

# Community Living Burlington

## Financial Statements

For the year ended March 31, 2018

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CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

**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, 2018 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, 2018 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 7, 2018  
Burlington, Ontario

*SB Partners LLP*


Chartered Professional Accountants  
Licensed Public Accountants

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**Community Living Burlington**  
**Statement of Financial Position**  
**March 31, 2018**

<b>Assets</b>			
	2018	2017	
<b>Current assets</b>			
Cash and cash equivalents	\$ 93,691	\$ 29,222	
Internally restricted cash	805,029	741,543	
Short-term Investments (Note 3)	400,000	-	
Accounts receivable (Note 4)	242,044	231,603	
Prepays	54,910	44,416	
	1,595,674	1,046,784	
<b>Long-term investments (Note 5)</b>	170,320	183,765	
<b>Fixed assets (Note 6)</b>	6,739,714	6,724,133	
	<b>\$ 8,505,708</b>	<b>\$ 7,954,682</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities (Note 8)	\$ 1,418,345	\$ 1,043,700	
Deferred revenue	194,887	106,634	
Current portion of long-term debt (Note 9)	432,693	414,933	
	2,045,925	1,565,267	
<b>Long-term debt (Note 9)</b>	270,022	344,826	
<b>Deferred fixed asset contributions (Note 10)</b>	3,045,787	2,853,435	
	5,361,734	4,763,528	
<b>Net Assets</b>			
<b>Net assets restricted for endowment purposes (Note 5)</b>	170,320	183,765	
<b>Unrestricted</b>	(822,587)	(845,093)	
<b>Internally restricted funds</b>	805,029	741,543	
<b>Invested in fixed assets (Note 12)</b>	2,991,212	3,110,939	
	3,143,974	3,191,154	
	<b>\$ 8,505,708</b>	<b>\$ 7,954,682</b>	

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, 2018

	2018	2017
<b>Revenue</b>		
Province of Ontario	\$ 13,544,798	\$ 13,170,096
Program service fees	1,447,228	1,138,408
Residents' fees	1,444,415	1,492,149
Regional Municipality	435,241	416,820
Miscellaneous revenue	166,405	135,168
Amortization of deferred fixed asset contributions	149,463	145,951
United Way grant	80,027	85,063
Freeman foundation	66,000	65,926
Job placements	64,496	59,178
Program grants	48,356	86,450
Contract work sales	21,874	52,544
	<b>17,468,303</b>	<b>16,847,753</b>
<b>Expenses</b>		
Staff salaries and benefits	13,932,438	13,050,905
Purchased services for clients	794,320	1,006,657
Repairs and maintenance	526,455	553,552
Food	384,215	394,505
Amortization of fixed assets	328,791	325,625
Occupancy costs	307,525	324,596
Automobile and travel	247,643	274,514
Supplies	225,134	198,965
Renovations	13,964	83,506
Professional fees	154,579	72,746
Personal and health care needs	137,444	226,314
Equipment	50,536	11,370
Trainees payroll	133,953	144,864
Telephone and postage	104,402	83,329
Insurance	99,769	97,785
Bank charges and interest	64,630	55,808
Other rentals	58,658	58,900
Staff training	40,136	59,846
	<b>17,604,592</b>	<b>17,023,787</b>
<b>Deficiency of revenues over expenditures from operations</b>	<b>(136,289)</b>	<b>(176,034)</b>
Donations	72,279	82,062
Fundraising revenue (Note 11)	79,989	86,241
Miscellaneous expense	(32,529)	(9,642)
Loss on sale of fixed assets	(682)	-
Fundraising expense (Note 11)	(16,503)	(26,832)
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (33,735)</b>	<b>\$ (44,205)</b>

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



Community Living Burlington  
Statement of Changes in Net Assets  
Year Ended March 31, 2018

	Restricted for Endowment Purposes	Unrestricted	Internally restricted funds	Invested in Fixed Assets	2018 Total	2017 Total
Net assets, beginning of year	\$ 183,765	\$ (845,093)	\$ 741,543	\$ 3,110,939	\$ 3,191,154	\$ 3,219,314
Excess (deficiency) of revenues over expenditures	-	(33,735)	-	-	(33,735)	(44,205)
Allocation to internally restricted funds	-	(63,486)	63,486	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	119,727	-	(119,727)	-	-
Net reduction on endowment investments	(13,445)	-	-	-	(13,445)	16,045
Net assets, end of year	\$ 170,320	\$ (822,587)	\$ 805,029	\$ 2,991,212	\$ 3,143,974	\$ 3,191,154

