

Community Living Burlington

Financial Statements

For the year ended March 31, 2017

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Independent Auditors' Report

To the Members of
Community Living Burlington

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Community Living Burlington, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Living Burlington as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

June 9, 2017
Burlington, Ontario

SB Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

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Community Living Burlington
Statement of Financial Position
March 31, 2017

Assets			
	2017		2016
Current assets			
Cash and cash equivalents	\$ 29,222	\$	-
Internally restricted cash (Note 3)	741,543		678,770
Accounts receivable (Note 4)	231,603		148,783
Prepays	44,416		98,389
	1,046,784		925,942
Long-term investments (Note 5)	183,765		167,720
Fixed assets (Note 6)	6,724,133		6,967,866
	\$ 7,954,682	\$	8,061,528
Liabilities			
Current liabilities			
Bank indebtedness (Note 7)	\$ -	\$	95,611
Accounts payable and accrued liabilities (Note 8)	1,043,700		905,419
Deferred revenue	106,634		43,156
Current portion of long-term debt (Note 9)	414,933		508,526
	1,565,267		1,552,712
Long-term debt (Note 9)	344,826		310,500
Deferred fixed asset contributions (Note 10)	2,853,435		2,979,002
	4,763,528		4,842,214
Net Assets			
Net assets restricted for endowment purposes (Note 5)	183,765		167,720
Unrestricted	(845,093)		(797,014)
Internally restricted funds	741,543		678,770
Invested in fixed assets (Note 12)	3,110,939		3,169,838
	3,191,154		3,219,314
	\$ 7,954,682	\$	8,061,528

Approved on Behalf of the Board



Director



Director

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



Community Living Burlington

Statement of Operations

Year Ended March 31, 2017

	2017	2016
Revenue		
Province of Ontario	\$ 13,170,096	\$ 12,593,445
Residents' fees	1,492,149	1,467,455
Program service fees	1,138,408	1,050,176
Regional Municipality	416,820	400,832
Amortization of deferred fixed asset contributions	145,951	150,589
Miscellaneous revenue	135,168	123,897
Program grants	86,450	145,149
United Way grant	85,063	80,958
Freeman foundation	65,926	68,840
Job placements	59,178	59,156
Contract work sales	52,544	90,160
	16,847,753	16,230,657
Expenses		
Staff salaries and benefits	13,050,905	13,034,776
Purchased services for clients	1,006,657	562,133
Repairs and maintenance	553,552	329,020
Food	394,505	389,821
Amortization of fixed assets	325,625	320,730
Occupancy costs	324,596	338,016
Automobile and travel	274,514	215,124
Personal and health care needs	226,314	263,522
Supplies	198,965	182,726
Trainees payroll	144,864	140,715
Insurance	97,785	100,730
Renovations	83,506	117,317
Telephone and postage	83,329	86,620
Professional fees	72,746	155,073
Staff training	59,846	27,607
Other rentals	58,900	38,571
Bank charges and interest	55,808	50,026
Equipment	11,370	29,308
Miscellaneous expense	9,642	6,527
	17,033,429	16,388,362
Deficiency of revenues over expenditures from operations	(185,676)	(157,705)
Donations	82,062	103,909
Fundraising revenue (Note 11)	86,241	115,410
Loss on sale of fixed assets	-	(2,626)
Fundraising expense (Note 11)	(26,832)	(34,758)
Excess (deficiency) of revenues over expenditures	\$ (44,205)	\$ 24,230

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



Community Living Burlington
Statement of Changes in Net Assets
Year Ended March 31, 2017

	Restricted for Endowment Purposes	Unrestricted	Internally restricted funds	Invested in Fixed Assets	2017 Total	2016 Total
Net assets, beginning of year	\$ 167,720	\$ (797,014)	\$ 678,770	\$ 3,169,838	\$ 3,219,314	\$ 3,186,598
Excess (deficiency) of revenues over expenditures	-	(44,205)	-	-	(44,205)	24,230
Allocation to internally restricted funds	-	(62,773)	62,773	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	58,899	-	(58,899)	-	-
Net gain on endowment investments	16,045	-	-	-	16,045	8,486
Net assets, end of year	\$ 183,765	\$ (845,093)	\$ 741,543	\$ 3,110,939	\$ 3,191,154	\$ 3,219,314

