

Community Living Burlington

Financial Statements

For the year ended March 31, 2016

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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, 2016 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, 2016 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 24, 2016
Burlington, Ontario

SB Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Community Living Burlington
Statement of Financial Position
March 31, 2016

Assets			
		2016	2015
Current assets			
Cash and cash equivalents	\$	-	\$ 363,403
Internally restricted cash (Note 3)		678,770	666,022
Accounts receivable (Note 4)		148,783	101,259
Prepays		98,389	201,559
		925,942	1,332,243
Long-term investments (Note 5)		167,720	159,234
Fixed assets (Note 6)		6,967,866	7,108,058
	\$	8,061,528	\$ 8,599,535

Liabilities			
Current liabilities			
Bank indebtedness (Note 7)	\$	95,611	\$ -
Accounts payable and accrued liabilities (Note 8)		905,419	1,278,526
Deferred revenue		43,156	118,589
Current portion of long-term debt (Note 9)		508,526	501,296
		1,552,712	1,898,411
Long-term debt (Note 9)		310,500	384,935
Deferred fixed asset contributions (Note 10)		2,979,002	3,129,591
		4,842,214	5,412,937

Net Assets			
Net assets restricted for endowment purposes (Note 5)		167,720	159,234
Unrestricted		(797,014)	(730,894)
Internally restricted funds		678,770	666,022
Invested in fixed assets (Note 12)		3,169,838	3,092,236
		3,219,314	3,186,598
	\$	8,061,528	\$ 8,599,535

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, 2016

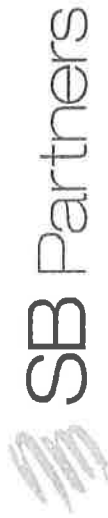
	2016	2015
Revenue		
Province of Ontario	\$ 12,593,445	\$ 12,201,442
Residents' fees	1,467,455	1,416,537
Program service fees	1,050,176	693,553
Regional Municipality	400,832	406,944
Miscellaneous revenue	123,897	97,609
Amortization of deferred fixed asset contributions	150,589	128,028
Program grants	145,149	144,179
Contract work sales	90,160	110,455
United Way grant	80,958	90,254
Freeman foundation	68,840	66,735
Job placements	59,156	63,897
	16,230,657	15,419,633
Expenses		
Staff salaries and benefits	13,034,776	12,127,645
Purchased services for clients	562,133	442,328
Food	389,821	370,132
Occupancy costs	338,016	340,357
Repairs and maintenance	329,020	378,431
Amortization of fixed assets	320,730	286,839
Personal and health care needs	263,522	238,967
Automobile and travel	215,124	260,429
Professional fees	155,073	124,576
Supplies	182,726	208,193
Trainees payroll	140,715	144,951
Renovations	117,317	148,193
Insurance	100,730	87,554
Telephone and postage	86,620	78,679
Bank charges and interest	50,026	26,026
Other rentals	38,571	36,934
Equipment	29,308	129,751
Staff training	27,607	83,650
Miscellaneous expense	6,527	7,564
	16,388,362	15,521,199
Deficiency of revenues over expenditures from operations	(157,705)	(101,566)
Donations	103,909	85,609
Fundraising revenue (Note 11)	115,410	109,749
Gain (loss) on sale of fixed assets	(2,626)	7,518
Fundraising expense (Note 11)	(34,758)	(36,943)
Excess of revenues over expenditures	\$ 24,230	\$ 64,367

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

Community Living Burlington
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Restricted for Endowment Purposes	Unrestricted	Internally restricted funds	Invested in Fixed Assets	2016 Total	2015 Total
Net assets, beginning of year	\$ 159,234	\$ (730,894)	\$ 666,022	\$ 3,092,236	\$ 3,186,598	\$ 3,113,252
Excess of revenues over expenditures	-	24,230	-	-	24,230	64,367
Allocation to internally restricted funds	-	(80,652)	80,652	-	-	-
Use of internally restricted funds	-	67,904	(67,904)	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	(77,602)	-	77,602	-	-
Net gain on endowment investments	8,486	-	-	-	8,486	8,979
Net assets, end of year	\$ 167,720	\$ (797,014)	\$ 678,770	\$ 3,169,838	\$ 3,219,314	\$ 3,186,598

