

Community Living Burlington

Financial Statements

For the year ended March 31, 2019

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To the Members of
Community Living Burlington

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Community Living Burlington (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Living Burlington as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian Auditing Standards (CASs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 12, 2019
Burlington, Ontario



Chartered Professional Accountants
Licensed Public Accountants

Community Living Burlington
Statement of Financial Position
March 31, 2019

Assets		
	2019	2018
Current assets		
Cash and cash equivalents	\$ -	\$ 93,691
Restricted cash - music room	40,000	-
Internally restricted cash - other	819,797	805,029
Short-term Investments (Note 3)	403,923	400,000
Accounts receivable (Note 4)	215,416	242,044
Prepays	42,597	54,910
	1,521,733	1,595,674
Long-term investments (Note 5)	178,490	170,320
Fixed assets (Note 6)	7,040,125	6,739,714
	\$ 8,740,348	\$ 8,505,708
Liabilities		
Current liabilities		
Bank indebtedness (Note 7)	\$ 221,559	\$ -
Accounts payable and accrued liabilities (Note 8)	1,329,896	1,418,345
Deferred revenue	105,443	194,887
Current portion of long-term debt (Note 9)	351,975	432,693
	2,008,873	2,045,925
Long-term debt (Note 9)	292,271	270,022
Deferred fixed asset contributions (Note 10)	3,361,320	3,045,787
	5,662,464	5,361,734
Net Assets		
Net assets restricted for endowment purposes (Note 5)	178,490	170,320
Unrestricted	(994,962)	(822,587)
Internally restricted funds	819,797	805,029
Restricted funds - music room	40,000	
Invested in fixed assets (Note 12)	3,034,559	2,991,212
	3,077,884	3,143,974
	\$ 8,740,348	\$ 8,505,708

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, 2019

	2019	2018
Revenue		
Province of Ontario	\$ 14,818,083	\$ 13,544,798
Program service fees	1,452,993	1,447,228
Residents' fees	1,445,099	1,444,415
Regional Municipality	422,798	435,241
Amortization of deferred fixed asset contributions	223,122	149,463
Miscellaneous revenue	220,998	166,405
United Way grant	72,024	80,027
Freeman foundation	66,000	66,000
Job placements	9,213	64,496
Program grants	-	48,356
Contract work sales	-	21,874
	18,730,330	17,468,303
Expenses		
Staff salaries and benefits	15,446,919	13,932,438
Purchased services for clients	591,239	794,320
Repairs and maintenance	516,939	526,455
Food	408,528	384,215
Amortization of fixed assets	348,237	328,791
Occupancy costs	316,589	307,525
Supplies	307,251	225,134
Automobile and travel	269,769	247,643
Professional fees	194,200	154,579
Telephone and postage	116,184	104,402
Insurance	103,192	99,769
Personal and health care needs	102,427	137,444
Renovations	68,179	13,964
Bank charges and interest	59,930	64,630
Other rentals	53,144	58,658
Staff training	47,929	40,136
Equipment	22,975	50,536
Trainees payroll	10,068	133,953
	18,983,699	17,604,592
Deficiency of revenues over expenditures from operations	(253,369)	(136,289)
Donations	137,899	72,279
Fundraising revenue (Note 11)	106,163	79,989
Miscellaneous expense	(33,379)	(32,529)
Gain (loss) on sale of fixed assets	27	(682)
Fundraising expense (Note 11)	(23,431)	(16,503)
Deficiency of revenues over expenditures	\$ (66,090)	\$ (33,735)

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



Community Living Burlington
Statement of Changes in Net Assets
Year Ended March 31, 2019

	Restricted for Endowment Purposes	Unrestricted	Internally restricted funds	Restricted funds - music room	Invested in Fixed Assets	2019 Total	2018 Total
Net assets, beginning of year	\$ 170,320	\$ (822,587)	\$ 805,029	\$ -	\$ 2,991,212	\$ 3,143,974	\$ 3,191,154
Deficiency of revenues over expenditures	8,170	(74,260)	-	-	-	(66,090)	(33,735)
Allocation to funds	-	(186,732)	82,732	104,000	-	-	-
Use of funds	-	64,000	-	(64,000)	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	24,617	(67,964)	-	43,347	-	-
Net reduction on endowment investments	-	-	-	-	-	-	(13,445)
Net assets, end of year	\$ 178,490	\$ (994,962)	\$ 819,797	\$ 40,000	\$ 3,034,559	\$ 3,077,884	\$ 3,143,974