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



**Community Living Burlington**

**Statement of Cash Flows**

**Year Ended March 31, 2018**

	2018	2017
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (33,735)	\$ (44,205)
Charges not involving cash		
Amortization of fixed assets	328,791	325,625
Amortization of deferred fixed asset contributions	(149,463)	(145,951)
Loss on sale of fixed assets	682	-
	146,275	135,469
Net change in accounts receivable	(10,441)	(82,820)
Net change in accounts payable and accrued liabilities	374,645	138,281
Net change in other operating working capital balances	77,759	117,451
Cash flows from operating activities	588,238	308,381
<b>Cash flows from financing activities</b>		
Change in bank indebtedness	-	(95,611)
Decrease in long-term debt	(57,044)	(59,267)
Cash flows used in financing activities	(57,044)	(154,878)
<b>Cash flows from investing activities</b>		
Increase in board restricted cash	(63,486)	(62,773)
Purchase of fixed assets	(345,054)	(81,892)
Purchase of investments	(400,000)	-
Deferred fixed asset contributions	341,815	20,384
Cash flows used in investing activities	(466,725)	(124,281)
<b>Net increase in cash and cash equivalents</b>	<b>64,469</b>	<b>29,222</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>29,222</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 93,691</b>	<b>\$ 29,222</b>

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



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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**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.

**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.

**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.

Resident fees 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.



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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**2. Significant accounting policies (cont'd.)**

**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.

**3. Short-term investments**

Short-term investments are investments in guaranteed investment certificates of \$200,000 bearing interest at 0.90% per annum which matures on February 4, 2019, \$100,000 bearing interest at 0.75% per annum which matures on May 3, 2018 and \$100,000 bearing interest at 1.30% per annum which matures on August 1, 2018.

**4. Accounts receivable**

	2018	2017
Trade accounts receivable	\$ 54,560	\$ 110,653
H.S.T recoverable	133,471	71,544
Funding receivable	54,013	49,406
	<b>\$ 242,044</b>	<b>\$ 231,603</b>

**5. Long-term investments**

The long-term investment represents an endowment contribution to Burlington Community Foundation. 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.



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

6. Fixed assets	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Land and buildings<sup>(a)</sup></b>				
Alconbury House	\$ 259,468	\$ 104,756	\$ 154,712	\$ 117,612
Berkshire House	232,363	115,824	116,539	122,054
Barclay House	305,000	27,958	277,042	284,667
1254 Consort	384,000	31,200	352,800	362,400
1325 Consort	383,000	31,119	351,881	361,456
Daryl House	277,050	153,963	123,087	129,008
Deerwood House	227,793	111,925	115,868	121,197
Duncaster House	228,513	111,449	117,064	122,371
Dynes House	244,179	139,222	104,957	109,763
Fairfax House	398,697	130,734	267,963	278,670
Freeman House	260,056	120,893	139,163	145,832
Fischer House	379,000	68,299	310,701	320,176
Hammond House	215,024	114,971	100,053	105,287
Headon Forest House	315,518	125,902	189,616	197,138
Headon Road House	275,567	148,656	126,911	110,335
Kirkburn House	198,076	112,221	85,855	90,531
Mainway	2,148,629	1,181,443	967,186	952,342
Moss Glen House	278,712	145,354	133,358	139,708
New Street 1	381,977	109,704	272,273	282,181
New Street 2	744,336	239,886	504,450	526,153
Pinecove House	214,491	102,758	111,733	115,416
Rotary House	294,489	112,654	181,835	189,222
Rubens Court 1	408,158	139,512	268,646	278,581
Rubens Court 2	379,439	114,862	264,577	273,657
Ryerson House	372,852	134,080	238,772	204,052
Stratton House	250,484	149,785	100,699	106,049
Wanda House	496,786	81,043	415,743	390,152
Wedgewood House	197,587	88,630	108,957	112,240
	<b>\$ 10,751,244</b>	<b>\$ 4,248,803</b>	<b>\$ 6,502,441</b>	<b>\$ 6,548,250</b>
<b>Other assets</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer- Administration	\$ 69,962	\$ 62,744	\$ 7,218	\$ 9,023
Computer- Life Skills	8,920	8,307	613	766
Furniture and Fixtures	162,193	137,666	24,527	30,659
IT equipment	94,586	1,576	93,010	-
Vehicles	580,123	468,218	111,905	135,435
	<b>915,784</b>	<b>678,511</b>	<b>237,273</b>	<b>175,883</b>
	<b>\$ 11,667,028</b>	<b>\$ 4,927,314</b>	<b>\$ 6,739,714</b>	<b>\$ 6,724,133</b>



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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**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.

<sup>(a)</sup> Included in the total amount of land and building costs are land costs of \$2,669,135 (2017 - \$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 0.25%. At March 31, 2018, the amount drawn from this operating line was \$Nil (2017 - \$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 0.25%. The revolving term facility is due on demand. Until demand, this facility is repayable between 203-218 regular monthly payments, plus accrued interest payable monthly in respect of each Demand Instalment Loan issued under this facility. At March 31, 2018, the amount drawn from this term facility was \$336,909 (2017 - \$356,749). 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, 2018, CLB is in compliance with those covenants.

