

Community Living Burlington
Financial Statements
For the year ended March 31, 2014

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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 balance sheet as at March 31, 2014 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, 2014 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.

May 27, 2014
Burlington, Ontario

SB Partners LLP

Chartered Accountants
Licensed Public Accountants

SB Partners LLP, Chartered Accountants

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Community Living Burlington
Statement of Financial Position
March 31, 2014

Assets			
	2014	2013	
Current assets			
Cash and cash equivalents	\$ 220,946	\$ 5,143	
Internally restricted cash and investments (Note 3)	582,534	961,470	
Investments	-	21,824	
Accounts receivable (Note 4)	132,248	273,770	
Prepays	193,086	199,655	
	1,128,814	1,461,862	
Long-term investments (Note 5)	168,882	148,034	
Fixed assets (Note 6)	6,294,327	6,582,645	
	\$ 7,592,023	\$ 8,192,541	
Liabilities			
Current liabilities			
Bank indebtedness (Note 7)	\$ -	\$ 632,343	
Accounts payable and accrued liabilities (Note 8)	1,244,736	1,034,183	
Deferred revenue	61,557	58,106	
Current portion of long-term debt (Note 9)	206,823	140,473	
	1,513,116	1,865,105	
Long-term debt (Note 9)	780,036	967,591	
Deferred fixed asset contributions (Note 10)	2,185,619	2,303,722	
	4,478,771	5,136,418	
Net Assets			
Net assets restricted for endowment purposes (Note 5)	168,882	148,034	
Unrestricted	(760,013)	(773,375)	
Internally restricted funds	582,534	510,605	
Invested in fixed assets (Note 12)	3,121,849	3,170,859	
	3,113,252	3,056,123	
	\$ 7,592,023	\$ 8,192,541	

Approved on Behalf of the Board

Linda Charlton

Director

Elaine Austin

Director

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

Community Living Burlington

Statement of Operations

Year Ended March 31, 2014

	2014	2013 (Note 17)
Revenue		
Province of Ontario	\$ 12,295,436	\$ 11,570,622
Residents' fees	1,384,229	1,351,123
Program service fees	466,539	387,571
Regional Municipality	418,101	409,768
Program grants	149,340	161,578
Amortization of deferred fixed asset contributions	118,103	122,704
Contract work sales	116,456	113,729
United way grant	86,641	97,734
Miscellaneous revenue	82,412	91,994
Job placements	69,781	76,063
Freeman foundation	65,966	65,745
Passages subsidy	-	99,371
	15,253,004	14,548,002
Expenses		
Staff salaries and benefits	12,264,307	11,760,148
Purchased services for clients	443,194	402,527
Food	387,518	367,524
Repairs and maintenance	380,926	506,088
Occupancy costs	301,391	287,584
Amortization of fixed assets	288,318	296,503
Automobile and travel	280,875	283,256
Personal and health care needs	232,333	232,460
Supplies	226,865	160,270
Trainees payroll	147,854	157,005
Professional fees	104,483	80,107
Insurance	87,296	84,213
Telephone and postage	72,143	70,598
Equipment	43,757	61,643
Other rentals	41,363	41,817
Renovations	28,312	15,743
Staff training	26,127	27,249
Bank charges and interest	17,169	14,051
Miscellaneous expense	7,196	8,460
	15,381,427	14,857,246
Deficiency of revenues over expenditures from operations	(128,423)	(309,244)
Donations	96,041	138,978
Fundraising revenue (Note 11)	105,657	133,365
Fischer estate donation	-	40,473
Investment income (loss)	(3,266)	18,877
Unrealized gains on investments	-	5,714
Loss on sale of fixed assets	-	(1,535)
Fundraising expense (Note 11)	(33,728)	(42,007)
Excess (deficiency) of revenues over expenditures	\$ 36,281	\$ (15,379)

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

Community Living Burlington
Statement of Changes in Net Assets
Year Ended March 31, 2014

	Restricted for Endowment Purposes	Unrestricted	Internally restricted funds	Invested in Fixed Assets	2014 Total	2013 Total
Net assets, beginning of year	\$ 148,034	\$ (773,375)	\$ 510,605	\$ 3,170,859	\$ 3,056,123	\$ 3,059,456
Excess (deficiency) of revenues over expenditures	-	36,281	-	-	36,281	(15,379)
Allocation to internally restricted funds	-	(71,929)	71,929	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	49,010	-	(49,010)	-	-
Net gain on investments	20,848	-	-	-	20,848	12,046
Net assets, end of year	\$ 168,882	\$ (760,013)	\$ 582,534	\$ 3,121,849	\$ 3,113,252	\$ 3,056,123