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



Community Living Burlington

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 24,230	\$ 64,367
Charges not involving cash		
Amortization of fixed assets	320,730	286,839
Amortization of deferred fixed asset contributions	(150,589)	(128,028)
Loss (gain) on sale of fixed assets	2,626	(7,518)
	<u>196,997</u>	<u>215,660</u>
Net change in accounts receivable	(47,524)	30,989
Net change in accounts payable and accrued liabilities	(373,107)	33,790
Net change in other operating working capital balances	27,737	48,559
	<u>27,737</u>	<u>48,559</u>
Cash flows from (used in) operating activities	<u>(195,897)</u>	<u>328,998</u>
Cash flows from financing activities		
Change in bank indebtedness	95,611	-
Decrease in long-term debt	(67,205)	(100,628)
	<u>28,406</u>	<u>(100,628)</u>
Cash flows from (used in) financing activities	<u>28,406</u>	<u>(100,628)</u>
Cash flows from investing activities		
Allocation of endowment income	-	18,627
Increase in board restricted cash	(12,748)	(83,488)
Purchase of fixed assets	(183,661)	(32,078)
Proceeds on disposal of fixed assets	497	11,026
	<u>497</u>	<u>11,026</u>
Cash flows used in investing activities	<u>(195,912)</u>	<u>(85,913)</u>
Net increase (decrease) in cash and cash equivalents	(363,403)	142,457
Cash and cash equivalents, beginning of year	363,403	220,946
Cash and cash equivalents, end of year	\$ -	\$ 363,403

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

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Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2016

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, 2016

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

	2016	2015
Restricted cash	\$ 678,770	\$ 666,022
	\$ 678,770	\$ 666,022

4. Accounts receivable

	2016	2015
Trade accounts receivable	\$ 32,597	\$ 42,349
H.S.T recoverable	63,328	58,910
Funding receivable	52,858	-
	\$ 148,783	\$ 101,259

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2016

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, \$17,096, which represented undistributed income as of March 31, 2016 was reinvested in capital by the Organization.

6. Fixed assets

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and buildings^(a)				
Alconbury House	\$ 216,236	\$ 93,693	\$ 122,543	\$ 127,474
Berkshire House	232,363	104,793	127,570	133,085
Barclay House	305,000	12,708	292,292	299,917
1254 Consort	384,000	12,000	372,000	381,600
1325 Consort	383,000	11,969	371,031	380,606
Daryl House	277,050	142,120	134,930	140,852
Deerwood House	227,793	101,266	126,527	131,857
Duncaster House	228,513	100,835	127,678	132,985
Dynes House	244,179	129,610	114,569	119,375
Fairfax House	398,697	109,321	289,376	300,864
Freeman House	260,056	107,555	152,501	159,169
Fischer House	379,000	49,349	329,651	339,126
Hammond House	215,024	104,503	110,521	115,755
Headon Forest House	299,407	110,321	189,086	196,608
Headon Road House	250,573	132,197	118,376	126,726
Kirkburn House	198,076	102,869	95,207	99,882
Mainway	2,070,481	1,065,790	1,004,691	1,049,122
Moss Glen House	278,712	132,653	146,059	152,409
New Street 1	381,977	89,889	292,088	301,996
New Street 2	729,840	195,996	533,844	555,547
Pinecove House	214,491	95,392	119,099	122,782
Rotary House	294,489	97,879	196,610	203,997
Rubens Court 1	395,554	119,222	276,332	286,268
Rubens Court 2	361,139	96,093	265,046	274,126
Ryerson House	329,613	117,282	212,331	220,609
Stratton House	250,484	139,086	111,398	116,747
Wanda House	459,440	57,740	401,700	413,248
Wedgewood House	197,587	82,064	115,523	118,805
	\$ 10,462,774	\$ 3,714,195	\$ 6,748,579	\$ 7,001,537
Other assets				
Computer- Administration	\$ 69,962	\$ 58,683	\$ 11,279	\$ 14,098
Computer- Life Skills	8,920	7,962	958	1,197
Furniture and Fixtures	162,193	123,869	38,324	13,968
Vehicles	616,976	448,250	168,726	77,258
	858,051	638,764	219,287	106,521
	\$ 11,320,825	\$ 4,352,959	\$ 6,967,866	\$ 7,108,058

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2016

6. Capital assets (cont'd.)

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 (2015 - \$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, 2016, the amount drawn from this operating line was \$Nil (2015 - \$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, 2016, the amount drawn from this operating line was \$376,588 (2015 - \$237,776). 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, 2016, CLB is in compliance with those covenants.