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



Community Living Burlington

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ (44,205)	\$ 24,230
Charges not involving cash		
Amortization of fixed assets	325,625	320,730
Amortization of deferred fixed asset contributions	(145,951)	(150,589)
Loss (gain) on sale of fixed assets	-	2,626
	135,469	196,997
Net change in accounts receivable	(82,820)	(47,524)
Net change in accounts payable and accrued liabilities	138,281	(373,107)
Net change in other operating working capital balances	117,451	27,737
Cash flows from (used in) operating activities	308,381	(195,897)
Cash flows from financing activities		
Change in bank indebtedness	(95,611)	95,611
Decrease in long-term debt	(59,267)	(67,205)
Cash flows from (used in) financing activities	(154,878)	28,406
Cash flows from investing activities		
Increase in board restricted cash	(62,773)	(12,748)
Purchase of fixed assets	(81,892)	(183,661)
Proceeds on disposal of fixed assets	-	497
Deferred fixed asset contributions	20,384	-
Cash flows used in investing activities	(124,281)	(195,912)
Net increase (decrease) in cash and cash equivalents	29,222	(363,403)
Cash and cash equivalents, beginning of year	-	363,403
Cash and cash equivalents, end of year	\$ 29,222	\$ -

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



Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2017

1. Purpose of the Organization

Community Living Burlington ("CLB" or the "organization") was incorporated as a company without share capital on May 17, 1963 by letters patent issued under the Corporations Act of the Province of Ontario, as a not-for-profit organization and is a registered charity under the Income Tax Act. The purpose of CLB is to administer various programs for individuals with developmental disabilities.

2. Significant accounting policies

Basis of presentation

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

Fixed assets and amortization

Fixed assets are recorded at acquisition cost. Amortization is provided as follows:

Buildings	30 year straight-line
Computer equipment	20% declining balance
Furniture and fixtures	20% declining balance
Vehicles	30% declining balance

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to rental expense. At the inception of a capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

Revenue recognition

CLB follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from fundraising activities are recorded when received.

Revenue pertaining to contract work is recorded in the period in which the income is determinable and collection is reasonably assured.

Contributed services

In common with many not-for-profit organizations, CLB receives contributions from individuals in the form of contributed services. Because of the difficulty determining their fair value, contributed services are not recognized in the financial statements.

Deferred fixed asset contributions

Contributions received and spent for fixed assets are deferred in the accounts and amortized over the same terms and on the same basis as the related fixed assets.



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2017

2. Significant accounting policies (cont'd.)

Use of 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 expense during the period. Actual results could differ from those estimates.

Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, internally restricted cash, accounts receivable, long-term investments, bank indebtedness, accounts payable and accrued liabilities, and long-term debt. All of the Association's investments are initially recognized and subsequently measured at fair value without adjustment for transaction costs that would be incurred on disposal and exclude adjustment for premiums and discounts associated with corporate bonds. Changes in fair value are recognized in income in the period.

All other financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks. Bank borrowings to finance capital and operating expenditures are considered to be financing activities.

3. Internally restricted cash

	2017	2016
Cash balances on hand at banks	\$ 741,543	\$ 678,770
	<u>\$ 741,543</u>	<u>\$ 678,770</u>

4. Accounts receivable

	2017	2016
Trade accounts receivable	\$ 110,653	\$ 32,597
H.S.T recoverable	71,544	63,328
Funding receivable	49,406	52,858
	<u>\$ 231,603</u>	<u>\$ 148,783</u>



Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2017

5. Long-term investments

The long-term investment represents an endowment contribution to Community Living Burlington. The contribution has been invested in a balanced investment portfolio. Due to the nature of the endowment contribution, only the income earned on the investment can be used for operations.