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



Community Living Burlington

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
Cash flows from operating activities		
Deficiency of revenues over expenditures	\$ (66,090)	\$ (33,735)
Charges not involving cash		
Amortization of fixed assets	348,237	328,791
Amortization of deferred fixed asset contributions	(223,122)	(149,463)
(Gain) loss on sale of fixed assets	(27)	682
	58,998	146,275
Net change in accounts receivable	26,628	(10,441)
Net change in accounts payable and accrued liabilities	(88,449)	374,645
Net change in other operating working capital balances	(77,131)	77,759
Cash flows from (used in) operating activities	(79,954)	588,238
Cash flows from financing activities		
Change in bank indebtedness	221,559	-
Decrease in long-term debt	(58,469)	(57,044)
Cash flows from (used in) financing activities	163,090	(57,044)
Cash flows from investing activities		
Allocation of endowment income	(8,170)	-
Increase in restricted cash - music room	(40,000)	-
Increase in internally restricted cash - other	(14,768)	(63,486)
Purchase of fixed assets	(649,021)	(345,054)
Proceeds on disposal of fixed assets	400	-
Purchase of investments	(3,923)	(400,000)
Deferred fixed asset contributions	538,655	341,815
Cash flows used in investing activities	(176,827)	(466,725)
Net increase (decrease) in cash and cash equivalents	(93,691)	64,469
Cash and cash equivalents, beginning of year	93,691	29,222
Cash and cash equivalents, end of year	\$ -	\$ 93,691

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



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2019

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	20% declining balance

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.

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, 2019

3. Short-term investments

Short-term investments are investments in guaranteed investment certificates of \$101,286 bearing interest at 0.35% per annum which matures on July 29, 2019, \$100,827 bearing interest at 2.0% per annum which matures on October 30, 2019, and \$201,810 bearing interest at 2.15% per annum which matures on February 4, 2020.

4. Accounts receivable

	2019	2018
Trade accounts receivable	\$ 43,331	\$ 54,560
H.S.T recoverable	118,429	133,471
Funding receivable	53,656	54,013
	<hr/>	<hr/>
	\$ 215,416	\$ 242,044

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, 2019

6. Fixed assets	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and buildings^(a)				
Alconbury House	\$ 259,468	\$ 109,687	\$ 149,781	\$ 154,712
Berkshire House	276,610	125,213	151,397	116,539
Barclay House	375,470	37,932	337,538	277,042
1254 Consort	384,000	40,800	343,200	352,800
1325 Consort	383,000	40,694	342,306	351,881
Daryl House	277,050	159,885	117,165	123,087
Deerwood House	269,393	120,882	148,511	115,868
Duncaster House	259,513	119,326	140,187	117,064
Dynes House	244,179	144,028	100,151	104,957
Fairfax House	398,697	141,440	257,257	267,963
Freeman House	260,056	127,561	132,495	139,163
Fischer House	379,000	77,774	301,226	310,701
Hammond House	249,218	122,596	126,622	100,053
Headon Forest House	357,110	133,424	223,686	189,616
Headon Road House	275,567	157,006	118,561	126,911
Kirkburn House	239,668	119,186	120,482	85,855
Mainway	2,148,629	1,244,529	904,100	967,186
Moss Glen House	278,712	151,705	127,007	133,358
New Street 1	426,224	121,292	304,932	272,273
New Street 2	744,336	261,589	482,747	504,450
Pinecove House	214,491	106,441	108,050	111,733
Rotary House	338,736	122,868	215,868	181,835
Rubens Court 1	452,405	152,397	300,008	268,646
Rubens Court 2	410,412	125,490	284,922	264,577
Ryerson House	384,271	144,181	240,090	238,772
Stratton House	250,484	155,134	95,350	100,699
Wanda House	496,786	92,591	404,195	415,743
Wedgewood House	241,834	92,236	149,598	108,957
	\$ 11,275,319	\$ 4,547,887	\$ 6,727,432	\$ 6,502,441
Other assets	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer- Administration	\$ 69,988	\$ 64,548	\$ 5,440	\$ 7,218
Computer- Life Skills	8,920	8,460	460	613
Furniture and Fixtures	162,193	143,798	18,395	24,527
IT equipment	94,586	1,576	93,010	93,010
Vehicles	675,926	480,538	195,388	111,905
	1,011,613	698,920	312,693	237,273
	\$ 12,286,932	\$ 5,246,807	\$ 7,040,125	\$ 6,739,714



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2019

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 (2018 - \$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, 2019, the amount drawn from this operating line was \$Nil (2018 - \$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, 2019, the amount drawn from this term facility was \$315,416 (2018 - \$336,909). 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, 2019, CLB is in compliance with those covenants.

