

Financial Statements

Mainstream: An Unsheltered Workshop

March 31, 2020

Contents

	Page
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11
Report of the Independent Auditor on the Supplementary Financial Information	12
Schedule 1 Community Participation	13
Schedule 2 Occupancy/Fundraising Fund	14
Schedule 3 Graffiti Project	15

Independent Auditor's Report

To the Members of
Mainstream: An Unsheltered Workshop

Qualified opinion

We have audited the financial statements of Mainstream: An Unsheltered Workshop, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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 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 Organization as at March 31, 2020, 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 qualified opinion

Mainstream: An Unsheltered Workshop derives a portion of its receipts in the form of donations and incurs cash expenses in the form of client training allowances, which are not susceptible of complete audit verification. Accordingly, our verification of these items was limited to a comparison of bank statements with the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donations revenue, client training allowances and net assets for the years ended March 31, 2020 and March 31, 2019.

Note 1 describes the land, buildings and amortization accounting policy of Mainstream: An Unsheltered Workshop. Land and buildings are capitalized on the statement of financial position and where debt exists on any of the buildings they are amortized to the extent the related mortgage principal is repaid during the year. Renovation and equipment expenditures eligible for Ministry Minor Capital grants have been expensed. All other equipment additions are expensed on the statement of operations when purchased. Under Canadian accounting standards for not-for-profit organizations, all property and equipment should be capitalized and amortized over their estimated useful lives. Furthermore, the policy should be applied on a retroactive basis. The effects of not following Canadian accounting standards for not-for-profit organizations have not been determined on the statement of financial position as at March 31, 2020 and March 31, 2019 and on the statement of operations for the years ended March 31, 2020 and March 31, 2019.

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 qualified opinion.

Independent Auditor's Report (continued)

Other matter

The financial statements of Mainstream: An Unsheltered Workshop for the year ended March 31, 2019 were audited by Partridge Iggulden LLP Chartered Professional Accountants who expressed a qualified opinion on those financial statements, for the same reasons discussed above, on June 27, 2019. The partners and staff of Partridge Iggulden LLP joined Grant Thornton LLP subsequent to December 31, 2019.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report (continued)

- 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.

Grant Thornton LLP

St. Catharines, Canada
September 16, 2020

Chartered Professional Accountants
Licensed Public Accountants

Mainstream: An Unsheltered Workshop

Statement of Financial Position

March 31

2020

2019

	Operating Fund	Occupancy/ Fundraising Fund	Residential Joint Venture Fund (Note 2)	Total	Total
Assets					
Current					
Cash	\$ 131,076	\$ -	\$ 24,901	\$ 155,977	\$ 82,273
Cash - Bingo Fund	-	33,493	-	33,493	29,190
Cash - Replacement Reserve Fund	-	-	26,037	26,037	22,519
Accounts receivable	-	74,324	-	74,324	154,882
Sales tax receivable	-	39,205	-	39,205	37,253
Prepaid expenses	13,394	-	2,251	15,645	16,964
Due from St. Catharines Mainstream Non-Profit Housing Project	46,778	-	-	46,778	17,764
Interfund receivable (payable)	(94,822)	99,353	(4,531)	-	-
	96,426	246,375	48,658	391,459	360,845
Due from Gateway (Note 2)	-	-	32,550	32,550	37,557
Land and buildings (Note 3)	-	704,014	405,053	1,109,067	1,122,976
	\$ 96,426	\$ 950,389	\$ 486,261	\$ 1,533,076	\$ 1,521,378
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 5)	\$ 80,114	\$ -	\$ 14,682	\$ 94,796	\$ 173,836
Deferred revenue	-	4,295	-	4,295	-
Current portion of long-term debt (Note 6)	-	6,900	16,227	23,127	21,866
Long-term debt due on demand (Note 6)	-	-	54,857	54,857	70,676
	80,114	11,195	85,766	177,075	266,378
Long-term debt (Note 6)	-	248,845	-	248,845	255,631
	80,114	260,040	85,766	425,920	522,009
Net assets					
Restricted					
Contributed equity (Note 7)	-	-	372,168	372,168	372,168
Replacement reserve	-	-	26,037	26,037	22,519
Unrestricted					
Accumulated surplus	16,312	656,856	2,290	675,458	575,492
Bingo fund	-	33,493	-	33,493	29,190
	16,312	690,349	400,495	1,107,156	999,369
	\$ 96,426	\$ 950,389	\$ 486,261	\$ 1,533,076	\$ 1,521,378

