

Community Living Burlington

Financial Statements

For the year ended March 31, 2015

Contents	Page
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 13

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, 2015 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, 2015 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 26, 2015
Burlington, Ontario

SB Partners LLP
Chartered Accountants
Licensed Public Accountants

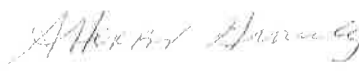
Community Living Burlington
Statement of Financial Position
March 31, 2015

Assets			
	2015		2014
Current assets			
Cash and cash equivalents	\$ 363,403	\$	220,946
Internally restricted cash (Note 3)	666,022		582,534
Accounts receivable (Note 4)	101,259		132,248
Prepays	201,559		193,086
	1,332,243		1,128,814
Long-term investments (Note 5)	159,234		168,882
Fixed assets (Note 6)	7,108,058		6,294,327
	\$ 8,599,535	\$	7,592,023
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 8)	\$ 1,278,526	\$	1,244,736
Deferred revenue	118,589		61,557
Current portion of long-term debt (Note 9)	501,296		206,823
	1,898,411		1,513,116
Long-term debt (Note 9)	384,935		780,036
Deferred fixed asset contributions (Note 10)	3,129,591		2,185,619
	5,412,937		4,478,771
Net Assets			
Net assets restricted for endowment purposes (Note 5)	159,234		168,882
Unrestricted	(730,894)		(760,013)
Internally restricted funds	666,022		582,534
Invested in fixed assets (Note 12)	3,092,236		3,121,849
	3,186,598		3,113,252
	\$ 8,599,535	\$	7,592,023

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, 2015

	2015	2014 (Note 17)
Revenue		
Province of Ontario	\$ 12,201,442	\$ 12,295,436
Residents' fees	1,416,537	1,384,229
Program service fees	693,553	476,296
Regional Municipality	406,944	418,101
Program grants	144,179	149,340
Amortization of deferred fixed asset contributions	128,028	118,103
Contract work sales	110,455	116,456
Miscellaneous revenue	97,609	72,655
United way grant	90,254	86,641
Freeman foundation	66,735	65,966
Job placements	63,897	69,781
	15,419,633	15,253,004
Expenses		
Staff salaries and benefits	12,127,645	12,264,307
Purchased services for clients	442,328	443,194
Repairs and maintenance	378,431	380,926
Food	370,132	387,518
Occupancy costs	340,357	301,391
Amortization of fixed assets	286,839	288,318
Automobile and travel	260,429	280,875
Personal and health care needs	238,967	232,333
Supplies	208,193	226,865
Renovations	148,193	28,312
Trainees payroll	144,951	147,854
Equipment	129,751	43,757
Professional fees	124,576	104,483
Insurance	87,554	87,296
Staff training	83,650	26,127
Telephone and postage	78,679	72,143
Other rentals	36,934	41,363
Bank charges and interest	26,026	17,169
Miscellaneous expense	7,564	7,196
	15,521,199	15,381,427
Deficiency of revenues over expenditures from operations	(101,566)	(128,423)
Donations	74,927	96,041
Fundraising revenue (Note 11)	137,780	105,657
Investment income (loss)	-	(3,266)
Gain on sale of fixed assets	7,518	-
Fundraising expense (Note 11)	(54,292)	(33,728)
Excess (deficiency) of revenues over expenditures	\$ 64,367	\$ 36,281

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

Community Living Burlington
Statement of Changes in Net Assets
Year Ended March 31, 2015

	Restricted for Endowment Purposes	Unrestricted	Internally restricted funds	Invested in Fixed Assets	2015 Total	2014 Total
Net assets, beginning of year	\$ 168,882	\$ (760,013)	\$ 582,534	\$ 3,121,849	\$ 3,113,252	\$ 3,056,123
Excess (deficiency) of revenues over expenditures	-	64,367	-	-	64,367	36,281
Allocation to internally restricted funds	-	(83,488)	83,488	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	29,613	-	(29,613)	-	-
Allocation of endowment income	(18,627)	18,627	-	-	-	-
Net gain on endowment investments	8,979	-	-	-	8,979	20,848
Net assets, end of year	\$ 159,234	\$ (730,894)	\$ 666,022	\$ 3,092,236	\$ 3,186,598	\$ 3,113,252