8. Accounts payable and accrued liabilities

	2019	2018
Accounts payable and accrued liabilities	\$ 755,319	\$ 737,739
Payroll deductions payable	223,543	248,076
Salaries payable	351,034	432,530
	<u>\$ 1,329,896</u>	<u>\$ 1,418,345</u>



Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2019

9. Long-term debt	Current Requirements	2019	2018
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.	\$ 187,985	\$ 187,985	\$ 201,195
4.50% mortgage, payable in blended monthly payments of \$899, maturing June 2020. Secured by the Hammond House land and building.	10,078	21,702	31,539
2.49% mortgage, payable in blended weekly payments of \$192, maturing August 2019. Secured by Wedgewood House land and building.	10,311	10,311	19,846
3.75% mortgage, payable in blended weekly payments of \$80, maturing August 2019. Secured by Moss Glen House land and building.	561	561	4,568
3.02% mortgage, payable in blended monthly payments of \$543, maturing June 2021. Secured by Headon Forest House land and building.	5,310	42,534	47,747
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.	26,985	26,985	28,739
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.	100,446	100,446	106,975
4.00% mortgage, payable in blended weekly payments of \$405, maturing March 2021. Secured by Wanda House land and building.	10,299	253,722	262,106
	<u>\$ 351,975</u>	<u>\$ 644,246</u>	<u>\$ 702,715</u>
Less: Current portion		(351,975)	(432,693)
		<u>\$ 292,271</u>	<u>\$ 270,022</u>



Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2019

Interest expense on mortgages in 2019 amounted to \$27,225 (2018 - \$26,318), 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.

	2020	\$	351,975
	2021		27,597
	2022		42,675
	2023		11,366
	2024		11,825
	Thereafter		198,808
		\$	644,246

10. Deferred fixed asset contributions

	2019	2018
Balance, beginning of year	\$ 3,045,787	\$ 2,853,435
Contributions received and spent in year	538,655	341,815
Amortization for the year	(223,122)	(149,463)
Balance, end of year	\$ 3,361,320	\$ 3,045,787

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

11. Fundraising revenue and expense

	2019	2018
Fundraising revenue	\$ 106,163	\$ 79,989
Fundraising expenses	(23,431)	(16,503)
Fundraising revenue, net of expenses	\$ 82,732	\$ 63,486

Included in the above are two fundraising events that CLB sponsors annually and various other smaller fundraising activities.

Contributions reported in the Statement of Operations from the Walk 'N Roll event include net revenues from this event of \$32,286. Gross revenues and expenses related to this event were \$41,813 and \$9,527 respectively.

Contributions reported in the Statement of Operations from the Talent Show include net revenues from this event of \$37,135. Gross revenues and expenses related to this event were \$51,039 and \$13,904 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, 2019

12. Net assets invested in fixed assets

	2019	2018
Fixed assets	\$ 7,040,125	\$ 6,739,714
Amounts funded by deferred fixed asset contributions	(3,361,320)	(3,045,787)
Amounts funded by long term debt	(644,246)	(702,715)
	<u>\$ 3,034,559</u>	<u>\$ 2,991,212</u>

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

Purchase of fixed assets	\$ 649,021	\$ 345,054
Disposal of fixed assets	(373)	(682)
Amounts funded by deferred fixed asset contributions	(538,655)	(341,815)
Amortization of fixed assets	(348,237)	(328,791)
Amortization of deferred fixed asset contributions	223,122	149,463
Decrease in long term debt	58,469	57,044
	<u>\$ 43,347</u>	<u>\$ (119,727)</u>

13. Economic dependence

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

14. Financial instruments

The Organization's financial instruments consist of bank indebtedness, 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

The Organization 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.

15. Defined Contribution Pension Plan

During the year, the organization made contributions associated with its defined contribution pension plan in the amount of \$198,630 (2018 - \$202,499). This amount is included in staff salaries and benefits in the Statement of Operations.