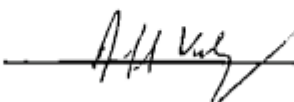
Contingency (Note 10)

Subsequent events (Note 11)

On behalf of the board



Director



Director

Mainstream: An Unsheltered Workshop

Statement of Operations

Year ended March 31

2020

2019

	Operating Fund	Occupancy/ Fundraising Fund	Residential Joint Venture Fund (Note 2)	Total	Total
Revenue					
Ministry of Children, Community and Social Services	\$ 935,541	\$ -	\$ -	\$ 935,541	\$ 949,444
United Way grants	38,097	9,999	-	48,096	43,464
Donations	-	26,970	-	26,970	12,628
Fee for services (Graffiti Project)	-	19,220	-	19,220	27,860
Fundraising income	-	59,679	-	59,679	59,191
Youth-Canada Summer Jobs	11,857	4,705	-	16,562	8,430
Rental income/Occupancy recovery	6,330	112,168	52,862	171,360	185,214
Participation fees and other income	12,095	692,200	-	704,295	576,400
	<u>1,003,920</u>	<u>924,941</u>	<u>52,862</u>	<u>1,981,723</u>	<u>1,862,631</u>
Expenditures					
Advertising and promotion	-	4,705	-	4,705	1,622
Amortization	-	6,472	14,874	21,346	20,389
Building costs	-	24,609	7,386	31,995	27,003
Capital expenditures	35,386	7,947	-	43,333	52,767
Client training allowances	5,992	-	-	5,992	7,563
Consulting fees	12,280	3,594	-	15,874	8,280
Equipment rental	-	5,994	-	5,994	4,903
Fundraising costs	-	24,979	-	24,979	25,897
Insurance	8,357	5,835	3,318	17,510	18,149
Interest and bank charges	3,285	-	111	3,396	3,073
Interest on long-term debt	-	11,180	5,106	16,286	17,262
Minor capital expenditure	-	4,631	-	4,631	-
Municipal taxes	-	15,131	-	15,131	13,224
Occupancy	38,500	-	-	38,500	36,500
Office and meetings	12,444	57,884	3,000	73,328	60,463
Personal support grants	21,728	-	-	21,728	27,875
Purchased services	4,000	429,122	900	434,022	366,139
Replacement reserve contribution	-	-	3,000	3,000	3,000
Salaries and benefits	849,660	135,900	2,725	988,285	1,009,925
Supplies	2,411	3,219	-	5,630	7,982
Training	7,224	-	-	7,224	8,943
Utilities and telephone	-	46,178	14,351	60,529	57,438
Vehicle and travel	2,607	52,292	-	54,899	59,434
	<u>1,003,874</u>	<u>839,672</u>	<u>54,771</u>	<u>1,898,317</u>	<u>1,837,831</u>
Excess (deficiency) of revenue over expenditures before fund transfers	46	85,269	(1,909)	83,406	24,800
Transfer from (to) Gateway	-	-	960	960	(380)
Transfer from Bingo Fund	-	15,600	-	15,600	4,954
Net excess (deficiency) of revenue over expenditures	<u>\$ 46</u>	<u>\$ 100,869</u>	<u>\$ (949)</u>	<u>\$ 99,966</u>	<u>\$ 29,374</u>

Mainstream: An Unsheltered Workshop

Statement of Net Assets

March 31

2020

2019

Operating Fund

Balance, beginning of year	\$ 16,266	\$ 16,258
Excess of revenue over expenditures		
Community Participation	46	8
Balance, end of year	<u>\$ 16,312</u>	<u>\$ 16,266</u>