6. Fixed assets

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and buildings^(a)				
Alconbury House	\$ 216,236	\$ 98,624	\$ 117,612	\$ 122,543
Berkshire House	232,363	110,309	122,054	127,570
Barclay House	305,000	20,333	284,667	292,292
1254 Consort	384,000	21,600	362,400	372,000
1325 Consort	383,000	21,544	361,456	371,031
Daryl House	277,050	148,042	129,008	134,930
Deerwood House	227,793	106,596	121,197	126,527
Duncaster House	228,513	106,142	122,371	127,678
Dynes House	244,179	134,416	109,763	114,569
Fairfax House	398,697	120,027	278,670	289,376
Freeman House	260,056	114,224	145,832	152,501
Fischer House	379,000	58,824	320,176	329,651
Hammond House	215,024	109,737	105,287	110,521
Headon Forest House	315,518	118,380	197,138	189,086
Headon Road House	250,573	140,238	110,335	118,376
Kirkburn House	198,076	107,545	90,531	95,207
Mainway	2,070,481	1,118,139	952,342	1,004,691
Moss Glen House	278,712	139,004	139,708	146,059
New Street 1	381,977	99,796	282,181	292,088
New Street 2	744,336	218,183	526,153	533,844
Pinecove House	214,491	99,075	115,416	119,099
Rotary House	294,489	105,267	189,222	196,610
Rubens Court 1	408,158	129,577	278,581	276,332
Rubens Court 2	379,439	105,782	273,657	265,046
Ryerson House	329,613	125,561	204,052	212,331
Stratton House	250,484	144,435	106,049	111,398
Wanda House	459,440	69,288	390,152	401,700
Wedgewood House	197,587	85,347	112,240	115,523
	\$ 10,524,285	\$ 3,976,035	\$ 6,548,250	\$ 6,748,579



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2017

6. Fixed assets (cont'd.)

Other assets	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer- Administration	\$ 69,962	\$ 60,939	\$ 9,023	\$ 11,279
Computer- Life Skills	8,920	8,154	766	958
Furniture and Fixtures	162,193	131,534	30,659	38,324
Vehicles	637,360	501,925	135,435	168,726
	878,435	702,552	175,883	219,287
	\$ 11,402,720	\$ 4,678,587	\$ 6,724,133	\$ 6,967,866

The Ministry of Community and Social Services ("the Ministry") has an interest in certain fixed assets of CLB. Therefore, CLB is not at liberty to dispose of, or otherwise encumber the title in relation to these assets without the Ministry's prior written approval.

^(a) Included in the total amount of land and building costs are land costs of \$2,669,135 (2016 - \$2,669,135) which are not being amortized.

7. Bank indebtedness

CLB has a demand operating line of credit. The amount of credit authorized is \$1,000,000, at prime plus 0.65%. At March 31, 2017, the amount drawn from this operating line was \$Nil (2016 - \$Nil).

CLB has a demand revolving term facility for the purposes of financing its buildings. The amount of credit authorized is \$1,000,000, at prime plus 0.65%. The revolving term facility is due on demand. Until demand, this facility is repayable in 240 regular monthly payments, plus accrued interest payable monthly in respect of each Demand Instalment Loan issued under this facility. At March 31, 2017, the amount drawn from this term facility was \$356,749 (2016 - \$376,588). The amounts drawn on the revolving term facility are disclosed in Note 9.

The operating line of credit and revolving term facility are secured by a General Security Agreement covering all present and future personal property of CLB. As part of the agreement, CLB is required to maintain certain financial covenants. As at March 31, 2017, CLB is in compliance with those covenants.

8. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 540,826	\$ 214,874
Payroll deductions payable	151,398	147,423
Salaries payable	351,476	543,122
	\$ 1,043,700	\$ 905,419



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2017

9. Long-term debt	Current Requirements	2017	2016
Prime plus 0.65% term loan, payable in monthly principal payments of \$1,016, plus interest, maturing September 2034, due on demand. Secured by the Mainway land and building.	\$ 213,388	\$ 213,388	\$ 225,582
2.19% mortgage, payable in blended monthly payments of \$880, maturing June 2018. Secured by the Hammond House land and building.	9,740	40,267	50,631
3.00% mortgage, payable in blended weekly payments of \$195, maturing August 2017. Secured by Wedgewood House land and building.	29,171	29,171	38,685
3.75% mortgage, payable in blended weekly payments of \$80, maturing August 2019. Secured by Moss Glen House land and building.	3,758	8,430	12,091
2.19% mortgage, payable in blended monthly payments of \$529, maturing June 2018. Secured by Headon Forest House land and building.	5,216	52,354	57,944
Prime plus 0.65% term loan, payable in monthly principal payments of \$135, plus interest, maturing November 2035, due on demand. Secured by Deerwood House land and building.	30,358	30,358	31,977
Prime plus 0.65% term loan, payable in monthly principal payments of \$502, plus interest, maturing November 2035, due on demand. Secured by Berkshire House and Sovereign House land and building.	113,003	113,003	119,029
Balance forward	\$ 404,634	\$ 486,971	\$ 535,939



