMMITMENTS (note 9)		
ORGANIZATION'S NET ASSETS		
SURPLUS (note 10)	4,963,742	4,926,385
	$ 10,717,293	**$ 8,767,512**

APPROVED ON BEHALF OF THE BOARD:

Bonnie Brown Director

Christine Cochrane Director

(See accompanying notes to financial statements)

AYR AND DISTRICT CITIZENS ASSOCIATION

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED MAY 31, 2021
(With comparative figures for 2020)

	2021	%	2020	%
REVENUE				
Rental income	$ 405,663	96.9	$ 310,448	96.0
Laundry and air conditioning	9,908	2.4	7,611	2.4
Region of Waterloo - rent assistance payments	1,750	0.4	4,113	1.3
Rebates	1,152	0.3	1,152	0.4
	418,473	**100.0**	**323,324**	**100.0**
EXPENDITURE				
Amortization	274,310	65.6	161,297	49.9
Cleaning	10,148	2.4	6,740	2.1
Equipment rent	4,014	1.0	2,560	0.8
Hydro	29,797	7.1	27,256	8.4
Insurance	15,345	3.7	8,502	2.6
Interest on mortgages (note 6)	26,168	6.3	-	-
Maintenance - buildings	38,040	9.1	45,973	14.2
Maintenance - decorating	1,240	0.3	-	-
Maintenance - grounds	20,693	4.9	14,596	4.5
Natural gas	4,778	1.1	4,123	1.3
Office administrator	10,010	2.4	8,449	2.6
Office and general	6,038	1.4	4,143	1.3
Professional fees	14,545	3.5	11,874	3.7
Property taxes	-	-	36,292	11.2
Subcontracts	10,672	2.6	9,980	3.1
Water	17,301	4.1	13,427	4.2
	483,099	115.4	355,212	109.9
LOSS BEFORE THE FOLLOWING OTHER REVENUE AND EXPENDITURES	(64,626)	(15.4)	(31,888)	(9.9)
Donations	50,780	12.1	13,958	4.3
Forgiveness of loans (note 7)	33,668	8.0	1,000	0.3
Property tax rebate	17,924	4.3	-	-
Amortization of deferred contributions (note 8)	2,099	0.5	-	-
Rent geared to income subsidy	(6,960)	(1.7)	(6,783)	(2.1)
	97,511	23.3	8,175	2.5
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	**32,885**	**7.9**	**(23,713)**	**(7.3)**
SURPLUS, beginning	4,926,385		4,947,436	
INTEREST EARNED ON REPLACEMENT RESERVES	4,472		2,662	
SURPLUS, ending	**$ 4,963,742**		**$ 4,926,385**	

(See accompanying notes to financial statements)

AYR AND DISTRICT CITIZENS ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2021
(With comparative figures for 2020)

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure for the year	$ 32,885	$ (23,713)
Charges not requiring cash:		
Amortization	274,310	161,297
	307,195	137,584
CHANGES IN NON-CASH WORKING CAPITAL		
Increase in accounts receivable	(7,888)	-
Decrease (increase) in government remittances recoverable	73,175	(119,115)
Increase in prepaid expenses	(10,282)	(660)
Increase (decrease) in accounts, payable and accrued	(950,509)	1,007,946
Increase in rent deposits	17,804	1,540
Cash (used in) from operating activities	(570,505)	1,027,295
FINANCING ACTIVITIES		
Repayment of note payable	(50,000)	-
Proceeds from long-term debt	1,973,464	1,937,465
Increase (decrease) in deferred contributions	(2,099)	64,935
Increase in forgivable loans	923,763	647,000
Cash from financing activities	2,845,128	2,649,400
INVESTING ACTIVITIES		
Interest earned on replacement reserve	4,472	2,662
Purchases of capital assets	(2,633,972)	(3,066,347)
Increase in restricted funds	(67,588)	(6,761)
Cash used in investing activities	(2,697,088)	(3,070,446)
INCREASE (DECREASE) IN BANK	(422,465)	606,249
BANK, beginning	785,902	179,653
BANK, ending	**$ 363,437**	**$ 785,902**