Occupancy/Fundraising Fund

Balance, beginning of year	\$ 555,987	\$ 527,001
Excess of revenue over expenditures		
Occupancy/Fundraising	94,335	23,335
Graffiti Project	6,534	5,651
	<u>100,869</u>	<u>28,986</u>
Balance, end of year	<u>\$ 656,856</u>	<u>\$ 555,987</u>

Bingo Fund

Balance, beginning of year	\$ 29,190	\$ 17,655
Receipts for the year	19,903	16,489
Transfer to Operating Fund	-	(2,058)
Transfer to Occupancy/Fundraising Fund	<u>(15,600)</u>	<u>(2,896)</u>
Balance, end of year	<u>\$ 33,493</u>	<u>\$ 29,190</u>

Residential Joint Venture Fund

Contributed Equity (Note 7)		
Federal/Provincial government forgivable loans	<u>\$ 372,168</u>	<u>\$ 372,168</u>
Replacement reserve		
Balance, beginning of year	\$ 22,519	\$ 19,143
Transfer from operations	3,000	3,000
Interest income	518	376
Balance, end of year	<u>\$ 26,037</u>	<u>\$ 22,519</u>
Unrestricted accumulated surplus		
Balance, beginning of year	\$ 3,239	\$ 2,859
Excess (deficiency) of revenue over expenditures	<u>(949)</u>	<u>380</u>
Balance, end of year	<u>\$ 2,290</u>	<u>\$ 3,239</u>

Mainstream: An Unsheltered Workshop

Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenditures:

Operating Fund	\$ 46	\$ 8
Occupancy/Fundraising Fund	100,869	28,986
Ontario Street Joint Venture	(949)	380
Bingo Fund	19,903	16,489
	<u>119,869</u>	<u>45,863</u>

Add (deduct) items not effecting cash:

Amortization	21,346	20,389
Transfer from Bingo Fund	(15,600)	(4,954)
Gateway portion of Joint Venture amortization	(7,437)	(7,080)
	<u>118,178</u>	<u>54,218</u>

Effects on cash from changes in operating assets and liabilities

Accounts receivable	80,558	(83,802)
Sales tax receivable	(1,952)	(26,063)
Prepaid expenses	1,319	(1,690)
Accounts payable and accrued liabilities	(79,040)	99,494
Deferred revenue	4,295	-
Due (to) from St. Catharines Mainstream Non-Profit Housing Project	(29,014)	(5,410)
	<u>94,344</u>	<u>36,747</u>

Financing

Repayment of long-term debt	<u>(21,344)</u>	<u>(23,488)</u>
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Investing

Decrease in due from Gateway	<u>5,007</u>	<u>6,972</u>
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Increase in cash

Cash

Beginning of year	<u>111,463</u>	<u>91,232</u>
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End of year

<u>\$ 189,470</u>	<u>\$ 111,463</u>
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Cash is represented by the following:

Cash	\$ 155,977	\$ 82,273
Cash - Bingo Fund	<u>33,493</u>	<u>29,190</u>
	<u>\$ 189,470</u>	<u>\$ 111,463</u>

Mainstream: An Unsheltered Workshop

Notes to the Financial Statements

March 31, 2020

1. Nature of business and significant accounting policies

Mainstream: An Unsheltered Workshop is a registered charitable organization which received its Letters Patent from the Ministry of Consumer and Commercial Relations on May 29, 1985. The non-profit Organization provides vocational and life skills for adults with a developmental difference.

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

Fund accounting

Mainstream: An Unsheltered Workshop follows the restricted fund method of accounting.

The Operating Fund records all funding related to the Ministry of Community and Social Services and other revenues related to funding the Organization's regular operations.

The Occupancy/Fundraising Fund records all revenue from donations, fundraising activities, fee for services, participation fees and occupancy recoveries and related expenses that are not included in the Operating Fund.

The Residential Joint Venture Fund jointly operates a nine unit residential complex as disclosed in note 2.

Revenue recognition

Government funding is recognized in the year to which the approved budget relates. Subsequent adjustment by the government, if any, based on their review of actual expenses versus the approved budget will be reflected by the Organization in the year of adjustment to the statement of operations.