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2017

9. Long-term debt (cont'd.)	Current Requirements	2017	2016
Balance forward	\$ 404,634	\$ 486,971	\$ 535,939
Prime plus 1.30%, payable in blended weekly payments of \$405, maturing March 2021. Secured by Wanda House land and building.	10,299	272,788	283,087
	<u>\$ 414,933</u>	<u>\$ 759,759</u>	<u>\$ 819,026</u>
Less: Current portion		(414,933)	(508,526)
		<u>\$ 344,826</u>	<u>\$ 310,500</u>

Interest expense on mortgages in 2017 amounted to \$25,842 (2016 - \$31,704), and is included in the statement of operations as a component of occupancy costs.

Certain term loans above are due on demand, and therefore are classified as a current liability. However, the lending agreements provide for repayment in accordance with the schedule below:

2018	\$ 414,933
2019	111,905
2020	31,536
2021	31,205
2022	31,664
Thereafter	138,516
	<u>\$ 759,759</u>

10. Deferred fixed asset contributions	2017	2016
Balance, beginning of year	\$ 2,979,002	\$ 3,129,591
Contributions received and spent in year	20,384	-
Amortization for the year	(145,951)	(150,589)
Balance, end of year	<u>\$ 2,853,435</u>	<u>\$ 2,979,002</u>

Deferred fixed asset contributions represent the unamortized amount of donations and grants received for the purchase of fixed assets.



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2017

11. Fundraising revenue and expense

	2017	2016
Fundraising revenue	\$ 86,241	\$ 115,410
Fundraising expenses	(26,832)	(34,758)
Fundraising revenue, net of expenses	\$ 59,409	\$ 80,652

Included in the above are three fundraising events that CLB sponsors annually. Contributions reported in the Statement of Operations from the Walk 'N Roll event include net revenues from this event of \$31,076. Gross revenues and expenses related to this event were \$39,821 and \$8,745 respectively.

Contributions reported in the Statement of Operations from the Golf Tournament include net revenues from this event of \$28,333. Gross revenues and expenses related to this event were \$46,420 and \$18,087 respectively.

The above noted expenses do not include any allocation of administration or overhead costs.

12. Net assets invested in fixed assets

	2017	2016
Fixed assets	\$ 6,724,133	\$ 6,967,866
Amounts funded by deferred fixed asset contributions	(2,853,435)	(2,979,002)
Amounts funded by long term debt	(759,759)	(819,026)
	\$ 3,110,939	\$ 3,169,838

The change in net assets invested in fixed assets is as follows:

Purchase of fixed assets	\$ 81,892	\$ 183,661
Proceeds on disposal	-	(497)
Gain (loss) on disposal	-	(2,626)
Amounts funded by deferred fixed asset contributions	(20,384)	-
Amortization of fixed assets	(325,625)	(320,730)
Amortization of deferred fixed asset contributions	145,951	150,589
Decrease in long term debt	59,267	67,205
	\$ (58,899)	\$ 77,602



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2017

13. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

	2018	\$	58,082
	2019		47,217
	2020		10,791
		\$	116,090

14. Economic dependence

CLB receives the majority of its funding for operating and capital activities during the year from the Province of Ontario.

15. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, internally restricted cash, accounts receivable, long-term investments, bank indebtedness, accounts payable and accrued liabilities, and long-term debt.

Interest rate risk

CLB has an operating line of credit and mortgages that bear interest at a floating rate subject to fluctuations in the bank prime. Changes in the bank prime lending rate can cause fluctuation in interest payments and cash flows. The Organization does not use derivative financial instruments to mitigate the effect of this risk.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, liquidity, market, or currency risks.

16. Defined Contribution Pension Plan

During the year, the organization made contributions associated with its defined contribution pension plan in the amount of \$199,369 (2016 - \$209,827). This amount is included in staff salaries and benefits in the Statement of Operations.