(See accompanying notes to financial statements)

PURPOSE OF THE ORGANIZATION

The organization is incorporated without share capital under the laws of the province of Ontario as a not-for-profit organization. The purpose of the organization is to provide low income housing to seniors, low income persons and those with disabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations and reflect the following policies:

(a) Capital assets

Capital assets are recorded at cost. Amortization is provided at the following annual rates:

Building - 191 Stanley Street	- 4% declining balance basis
Furniture and fixtures	- 20 years on a straight line basis
Land - 191 Stanley Street	- not depreciated
Maintenance equipment	- 20% declining balance basis
Office equipment	- 20% declining balance basis
Sidewalks and paving	- 8% declining balance basis

Assets under construction are not depreciated until ready for use.

(b) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the assets carrying value exceeds the sum of its undiscounted cash flows resulting from its use and eventual disposition. No impairment has been recognized on long-lived assets.

(c) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include bank and restricted funds. Financial liabilities measured at amortized cost include accounts payable and accrued, and long-term debt.

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of the reversal is recognized in income.

The cost of financial instruments approximates their fair value due to their short-term nature.

continued....

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Revenue recognition

The organization's operations are supported primarily through the collection of rents, donations, and government assistance.

Rents received from tenants are recognized as revenue as earned, in accordance to lease agreements.

Laundry and air conditioning income, is recognized when received.

The organization uses the deferral method of accounting for revenue from operating activities. Externally restricted contributions that are used towards purchasing capital assets are recognized as revenue in line with the amortization taken on the asset. Unrestricted contributions and donations are recognized as revenue when received.

Government assistance received in the form of forgivable loans, which is meant to subsidize the future rent for affordable units, is recognized as revenue in a straight line over the term of the loan.

Investment income is recognized when earned.

(e) Income taxes

The organization is a registered charity under the Income Tax Act and is exempt from income tax.

(f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates. Items material to the financial statements that require the use of estimates include the useful lives of capital assets, accrued liabilities, holdbacks payable, forgiveness of loans, deferred contributions and amortization expense.

(g) Change in accounting policy

The organization adopted accounting standards for not-for-profit organizations effective June 1, 2019. The organization has chosen to restate prior period balances in accordance with these standards for comparative purposes. The impact of the change in basis of accounting has been disclosed in Schedule 1. The adoption has resulted in an increase in accumulated surplus and capital assets as described in the schedule.

2. RESTRICTED FUNDS

Restricted funds are made up of guaranteed investment certificates (GICs), deposit accounts and investment savings accounts. The GICs earn interest at an average rate of 0.7%. All GICs mature within 180 days of year-end. The restricted funds relate to the replacement reserve funds and the archaeological reserve fund (see note 10).

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Land - 191 Stanley Street	$ 483,031	$ -	$ 483,031	$ 354,368
Building - 191 Stanley Street	9,742,262	430,339	9,311,923	3,871,127
Office equipment	4,531	808	3,723	-
Maintenance equipment	1,630	1,630	-	-
Sidewalks and paving	131,685	-	131,685	-
Furniture and fixtures	76,957	33,268	43,689	-
	$ 10,440,096	$ 466,045	$ 9,974,051	$ 4,225,495

4. BUILDING UNDER CONSTRUCTION

This project is comprised of 21 new rental units. As at May 31, 2021 the interior of the building was completed and tenants were occupying the space as of December 2020. The only remaining work to be completed relates to sidewalks and external landscaping. The building has been included within capital assets and depreciated for 2021.

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Building Under Construction	$ -	$ -	$ -	$ 3,388,893

5. NOTE PAYABLE

The organization had an interest free seed loan from the Canada Mortgage and Housing Corporation (CMHC) in the amount of $50,000. The balance was due upon receipt of long-term project financing from the CMHC and was not secured. Long-term project financing from CMHC was received on September 1, 2020 and the loan was repaid in full at that time. As at May 31, 2021, there was $NIL outstanding (2020 - $50,000).

The operating loan facility requires that a covenant be maintained. As at May 31, 2021 the organization was in compliance with the lending covenants.