8. Accounts payable and accrued liabilities

	2016	2015
Accounts payable and accrued liabilities	\$ 214,874	\$ 424,189
Payroll deductions payable	147,423	238,727
Salaries payable	543,122	615,610
	<u>\$ 905,419</u>	<u>\$ 1,278,526</u>

9. Long-term debt

	Current Requirements	2016	2015
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.	\$ 225,582	\$ 225,582	\$ 237,776
Balance forward	\$ 225,582	\$ 225,582	\$ 237,776

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2016

9. Long-term debt (cont'd.)	Current Requirements	2016	2015
Balance forward	\$ 225,582	\$ 225,582	\$ 237,776
3.50% mortgage, payable in blended monthly payments of \$901, maturing June 2016. Secured by the Hammond House land and building.	50,631	50,631	59,336
3.00% mortgage, payable in blended weekly payments of \$195, maturing August 2017. Secured by Wedgewood House land and building.	9,306	38,685	47,576
3.75% mortgage, payable in blended weekly payments of \$77, maturing August 2019. Secured by Moss Glen House land and building.	3,758	12,091	15,781
6.30%, payable in blended weekly payments of \$140, maturing June 2015. Secured by Deerwood House land and building.	-	-	35,509
3.30% mortgage, payable in blended monthly payments of \$971, maturing December 2015. Secured by Berkshire House land and building.	-	-	48,597
3.50% mortgage, payable in blended monthly payments of \$558, maturing June 2016. Secured by Headon Forest House land and building.	57,944	57,944	62,352
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.	31,977	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.	119,029	119,029	-
3.30% mortgage, payable in blended monthly payments of \$1,408, maturing December 2015. Secured by Sovereign House land and building.	-	-	87,083
Balance forward	\$ 498,227	\$ 535,939	\$ 594,010

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2016

9. Long-term debt (cont'd.)	Current Requirements	2016	2015
Balance forward	\$ 498,227	\$ 535,939	\$ 594,010
Prime plus 1.30%, payable in blended weekly payments of \$405, maturing March 2021. Secured by Wanda House land and building.	10,299	283,087	292,221
	<u>\$ 508,526</u>	<u>\$ 819,026</u>	<u>\$ 886,231</u>
Less: Current portion		(508,526)	(501,296)
		<u>\$ 310,500</u>	<u>\$ 384,935</u>

Interest expense on mortgages in 2016 amounted to \$31,704 (2015 - \$39,659), 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:

2017	\$ 151,778
2018	63,619
2019	34,812
2020	31,591
2021	31,664
Thereafter	505,562
	<u>\$ 819,026</u>

10. Deferred fixed asset contributions	2016	2015
Balance, beginning of year	\$ 3,129,591	\$ 2,185,619
Contributions received and spent in year	-	1,072,000
Amortization for the year	(150,589)	(128,028)
Balance, end of year	<u>\$ 2,979,002</u>	<u>\$ 3,129,591</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, 2016

11. Fundraising revenue and expense

	2016	2015
Fundraising revenue	\$ 115,410	\$ 109,749
Fundraising expenses	(34,758)	(36,943)
<u>Fundraising revenue, net of expenses</u>	<u>\$ 80,652</u>	<u>\$ 72,806</u>

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 \$25,357. Gross revenues and expenses related to this event were \$31,183 and \$5,826 respectively.

Contributions reported in the Statement of Operations from the Golf Tournament include net revenues from this event of \$31,470. Gross revenues and expenses related to this event were \$50,535 and \$19,065 respectively.

Contributions reported in the Statement of Operations from the Easter Eggstravaganza include net revenues from this event of \$23,825. Gross revenues and expenses related to this event were \$33,692 and \$9,867 respectively.

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

12. Net assets invested in fixed assets

	2016	2015
Fixed assets	\$ 6,967,866	\$ 7,108,058
Amounts funded by deferred fixed asset contributions	(2,979,002)	(3,129,591)
Amounts funded by long term debt	(819,026)	(886,231)
<u></u>	<u>\$ 3,169,838</u>	<u>\$ 3,092,236</u>

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

Purchase of fixed assets	\$ 183,661	\$ 1,104,078
Proceeds on disposal	(497)	(11,026)
Gain (loss) on disposal	(2,626)	7,518
Amounts funded by deferred fixed asset contributions	-	(1,072,000)
Amortization of fixed assets	(320,730)	(286,839)
Amortization of deferred fixed asset contributions	150,589	128,028
Decrease in long term debt	67,205	100,628
<u></u>	<u>\$ 77,602</u>	<u>\$ (29,613)</u>

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2016

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:

2017	\$	50,822
2018		44,658
2019		33,792
2020		4,079

\$ 133,351

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 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 \$209,827 (2015 - \$206,653). This amount is included in staff salaries and benefits in the Statement of Operations.