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



Community Living Burlington

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 36,281	\$ (15,379)
Charges not involving cash		
Amortization of fixed assets	288,318	296,503
Amortization of deferred fixed asset contributions	(118,103)	(122,704)
Loss on sale of fixed assets	-	1,535
Loss (gains) on investments	3,266	(5,714)
	<u>209,762</u>	<u>154,241</u>
Net change in accounts receivable	141,522	65,424
Net change in accounts payable and accrued liabilities	210,553	(35,141)
Net change in other operating working capital balances	10,020	(40,692)
Cash flows from operating activities	<u>571,857</u>	<u>143,832</u>
Cash flows from financing activities		
Change in bank indebtedness	(632,343)	106,562
Decrease in long-term debt	(121,205)	(131,406)
Cash flows used in financing activities	<u>(753,548)</u>	<u>(24,844)</u>
Cash flows from investing activities		
Purchase of investments	-	(59,350)
Increase in board restricted cash	(231,061)	-
Proceeds on disposal of investments	628,555	-
Purchase of fixed assets	-	(62,175)
Proceeds on disposal of fixed assets	-	900
Deferred fixed asset contributions	-	2,037
Cash flows from (used in) investing activities	<u>397,494</u>	<u>(118,588)</u>
Net increase in cash and cash equivalents	215,803	400
Cash and cash equivalents, beginning of year	5,143	4,743
Cash and cash equivalents, end of year	\$ 220,946	\$ 5,143

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

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2014

1. Purpose of the Organization

Community Living Burlington ("CLB") 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.

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2014

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 and investments, investments, 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 and investments

Internally restricted cash and investments consists of the following:

	2014	2013
Restricted cash	\$ 582,534	\$ 351,473
Short-term investments	-	609,997
	\$ 582,534	\$ 961,470

In the prior year, the restricted funds were held in short-term investments along with all income previously earned on these funds which was reinvested. During the year, the board approved the conversion of short-term investments into cash to align with financing strategies.

CLB's policy is that the internally restricted cash is only drawn upon after receiving board approval.

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2014

4. Accounts receivable

	2014	2013
Trade accounts receivable	\$ 42,384	\$ 72,893
H.S.T recoverable	53,568	105,264
Funding receivable	36,296	95,613
	<hr/> \$ 132,248	<hr/> \$ 273,770

5. Long-term investments

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

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2014

6. Fixed assets	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and buildings^(a)				
Alconbury House	\$ 216,236	\$ 83,830	\$ 132,406	\$ 137,337
Berkshire House	232,363	93,763	138,600	144,116
Daryl House	277,050	130,277	146,773	152,695
Deerwood House	227,793	90,606	137,187	142,517
Duncaster House	228,513	90,221	138,292	143,599
Dynes House	244,179	119,998	124,181	128,987
Fairfax House	398,697	86,345	312,352	323,839
Freeman House	260,056	94,218	165,838	172,506
Fisher House	379,000	30,399	348,601	358,076
Hammond House	215,024	94,034	120,990	126,224
Headon Forest House	299,407	95,277	204,130	211,652
Headon Road House	250,573	115,498	135,075	143,424
Kirkburn House	198,076	93,518	104,558	109,234
Mainway	2,053,898	943,763	1,110,135	1,171,149
Moss Glen House	278,712	119,953	158,759	165,110
New Street 1	381,977	70,074	311,903	321,811
New Street 2	729,840	152,590	577,250	598,953
Pinecove House	214,491	88,026	126,465	130,148
Rotary House	294,489	83,105	211,384	218,771
Rubens Court 1	395,554	99,351	296,203	306,138
Rubens Court 2	361,139	77,934	283,205	292,285
Ryerson House	329,613	100,725	228,888	237,167
Stratton House	250,484	128,387	122,097	127,446
Wanda House	459,440	34,644	424,796	436,344
Wedgewood House	197,587	75,499	122,088	125,370
	\$ 9,374,191	\$ 3,192,035	\$ 6,182,156	\$ 6,424,898
Other assets				
Computer- Administration	\$ 69,962	\$ 52,339	\$ 17,623	\$ 22,029
Computer- Life Skills	8,920	7,423	1,497	1,871
Furniture and Fixtures	123,560	116,892	6,668	8,335
Vehicles	672,954	586,571	86,383	125,512
	875,396	763,225	112,171	157,747
	\$ 10,249,587	\$ 3,955,260	\$ 6,294,327	\$ 6,582,645

^(a) Included in the total amount of land and building costs are land costs of \$2,401,135 (2013 - \$2,401,135) which are not being amortized.

The Ministry of Community and Social Services ("the Ministry") has an interest in certain of the 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.

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

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2014

7. Bank indebtedness

CLB has a demand operating line of credit secured by a General Security Agreement covering all present and future personal property of CLB. The amount of credit authorized is \$1,000,000, at prime plus 0.65% (2013 - \$700,000, at prime plus 0.75%). At March 31, 2014, the amount drawn from this operating line was \$Nil (2013 - \$211,786). As part of the agreement, CLB is required to maintain certain financial covenants. As at March 31, 2014, CLB is in compliance with those covenants.

8. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	\$ 441,904	\$ 285,740
Payroll deductions payable	86,271	166,747
Salaries payable	716,561	581,696
	<u>\$ 1,244,736</u>	<u>\$ 1,034,183</u>

9. Long-term debt

	2014	2013
7.5% mortgage, payable in blended monthly payments of \$6,000, maturing August 2018. Secured by the Mainway land and building.	\$ 268,629	\$ 318,761
3.80% mortgage, payable in blended monthly payments of \$901, maturing June 2016. Secured by the Hammond House land and building.	67,717	75,786
6.3% mortgage, payable in blended weekly payments of \$194, maturing July 2014. Secured by Wedgewood House land and building.	55,724	62,165
3.75% mortgage, payable in blended weekly payments of \$77, maturing August 2019. Secured by Moss Glen House land and building.	19,267	22,843
6.3%, payable in blended weekly payments of \$258, maturing July 2014. Secured by Duncaster House land and building.	7,820	20,353
6.3%, payable in blended weekly payments of \$140, maturing July 2014. Secured by Deerwood House land and building.	40,350	44,955
Balance forward	<u>\$ 459,507</u>	<u>\$ 544,863</u>

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2014

9. Long-term debt (cont'd.)	2014	2013
Balance forward	\$ 459,507	\$ 544,863
3.3% mortgage, payable in blended monthly payments of \$971, maturing December 2015. Secured by Berkshire House land and building.	58,481	68,046
3.80% mortgage, payable in blended monthly payments of \$558, maturing June 2016. Secured by Headon Forest House land and building.	66,596	70,682
3.3% mortgage, payable in blended monthly payments of \$1,408, maturing December 2015. Secured by Sovereign House land and building.	100,876	114,225
Variable rate mortgage at prime plus 0.7%, payable in blended weekly payments of \$386, maturing March 2016. Secured by Wanda House land and building.	301,399	310,248
	\$ 986,859	\$ 1,108,064
Less: Current portion	(206,823)	(140,473)
	\$ 780,036	\$ 967,591

Interest expense on mortgages in 2014 amounted to \$52,348 (2013 - \$57,255), and is included in the statement of operations as a component of occupancy costs.

Minimum required principal repayments are as follows:

	2015	\$ 206,823
	2016	502,789
	2017	174,857
	2018	71,202
	2019	30,802
	Thereafter	386
		\$ 986,859

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2014

10. Deferred fixed asset contributions	2014	2013
Balance, beginning of year	\$ 2,303,722	\$ 2,424,389
Contributions received and spent in year	-	2,037
Amortization for the year	(118,103)	(122,704)
Balance, end of year	\$ 2,185,619	\$ 2,303,722

Deferred fixed asset contributions represent the unamortized amount of donations and grants received for the purchase of fixed assets. The amortization of deferred fixed asset contributions is recorded as revenue from the Province of Ontario in the statement of operations.

11. Fundraising revenue and expense	2014	2013
Fundraising revenue	\$ 105,657	\$ 133,365
Fundraising expenses	(33,728)	(42,007)
Fundraising revenue, net of expenses	\$ 71,929	\$ 91,358

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 \$29,348. Gross revenues and expenses related to this event were \$33,548 and \$4,200 respectively.

Contributions reported in the Statement of Operations from the Golf Tournament include net revenues from this event of \$30,955. Gross revenues and expenses related to this event were \$55,382 and \$24,427 respectively.

Contributions reported in the Statement of Operations from other events include net revenues of \$11,626. Gross revenues and expenses related to other events were \$16,726 and \$5,100 respectively.

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

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2014

12. Net assets invested in fixed assets

	2014	2013
Fixed assets	\$ 6,294,327	\$ 6,582,645
Amounts funded by deferred fixed asset contributions	(2,185,619)	(2,303,722)
Amounts funded by long term debt	(986,859)	(1,108,064)
	<u>\$ 3,121,849</u>	<u>\$ 3,170,859</u>

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

Purchase of fixed assets	\$ -	\$ 62,175
Proceeds on disposal	-	(900)
Loss on sale	-	(1,535)
Amounts funded by deferred fixed asset contributions	-	(2,037)
Amortization of fixed assets	(288,318)	(296,503)
Amortization of deferred fixed asset contributions	118,103	122,704
Decrease in long term debt	121,205	131,406
	<u>\$ (49,010)</u>	<u>\$ 15,310</u>

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:

2015	\$ 87,601
2016	38,295
2017	19,707
2018	19,707
2019	9,853
	<u>\$ 175,163</u>

14. Economic dependence

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

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

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2014

15. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, 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 bears 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.

Market risk

CLB's investments in publicly-traded securities exposes the organization to price risks as equity investments are subject to price changes in an open market. CLB does not use derivative financial instruments to alter the effects of this risk.

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

16. Defined Contribution Pension Plan

During the year, the company made contributions associated with its defined contribution pension plan in the amount of \$162,141. This amount is included in staff salaries and benefits in the Statement of Operations.

17. Comparative information

The comparative figures for 2013 have been reclassified where necessary to conform with the audited 2014 financial statement presentation.

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