6. LONG-TERM DEBT

	2021	2020
Royal Bank of Canada mortgage - mortgage on Lot 9, part of Lot 17 and part of Birch Street, repayable in blended interest and principal repayments of $6,481, bearing fixed interest at 2.54%, due September 2029. Secured by a first mortgage and charge on the building and land located on the property in the amount of $1,956,496, an assignment of rents and leases for the existing building, an assignment of property insurance executed by the borrower in favour of the lender, and the rent reserve fund via a cash collateral agreement on the RBC savings account. Carrying value of security is $9,926,639.	$ 1,908,311	$ 1,937,465
Regional Municipality of Waterloo mortgage - mortgage on Lot 9, part of Lot 17 and part of Birch Street, bearing interest at prime plus 2%, due September 2030. Accrued interest is forgivable September 2030. As at May 31, 2021, there was no default under the conditions of the mortgage therefore the interest accrual was waived. The loan is secured by a fourth collateral charge on the building and land located on the property in the amount of $240,000. Carrying value of security is $9,926,639.	240,000	-
CMHC mortgage - mortgage on Lot 9, part of Lot 17 and part of Birch Street, repayable in blended interest and principal repayments of $3,523, bearing interest at 0.75%, due September 2030. The mortgage is secured by a second priority mortgage registered on title to 191 Stanley Street, a General Security Agreement granting second priority, a second priority assignment of rents and leases, an assignment of contracts, and an assignment of property insurance related to the project. Carrying value of security is $9,926,639.	1,762,618	-
	3,910,929	1,937,465
Less scheduled repayments due within one year	44,193	28,894
	$ 3,866,736	$ 1,908,571

As at May 31, 2021, there was no default under the conditions of the mortgages.

Interest expense for the above loans totaled approximately $29,736 (2020 - $NIL). Interest incurred up until December 1, 2020 was capitalized to the building asset. Total interest capitalized in 2021 was $29,542 (2020 - $38,253).

Principal repayments of debt are as follows:

2022	$ 44,193
2023	59,669
2024	60,671
2025	61,694
2026	62,739
thereafter	3,621,963
	$ 3,910,929

7. FORGIVABLE LOANS

	2021	2020
Regional Municipality of Waterloo - forgivable term loan on Lot 9, part of Lot 17 and part of Birch Street, bearing interest at prime plus 2%, principal and interest are forgivable June 2023, provided there is no default under the Affordable Housing Partnership Program. As at May 31, 2021, there was no default under the conditions of the mortgage therefore the interest accrual was waived. The purpose of the loan was to assist in the construction of the two apartment units constructed in 2002.	$ 1,000	$ 2,000
Regional Municipality of Waterloo - forgivable term loan on Lot 9, part of Lot 17 and part of Birch Street. This loan is to be received in four instalments totaling $1,440,000, as of May 31, 2021 $1,296,000 had been received. The loan bears interest at prime plus 2%, principal and accrued interest are forgivable 25 years after the completion of the project, provided there is no default under the program. As at May 31, 2021, there was no default under the conditions of the mortgage therefore the interest accrual was waived. The loan is secured by a third collateral charge on the building and land located on the property in the amount of $1,440,000. Carrying value of security is $9,926,693.	1,267,200	648,000
CMHC - forgivable term loan on Lot 9, part of Lot 17 and part of Birch Street. The principal is forgivable 20 years after the final advance of CMHC funds, provided there is no default under the program. The loan is secured by a second priority mortgage registered on title to 191 Stanley Street, a General Security Agreement granting second priority, a second priority assignment of rents and leases, an assignment of contracts, and an assignment of property insurance related to the project. Carrying value of security is $9,926,639.	305,563	-
	1,573,763	650,000
Less portion expected to be forgiven within one year	74,072	1,000
	$ 1,499,691	$ 649,000

These forgivable loan amounts have been treated as a deferred revenue item and forgiveness of the loans is recognized on a straight line basis over the duration of the loan term.

The forgiveness of loans recognized in income during the year totalled $33,668 (2020 - $1,000).