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



Community Living Burlington

Statement of Cash Flows

Year Ended March 31, 2015

	2015	2014
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 64,367	\$ 36,281
Charges not involving cash		
Amortization of fixed assets	286,839	288,318
Amortization of deferred fixed asset contributions	(128,028)	(118,103)
Gain on sale of fixed assets	(7,518)	-
Loss on investments	-	3,266
	215,660	209,762
Net change in accounts receivable	30,989	141,522
Net change in accounts payable and accrued liabilities	33,790	210,553
Net change in other operating working capital balances	48,559	10,020
Cash flows from operating activities	328,998	571,857
Cash flows from financing activities		
Change in bank indebtedness	-	(632,343)
Decrease in long-term debt	(100,628)	(121,205)
Cash flows used in financing activities	(100,628)	(753,548)
Cash flows from investing activities		
Allocation of endowment income	18,627	-
Increase in board restricted cash	(83,488)	(231,061)
Proceeds on disposal of investments	-	628,555
Purchase of fixed assets	(32,078)	-
Proceeds on disposal of fixed assets	11,026	-
Cash flows from (used in) investing activities	(85,913)	397,494
Net increase in cash and cash equivalents	142,457	215,803
Cash and cash equivalents, beginning of year	220,946	5,143
Cash and cash equivalents, end of year	\$ 363,403	\$ 220,946

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

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2015

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.

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2015

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

Internally restricted cash consists of the following:

	2015	2014
Restricted cash	\$ 666,022	\$ 582,534
	<u>\$ 666,022</u>	<u>\$ 582,534</u>

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

4. Accounts receivable

	2015	2014
Trade accounts receivable	\$ 42,349	\$ 42,384
H.S.T recoverable	58,910	53,568
Funding receivable	-	36,296
	<u>\$ 101,259</u>	<u>\$ 132,248</u>

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2015

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. During the year, \$18,627, which represented undistributed income as of March 31, 2014 was used by the Organization to assist in funding operations.

6. Fixed assets

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and buildings^(a)				
Alconbury House	\$ 216,236	\$ 88,762	\$ 127,474	\$ 132,406
Berkshire House	232,363	99,278	133,085	138,600
Barclay House ^(b)	305,000	5,083	299,917	-
1254 Consort ^(b)	384,000	2,400	381,600	-
1325 Consort ^(b)	383,000	2,394	380,606	-
Daryl House	277,050	136,198	140,852	146,773
Deerwood House	227,793	95,936	131,857	137,187
Duncaster House	228,513	95,528	132,985	138,292
Dynes House	244,179	124,804	119,375	124,181
Fairfax House	398,697	97,833	300,864	312,352
Freeman House	260,056	100,887	159,169	165,838
Fischer House	379,000	39,874	339,126	348,601
Hammond House	215,024	99,269	115,755	120,990
Headon Forest House	299,407	102,799	196,608	204,130
Headon Road House	250,573	123,847	126,726	135,075
Kirkburn House	198,076	98,194	99,882	104,558
Mainway	2,053,898	1,004,776	1,049,122	1,110,135
Moss Glen House	278,712	126,303	152,409	158,759
New Street 1	381,977	79,981	301,996	311,903
New Street 2	729,840	174,293	555,547	577,250
Pinecove House	214,491	91,709	122,782	126,465
Rotary House	294,489	90,492	203,997	211,384
Rubens Court 1	395,554	109,286	286,268	296,203
Rubens Court 2	361,139	87,013	274,126	283,205
Ryerson House	329,613	109,004	220,609	228,888
Stratton House	250,484	133,737	116,747	122,097
Wanda House	459,440	46,192	413,248	424,796
Wedgewood House	197,587	78,782	118,805	122,088
	\$ 10,446,191	\$ 3,444,654	\$ 7,001,537	\$ 6,182,156
Other assets				
Computer- Administration	\$ 69,962	\$ 55,864	\$ 14,098	\$ 17,623
Computer- Life Skills	8,920	7,723	1,197	1,497
Furniture and Fixtures	132,194	118,226	13,968	6,668
Vehicles	692,707	615,449	77,258	86,383
	903,783	797,262	106,521	112,171
	\$ 11,349,974	\$ 4,241,916	\$ 7,108,058	\$ 6,294,327

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2015

6. Capital assets (cont'd.)

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.

(a) Included in the total amount of land and building costs are land costs of \$2,669,135 (2014 - \$2,401,135) which are not being amortized.

(b) During the year, the Organization received donations of three properties. These properties have been recorded at the fair value at the date of contribution as determined by an independent appraisal.

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%. At March 31, 2015, the amount drawn from this operating line was \$Nil (2014 - \$Nil). As part of the agreement, CLB is required to maintain certain financial covenants. As at March 31, 2015, CLB is in compliance with those covenants.