Other revenue is reported in the year it relates to.

The Organization uses the deferral method of accounting for its revenue contributions, in which restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred. Funding received to operate specific projects is recognized in the period the project expenses are incurred.

Contributions related to the purchase of fixed assets are recognized as revenue in the period in which the fixed asset is expensed or amortized.

Land, buildings and amortization

The land and buildings are recorded on the statement of financial position at cost less the accumulated amortization where applicable. Where debt exists on the buildings they are amortized to the extent the related long-term debt is repaid monthly during the year or approval has been granted to apply any current year subsidy surplus against the mortgage payable after the year end date. No amortization is taken for the payment of long term debt at maturity.

Operating Fund equipment additions are expensed on the statement of revenue and expenditure when purchased. Capital expenditure in the amount of \$43,333 (2019: \$52,767) were expensed in the current year.

Financial instruments

Financial instruments included in the statement of financial position consist of cash, accounts receivable, due from/to St. Catharines Mainstream Non-Profit Housing Project, due from Gateway, accounts payable and accruals, and long-term debt.

Financial instruments are recorded at fair value when acquired or issued. Financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Mainstream: An Unsheltered Workshop

Notes to the Financial Statements

March 31, 2020

1. Significant accounting policies (continued)

Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. The main estimates include the fair value of assets acquired, liabilities assumed, collectability of accounts receivable, and the useful life of buildings. Actual results could differ from those estimates.

2. Residential joint venture - 160 Ontario Street

Mainstream: An Unsheltered Workshop and Gateway Residential & Community Support Services of Niagara Inc. ("Gateway") entered into a joint venture agreement to construct and operate a nine unit residential complex at 160 Ontario Street, St. Catharines.

The assets, liabilities and net assets reported on the statement of financial position reflect Mainstream: An Unsheltered Workshop's 50% share of the joint venture assets, liabilities and net assets.

Mainstream: An Unsheltered Workshop is reporting 100% of the revenue and expenditure of the 160 Ontario Street residential joint venture. Fifty percent of any excess (deficiency) of revenue over expenditure will be payable to/(recovered from) Gateway.

3. Land and buildings

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
263 Pelham Road				
Land	\$ 156,000	\$ -	\$ 156,000	\$ 156,000
Building	392,505	314,906	77,599	77,599
	<u>548,505</u>	<u>314,906</u>	<u>233,599</u>	<u>233,599</u>
91 Pelham Road				
Land	25,650	-	25,650	25,650
Building	59,847	50,000	9,847	9,847
	<u>85,497</u>	<u>50,000</u>	<u>35,497</u>	<u>35,497</u>
35 Fawell Ave				
Land	112,000	-	112,000	112,000
Building	337,174	14,256	322,918	329,390
	<u>449,174</u>	<u>14,256</u>	<u>434,918</u>	<u>441,390</u>
Sub-total	<u>1,083,176</u>	<u>379,162</u>	<u>704,014</u>	<u>710,486</u>
160 Ontario Street (50%)				
Land	109,675	-	109,675	109,675
Building	341,299	58,308	282,991	290,428
Fixtures	12,387	-	12,387	12,387
	<u>463,361</u>	<u>58,308</u>	<u>405,053</u>	<u>412,490</u>
Sub-total	<u>463,361</u>	<u>58,308</u>	<u>405,053</u>	<u>412,490</u>
Total	<u>\$ 1,546,537</u>	<u>\$ 437,470</u>	<u>\$ 1,109,067</u>	<u>\$ 1,122,976</u>

Mainstream: An Unsheltered Workshop

Notes to the Financial Statements

March 31, 2020

4. Line of credit

The Organization has an authorized line of credit in the amount of \$25,000 with the Meridian Credit Union. It is payable on demand, bears interest at prime plus 2% and is secured by a general security agreement. There are no amounts outstanding on this line of credit at March 31, 2020.