8. DEFERRED CONTRIBUTIONS

Deferred contributions represents restricted contributions for which the organization does not have a fund and is unable to use the funds due to its restrictions during the fiscal year. These contributions are deferred and recognized as revenue in the year in which related expenses are incurred. If the deferred contribution relates to a capital asset, the deferred contribution is recognized as revenue in line with the amortization taken on the related asset. All deferred contributions received to date were used to finance the building expansion and are amortized at a rate of 4% declining balance.

	2021	2020
Deferred contributions, beginning	$ 104,935	$ -
Add: restricted contributions received	-	104,935
Less: restricted contributions recognized during the year	2,099	-
Deferred contributions, ending	$ 102,836	$ 104,935

9. COMMITMENTS

The organization entered into a construction contract to complete a 21 unit building expansion project that started in 2019. The remaining expected construction costs are $44,006 over the next year. The organization expects the contract to be completed June 30, 2021.

The organization entered into a financing agreement with the Region of Waterloo on December 18th, 2018. The organization is expecting to receive the remaining $144,000 from this agreement within the next year.

10. SURPLUS

RESERVE FUNDS

The organization is required to contribute to three separate reserve accounts, with a fourth legacy account that no longer requires contributions that accumulates interest.

Regional Municipality of Waterloo Replacement Reserve

Under the terms of the Housing Services Act the Replacement Reserve funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the Ministry of Municipal Affairs. Withdrawals are credited to interest first, then principal. The mortgage related to this capital reserve was extinguished in 2017. There is no longer a requirement to contribute to the externally restricted reserve fund, with the exception of the interest earned on the investments within this fund.

Royal Bank of Canada Replacement Reserve

Under the terms of the RBC mortgage agreement the organization is required to establish an escrow account with RBC. The organization must contribute 2% of the monthly gross rents from 30 identified rental units into this account on the day their mortgage payments are due. Withdrawals by the organization must be approved by the lender, and the amounts must relate to costs associated with capital repairs, replacements, or improvements to the property.

Continued....

10. SURPLUS - continued

Canada Mortgage and Housing Coporation Archaeological Reserve

Under the terms of the CMHC mortgage agreement the organization is required to establish and maintain a reserve account in a segregated depository account designated by the borrower in the amount of $55,000 for any costs associated with any archaeological investigation or burial investigation pertaining to land located at 191 Stanley Street. This reserve is to be maintained until the earlier of: the mortgage repayment date or the date of a letter of authorization from CMHC to release the funds. The organization had the option of paying the reserve into the account in 4 annual payments of $13,750, however they have contributed the full amount of $55,000 during the year.

Canada Mortgage and Housing Coporation Replacement Reserve

Under the terms of the CMHC mortgage agreement the organization is required to establish and maintain a replacement reserve account in a segregated depository account designated by the borrower. The organization must contribute 4% of the monthly gross rents from 9 identified rental units into this account on the day their mortgage payments are due. Withdrawals by the organization must be approved by the lender, and the amounts must relate to costs associated with capital repairs, replacements, or improvements to the property.

	2021	2020
Balance, beginning	$ 217,373	$ 210,074
Transfer to archaeological reserve fund	55,000	2,662
Contribution to replacement reserve funds	7,578	4,637
Interest income	4,472	-
Balance, ending (note 2)	**284,423**	**217,373**

NON-RESTRICTED SURPLUS

	2021	2020
Balance, beginning	$ 4,709,012	$ 4,737,362
Excess (deficiency) of revenue over expenditure	32,885	(23,713)
Less: transfer to archaeological reserve fund	(55,000)	-
Less: allocation to replacement reserve funds	(7,578)	(4,637)
Balance, ending	**4,679,319**	**4,709,012**

SURPLUS

	2021	2020
Replacement reserve fund	$ 284,423	$ 217,373
Non-restricted surplus	4,679,319	4,709,012
Balance, ending	**4,963,742**	**4,926,385**

11. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk refers to the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its bank and restricted funds balances.

Credit risk associated with bank and restricted funds are minimized substantially by ensuring that these assets are invested in a major financial institution.