**8. Accounts payable and accrued liabilities**

	2018	2017
Accounts payable and accrued liabilities	\$ 737,739	\$ 540,826
Payroll deductions payable	248,076	151,398
Salaries payable	432,530	351,476
	<b>\$ 1,418,345</b>	<b>\$ 1,043,700</b>



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

<b>9. Long-term debt</b>	<b>Current Requirements</b>	<b>2018</b>	<b>2017</b>
Prime plus 0.25% 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.	\$ 201,195	\$ 201,195	\$ 213,388
2.19% mortgage, payable in blended monthly payments of \$880, maturing June 2018. Secured by the Hammond House land and building.	31,539	31,539	40,267
2.49% mortgage, payable in blended weekly payments of \$192, maturing August 2019. Secured by Wedgewood House land and building.	2,300	19,846	29,171
3.75% mortgage, payable in blended weekly payments of \$80, maturing August 2019. Secured by Moss Glen House land and building.	3,900	4,568	8,430
2.19% mortgage, payable in blended monthly payments of \$529, maturing June 2018. Secured by Headon Forest House land and building.	47,746	47,747	52,354
Prime plus 0.25% term loan, payable in monthly principal payments of \$135, plus interest, maturing November 2035, due on demand. Secured by Deerwood House land and building.	28,739	28,739	30,358
Prime plus 0.25% 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.	106,975	106,975	113,003
Prime plus 1.30%, payable in blended weekly payments of \$405, maturing March 2021. Secured by Wanda House land and building.	10,299	262,106	272,788
	<u>\$ 432,693</u>	<u>\$ 702,715</u>	<u>\$ 759,759</u>
Less: Current portion		(432,693)	(414,933)
		<u>\$ 270,022</u>	<u>\$ 344,826</u>



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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

Interest expense on mortgages in 2018 amounted to \$26,318 (2017 - \$25,842), 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.

	<b>2019</b>	<b>\$</b>	<b>432,693</b>
	<b>2020</b>		<b>28,715</b>
	<b>2021</b>		<b>10,924</b>
	<b>2022</b>		<b>11,365</b>
	<b>2023</b>		<b>11,825</b>
	<b>Thereafter</b>		<b>207,193</b>
		<b>\$</b>	<b>702,715</b>

**10. Deferred fixed asset contributions**

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	<b>\$ 2,853,435</b>	<b>\$ 2,979,002</b>
Contributions received and spent in year	<b>341,815</b>	<b>20,384</b>
Amortization for the year	<b>(149,463)</b>	<b>(145,951)</b>
Balance, end of year	<b>\$ 3,045,787</b>	<b>\$ 2,853,435</b>

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

**11. Fundraising revenue and expense**

	<b>2018</b>	<b>2017</b>
Fundraising revenue	<b>\$ 79,989</b>	<b>\$ 86,241</b>
Fundraising expenses	<b>(16,503)</b>	<b>(26,832)</b>
Fundraising revenue, net of expenses	<b>\$ 63,486</b>	<b>\$ 59,409</b>

Included in the above are two 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 \$33,168. Gross revenues and expenses related to this event were \$40,184 and \$7,016 respectively.

Contributions reported in the Statement of Operations from the Talent Show include net revenues from this event of \$25,655. Gross revenues and expenses related to this event were \$35,117 and \$9,462 respectively.

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



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

**12. Net assets invested in fixed assets**

	2018	2017
Fixed assets	\$ 6,739,714	\$ 6,724,133
Amounts funded by deferred fixed asset contributions	(3,045,787)	(2,853,435)
Amounts funded by long term debt	(702,715)	(759,759)
	<u>\$ 2,991,212</u>	<u>\$ 3,110,939</u>

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

Purchase of fixed assets	\$ 345,054	\$ 81,892
Loss on disposal	(682)	-
Amounts funded by deferred fixed asset contributions	(341,815)	(20,384)
Amortization of fixed assets	(328,791)	(325,625)
Amortization of deferred fixed asset contributions	149,463	145,951
Decrease in long term debt	57,044	67,205
	<u>\$ (119,727)</u>	<u>\$ (50,961)</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:

	2019	\$ 47,217
	2020	10,791
		<u>\$ 58,008</u>

**14. Economic dependence**

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



**Community Living Burlington**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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**15. Financial instruments**

The Organization's financial instruments consist of cash and cash equivalents, internally restricted cash, short-term investments, accounts receivable, long-term investments, 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 \$202,499 (2017 - \$199,369). This amount is included in staff salaries and benefits in the Statement of Operations.