5. Accounts payable and accrued liabilities

	Operating Fund	Residential Joint Venture Fund	Total 2020	Total 2019
Trade payables	\$ 13,505	\$ 13,224	\$ 26,729	\$ 78,141
Accrued payroll	48,540	-	48,540	50,749
Accrued liabilities	17,713	984	18,697	44,007
Other	356	474	830	939
	<u>\$ 80,114</u>	<u>\$ 14,682</u>	<u>\$ 94,796</u>	<u>\$ 173,836</u>

6. Long-term debt

	2020		2019	
	Occupancy/ Fundraising Fund	Residential Joint Venture Fund	Total	Total
Meridian Credit Union Mortgage repayable in monthly instalments of \$1,471 consisting of principal and interest calculated at 4.3% secured by land and building at 35 Fawell Ave., due October 1, 2023.	\$ 255,745	\$ -	\$ 255,745	\$ 262,216
Meridian Credit Union Open term loan due on demand and repayable in monthly instalments of \$1,665 consisting of principal and interest calculated at prime plus 2.5%, secured by a collateral mortgage on land and buildings owned by Mainstream and Gateway.	<u>-</u> 255,745	<u>71,084</u> 71,084	<u>71,084</u> 326,829	<u>85,957</u> 348,173
Less : Current portion of long-term debt	6,900	16,227	23,127	21,866
: Long-term debt due on demand	<u>-</u>	<u>54,857</u>	<u>54,857</u>	<u>70,676</u>
	<u>\$ 248,845</u>	<u>\$ -</u>	<u>\$ 248,845</u>	<u>\$ 255,631</u>

Based on the assumption that the mortgage and loans will be renewed under similar terms when they come due, the principal payments due in each of the next five years are as follows:

Years ending March 31,	2021	\$ 23,127
	2022	24,418
	2023	25,783
	2024	27,182
	2025	8,179
	Thereafter	<u>218,140</u>
		<u>\$ 326,829</u>

Mainstream: An Unsheltered Workshop

Notes to the Financial Statements

March 31, 2020

7. Contributed equity

The Residential Joint Venture received Federal and Provincial government forgivable loans, a grant from the Regional Municipality of Niagara and completed various fundraising activities to assist in the capital costs related to the Joint Venture. The Federal and Provincial government loans are forgivable over 20 years as long as the Joint Venture maintains ownership of 160 Ontario Street and there is no change in use of the property during this time frame.

The Board of Directors determined that a fair presentation would be to report these sources of funding as contributed equity rather than to apply the amounts against the construction cost of the assets or to record them as deferred revenue. If the Residential Joint Venture disposes of the real estate, the Federal and Provincial forgivable loans are required to be repaid.

8. Financial risks

The significant financial risks to which the Organization is exposed are credit risk, interest rate risk and liquidity risk. There have been no changes to risk exposures from prior year.

Credit risk exposure

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge the obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. These accounts are generally rent and program fees settled monthly and the Organization does not anticipate any significant loss for non-performance.

Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Organization currently holds long-term debt that incurs interest at variable rates.

Liquidity risk exposure

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Operating funding from the Ministry provides funding for the Organizations various programs. Management believes that annual budgeted cash flows are sufficient to meet its current operating liabilities.

9. Comparative figures

Comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

10. Contingency

The Organization has guaranteed the indebtedness of St. Catharines Mainstream Non-Profit Housing Project for amounts owing to Meridian Credit Union under its credit facility up to \$142,000. There was no amount owing by St. Catharines Mainstream Non-Profit Housing Project under its credit facility at March 31, 2020.

11. Subsequent events

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Although the COVID-19 pandemic commenced during the Organization's fiscal period, the Organization did not experience a significant impact on its operations during this period as it continued to receive provincial funding for its programs and delivered these programs within budget for the fiscal period ending March 31, 2020.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

Report of the Independent Auditor on the Supplementary Financial Information

To the Members of
Mainstream: An Unsheltered Workshop

Opinion

The supplemental financial information, which comprise the statement of revenue and expenditures by program, are derived from the audited financial statements of Mainstream: An Unsheltered Workshop for the year ended March 31, 2020.

In our opinion, the accompanying supplementary financial information is a fair summary of the audited financial statements.