8. Accounts payable and accrued liabilities

	2015	2014
Accounts payable and accrued liabilities	\$ 424,189	\$ 441,904
Payroll deductions payable	238,727	86,271
Salaries payable	615,610	716,561
	<hr/>	<hr/>
	\$ 1,278,526	\$ 1,244,736

9. Long-term debt

	2015	2014
7.5% mortgage, payable in blended monthly payments of \$6,000, maturing August 2018. Secured by the Mainway land and building. Repaid during the year.	\$ -	\$ 268,629
Prime plus 0.65% mortgage, payable in monthly principal payments of \$1,016, plus interest, maturing September 2034. Secured by the Mainway land and building.	237,776	-
	<hr/>	<hr/>
Balance forward	\$ 237,776	\$ 268,629

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2015

9. Long-term debt (cont'd.)	2015	2014
Balance forward	\$ 237,776	\$ 268,629
3.80% mortgage, payable in blended monthly payments of \$901, maturing June 2016. Secured by the Hammond House land and building.	59,336	67,717
3.0% mortgage, payable in blended weekly payments of \$195, maturing August 2017. Secured by Wedgewood House land and building.	47,576	55,724
3.75% mortgage, payable in blended weekly payments of \$77, maturing August 2019. Secured by Moss Glen House land and building.	15,781	19,267
6.3%, payable in blended weekly payments of \$258, maturing July 2014. Secured by Duncaster House land and building. Repaid during the year.	-	7,820
6.3%, payable in blended weekly payments of \$140, maturing June 2015. Secured by Deerwood House land and building.	35,509	40,350
3.3% mortgage, payable in blended monthly payments of \$971, maturing December 2015. Secured by Berkshire House land and building.	48,597	58,481
3.80% mortgage, payable in blended monthly payments of \$558, maturing June 2016. Secured by Headon Forest House land and building.	62,352	66,596
3.3% mortgage, payable in blended monthly payments of \$1,408, maturing December 2015. Secured by Sovereign House land and building.	87,083	100,876
Balance forward	\$ 594,010	\$ 685,460

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2015

9. Long-term debt (cont'd.)

	2015	2014
Balance forward	\$ 594,010	\$ 685,460
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.	<u>292,221</u>	<u>301,399</u>
	\$ 886,231	\$ 986,859
Less: Current portion	<u>(501,296)</u>	<u>(206,823)</u>
	\$ 384,935	\$ 780,036

Interest expense on mortgages in 2015 amounted to \$39,659 (2014 - \$52,348), and is included in the statement of operations as a component of occupancy costs.

Minimum required principal repayments are as follows:

2016	\$ 501,296
2017	133,863
2018	45,473
2019	16,241
2020	12,579
Thereafter	<u>176,779</u>
	\$ 886,231

10. Deferred fixed asset contributions

	2015	2014
Balance, beginning of year	\$ 2,185,619	\$ 2,303,722
Contributions received and spent in year	<u>1,072,000</u>	<u>-</u>
Amortization for the year	<u>(128,028)</u>	<u>(118,103)</u>
Balance, end of year	\$ 3,129,591	\$ 2,185,619

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, 2015

11. Fundraising revenue and expense

	2015	2014
Fundraising revenue	\$ 137,780	\$ 105,657
Fundraising expenses	(54,292)	(33,728)
Fundraising revenue, net of expenses	\$ 83,488	\$ 71,929

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 \$26,979. Gross revenues and expenses related to this event were \$32,167 and \$5,188 respectively.

Contributions reported in the Statement of Operations from the Golf Tournament include net revenues from this event of \$25,603. Gross revenues and expenses related to this event were \$46,944 and \$21,341 respectively.

Contributions reported in the Statement of Operations from the Easter Eggstravaganza include net revenues from this event of \$20,224. Gross revenues and expenses related to this event were \$30,638 and \$10,414 respectively.

Contributions reported in the Statement of Operations from other events include net revenues of \$10,681. Gross revenues and expenses related to other events were \$28,031 and \$17,349 respectively.

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

12. Net assets invested in fixed assets

	2015	2014
Fixed assets	\$ 7,108,058	\$ 6,294,327
Amounts funded by deferred fixed asset contributions	(3,129,591)	(2,185,619)
Amounts funded by long term debt	(886,231)	(986,859)
	\$ 3,092,236	\$ 3,121,849

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

Purchase of fixed assets	\$ 1,104,078	\$ -
Proceeds on disposal	(11,026)	-
Gain on disposal	7,518	-
Amounts funded by deferred fixed asset contributions	(1,072,000)	-
Amortization of fixed assets	(286,839)	(288,318)
Amortization of deferred fixed asset contributions	128,028	118,103
Decrease in long term debt	100,628	121,205
	\$ (29,613)	\$ (49,010)

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2015

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:

2016	\$	45,878
2017		31,945
2018		25,781
2019		15,422

\$ 119,026

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, 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 \$206,653 (2014 - \$162,141). This amount is included in staff salaries and benefits in the Statement of Operations.

17. Comparative information

The comparative figures for 2014 have been reclassified where necessary to conform with the audited 2015 financial statement presentation.