The extent of the organization's exposure to credit risk remains the same in 2021.

(b) Interest rate risk

Interest rate risk refers to the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The organization is exposed to interest rate risk on the Regional Municipality of Waterloo loan, the Canada Mortgage and Housing Corporation mortgage and the Royal Bank of Canada mortgage.

The extent of the organization's exposure to interest rate risk increased in 2021 due to an increase in long-term debt.

(c) Liquidity risk

Liquidity risk refers to the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the company not being able to liquidate assets in a timely manner at a reasonable price.

The company is exposed to this risk mainly in respect of its long-term debt, and accounts payable.

The organization meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

The extent of the company's exposure to liquidity risk increased in 2021 as a result of the increase in financial liabilities, in particular the long-term debt.

AYR AND DISTRICT CITIZENS ASSOCIATION
SCHEDULE 1- IMPACT OF THE CHANGE IN BASIS OF ACCOUNTING

Transition to Canadian accounting standards for not-for-profit organizations:
Under the requirements of Canadian accounting standards for not-for-profit organizations (ASNPO) when it is initially applied retrospective adjustments may be required to financial information reported by the company in previous years. In changing to this new basis of accounting, the organization did have a number of such adjustments which were recorded as at the date of its transition to the new accounting standards, June 1, 2019. Information relating to that transition is as follows:

Opening balance sheet at June 1, 2019

ASSETS

CURRENT	
Bank	$ 179,653
Government remittances recoverable	26,302
Prepaid expenses	4,310
Restricted funds	210,074
Capital assets	4,386,792
Building under construction	322,546
	$ 5,129,677

LIABILITIES

CURRENT	
Accounts, payable and accrued	$ 69,976
Note payable	50,000
Rent deposits	19,265
Loan forgiveness expected within one year	1,000
	140,241
LONG-TERM	
Forgivable loans	2,000
Deferred revenue	40,000
	182,241

ORGANIZATION'S NET ASSETS

SURPLUS	4,947,436
	$ 5,129,677

Adjustments to retained earnings at June 1, 2019:

Surplus, as previously reported at June 1, 2019	$ 577,214
Add:	
Forgiveness of loans	17,000
Revaluation of land and building	4,353,222
Surplus, as adjusted, June 1, 2019	$ 4,947,436

AYR AND DISTRICT CITIZENS ASSOCIATION
SCHEDULE 1- IMPACT OF THE CHANGE IN BASIS OF ACCOUNTING

Reconciliation of previously reported 2020 excess of revenue over expenditure with the amount shown for 2020 in these financial statements:

Excess of revenue over expenditure for 2020, as previously reported	$	81,793
Add:		
Amortization, original		2,580
Capitalized mortgage interest		38,253
Unrestricted donations received		13,958
Forgiveness of loans		1,000
Deduct:		
Amortization, recalculated		(161,297)
Deficiency of revenue over expenditure for 2020, as adjusted	$	(23,713)

Elective exemptions used in the transition to Canadian ASNPO:
The rules for transition to Canadian ASNPO normally require that an enterprise prepare its opening balance sheet using the standards that will be followed thereafter. However, certain elective exemptions from this rule are available. In preparing the opening balance sheet shown on page 14, the company used the following elective exemptions:

- The organization has elected the exemption in Section 1500.12 and has used fair value as the deemed cost at the date of transition. The organization has therefore revalued its land and building at fair value at the date of transition. This fair value was based on a City Management & Appraisals report.

The organization as part of the adjustments has decided to present the existing and new apartments under one line on the financial statement note disclosure.

Capital assets at cost less accumulated amortization:

	Based on previous financial statements	Changes in accumulated surplus	ASNPO
Land - 191 Stanley Street	$ -	$ 354,368	$ 354,368
Building - 191 Stanley Street	-	4,032,424	4,032,424
Office equipment	-	-	-
Maintenance equipment	-	-	-
Sidewalks	-	-	-
New apartments - building	30,990	(33,570)	-
New apartments - equipment	-	-	-
	$ 30,990	$ 4,353,222	$ 4,386,792