Supplementary financial information

The supplementary financial information does not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the supplemental financial information is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed a qualified audit opinion on the audited financial statements in our report dated September 16, 2020. The basis for our qualified opinion was the Organization follows the accounting policies of expensing fixed assets in the year acquired and recognizing funding designated for fixed assets as income in the year received. Canadian accounting standards for not-for-profit organizations require that fixed assets should be capitalized and amortized over their estimated useful lives, and the funding designated for fixed assets be deferred and recognized as income over the estimated useful lives of the related assets. In addition, the organization derives a portion of its receipts in form of donations and incurs expenses in the form of client training allowances, which are not susceptible of complete audit verification.

Management's responsibility for the supplementary financial information

Management is responsible for the preparation of the supplementary financial information.

Auditor's responsibility

Our responsibility is to express an opinion on whether the supplementary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian generally accepted auditing standards.

St. Catharines, Canada
September 16, 2020

GRANT THORNTON LLP
Chartered Professional Accountants
Licensed Public Accountants

Mainstream: An Unsheltered Workshop

Community Participation

Year ended March 31

2020

2019

Revenue

Ministry of Children, Community and Social Services	\$ 935,541	\$ 949,444
United Way grants	38,097	33,468
Youth-Canada Summer Jobs	11,857	8,430
Rental income	6,330	25,030
Participation fees	12,095	15,604
	<u>1,003,920</u>	<u>1,031,976</u>

Expenditures

Advertising and promotion	-	229
Capital expenditures	35,386	29,256
Client training allowances	5,992	-
Consulting fees	12,280	2,890
Insurance	8,357	8,892
Interest and bank charges	3,285	2,954
Occupancy	38,500	36,500
Office and meetings	12,444	4,330
Personal support grants	21,728	27,875
Purchased services	4,000	7,438
Salaries and benefits	849,660	901,988
Supplies	2,411	2,242
Training	7,224	7,492
Vehicle and travel	2,607	1,940
	<u>1,003,874</u>	<u>1,034,026</u>

Excess (deficiency) of revenue over expenditures before fund transfer 46 (2,050)

Transfer from Bingo Fund - 2,058

Net excess of revenue over expenditures \$ 46 \$ 8

Mainstream: An Unsheltered Workshop Occupancy/Fundraising Fund

Year ended March 31

2020

2019

Revenue

Donations	\$ 26,970	\$ 12,628
Fee for services	-	4,525
Fundraising income	59,679	59,191
Grants	4,705	-
Occupancy recovery	112,168	107,668
User fees, Passport and other income	692,200	560,796
	<u>895,722</u>	<u>744,808</u>

Expenditures

Advertising and promotion	4,705	1,393
Amortization	6,472	6,229
Building costs	24,609	21,704
Capital expenditures	7,947	23,511
Client training allowances	-	7,563
Consulting fees	3,594	5,390
Equipment rental	5,994	4,903
Fundraising costs	24,979	25,897
Insurance	5,835	5,978
Interest on long-term debt	11,180	11,445
Minor capital expenditure	4,631	-
Municipal taxes	15,131	13,224
Office and meetings	57,884	53,065
Purchased services	429,122	357,701
Salaries and benefits	114,213	79,782
Supplies	2,341	4,836
Training	-	1,451
Utilities and telephone	46,178	43,118
Vehicle and travel	52,172	57,179
	<u>816,987</u>	<u>724,369</u>

Excess of revenue over expenditures before fund transfer 78,735 20,439

Transfer from Bingo Fund 15,600 2,896

Net excess of revenue over expenditures \$ 94,335 \$ 23,335

Mainstream: An Unsheltered Workshop Graffiti Project

Year ended March 31

2020

2019

Revenue

United Way grants	\$ 9,999	\$ 9,996
Fee for services - Graffiti removal income	19,220	23,335
	<u>29,219</u>	<u>33,331</u>

Expenditures

Office and meetings	-	67
Salaries and benefits	21,687	26,393
Supplies	878	904
Vehicle and travel	120	316
	<u>22,685</u>	<u>27,680</u>

Net excess of revenue over expenditures

\$ 6,534	\$ 5,651
<u>6,534</u>	<u>5,651</u>