

**Community Living Ajax-
Pickering and Whitby
Financial Statements**
For the year ended March 31, 2017

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Independent Auditor's Report

To the Members of Community Living Ajax-Pickering and Whitby

We have audited the accompanying financial statements of Community Living Ajax-Pickering and Whitby, which comprise the statement of financial position as at March 31, 2017, and the statements of changes in net assets, operations and 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.

Auditor's 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 qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, Community Living Ajax-Pickering and Whitby derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Community Living Ajax-Pickering and Whitby. Therefore, we were unable to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Community Living Ajax-Pickering and Whitby as at March 31, 2017, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oshawa, Ontario
July 4, 2017

Community Living Ajax-Pickering and Whitby Statement of Financial Position

March 31 2017 2016

Assets

Current assets

Cash	\$ 904,301	\$ 371,338
Short-term investments	16,572	16,490
Accounts receivable	<u>238,069</u>	<u>129,832</u>
	1,158,942	517,660

Capital assets (Note 2)

2,170,219 2,127,549

\$ 3,329,161 \$ 2,645,209

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities (Note 3)	\$ 1,050,458	\$ 839,325
Current portion of long-term debt	3,806	3,806
Current portion of obligations under capital lease	3,162	7,203
Deferred contributions related to operational programs	<u>125,641</u>	<u>190,928</u>
	1,183,067	1,041,262

Deferred contributions related to capital assets (Note 4)

974,654 905,352

Long-term debt (Note 5)

2,222 6,028

Obligations under capital lease (Note 6)

6,374 9,536

983,250 920,916

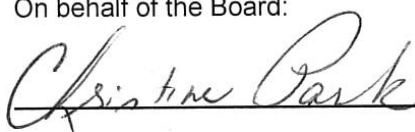
Net assets

Invested in capital assets	1,180,001	1,195,624
Operating	<u>(17,157)</u>	<u>(512,593)</u>

1,162,844 683,031

\$ 3,329,161 \$ 2,645,209

On behalf of the Board:



Director

Director

Community Living Ajax-Pickering and Whitby Statement of Changes in Net Assets

For the year ended March 31	Operating Fund	Invested in Capital Assets Fund	Total 2017	Total 2016
Balance, beginning of year	\$ (512,593)	\$ 1,195,624	\$ 683,031	\$ 473,722
Excess of revenue over expenses	479,813	-	479,813	209,309
Interfund transfers (Note 7)	15,623	(15,623)	-	-
Balance, end of year	\$ (17,157)	\$ 1,180,001	\$ 1,162,844	\$ 683,031

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

Community Living Ajax-Pickering and Whitby Statement of Operations

For the year ended March 31	2017	2016
Revenue		
Ministry - Provincial subsidy	\$ 7,943,225	\$ 6,751,575
United Way	49,000	56,620
Workshop sales	156,049	156,132
Donations	15,604	19,542
Interest income	82	50
Memberships	6,050	870
Rental recovery	447,246	448,812
Passport funding	130,718	152,323
Other revenue	204,266	160,794
Amortization of deferred capital contributions	60,674	51,304
	9,012,914	7,798,022
Expenses		
Salaries and benefits	5,444,048	5,302,950
Staff training	14,629	3,529
Client incentive	73,029	84,413
Individualized funding	983,304	992,887
Passport expenses	130,718	152,323
Staff travel	21,798	25,390
Vehicle operation and travel	62,458	59,545
Other client expenses	76,842	84,045
Utilities	90,609	87,698
Insurance	46,070	47,886
Repairs and maintenance	307,155	229,647
Telephone	31,254	23,477
Fees	342,099	127,261
Other purchased services	538,856	166,257
General administration expense	95,575	75,266
Miscellaneous	173,937	29,984
Summer respite expense	13,415	14,797
Amortization	87,305	81,358
	8,533,101	7,588,713
Excess of revenue over expenses	\$ 479,813	\$ 209,309

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

Community Living Ajax-Pickering and Whitby Statement of Cash Flows

For the year ended March 31	2017	2016
Operating activities		
Excess of revenue over expenses	\$ 479,813	\$ 209,309
Items not affecting cash		
Amortization	87,305	81,358
Amortization of deferred capital contributions	(60,674)	(51,304)
	<u>506,444</u>	239,363
Changes in non-cash working capital balances		
Accounts receivable	(108,237)	(5,874)
Accounts payable and accrued liabilities	211,133	(173,751)
Deferred contributions related to operational programs	(65,287)	187,047
	<u>544,053</u>	246,785
Investing activities		
Short-term investments	(82)	4,936
Purchase of capital assets	(129,976)	(4,113)
	<u>(130,058)</u>	823
Financing activities		
Deferred contributions related to capital assets received	129,976	-
Repayment of capital lease	(7,202)	(8,849)
Repayment of long-term debt	(3,806)	(3,806)
	<u>118,968</u>	(12,655)
Net change	532,963	234,953
Cash, beginning of year	371,338	136,385
Cash, end of year	\$ 904,301	\$ 371,338

Community Living Ajax-Pickering and Whitby

Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies

Nature and Purpose of Association

The Association is a non-profit organization incorporated without share capital under the laws of Ontario. The Association provides housing, care giving and work programs for the physically and mentally challenged in the communities of Ajax, Pickering and Whitby.

The Association is a registered charity, and, as such, is exempt from income tax.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized 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.

Workshop sales are recognized as revenue in the period the services are provided and collection is reasonably assured.

Rental income is recognized as revenue over the terms of the lease agreement as they become due and collection is reasonably assured.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Invested in Capital Assets Fund represents the net book value of capital assets net of deferred contributions and related long-term debt and capital lease obligations.

Contributed Services

Volunteers contribute a significant amount of time each year to assist the Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

The Association's financial assets consisting of accounts receivable are recorded at fair value when acquired or issued. In subsequent periods they are reported at cost or amortized cost less impairment, if applicable.

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a diminishing-balance basis over the estimated useful life of the capital assets as follows:

Buildings	- 5%
Computer equipment	- 30%
Furniture, equipment and automotive equipment	- 20%
Automotive equipment under capital lease	- 20%

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates used in the preparation of these financial statements include, but are not limited to, capital asset amortization rates and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 880,830	\$ -	\$ 880,830	\$ -
Buildings	2,726,366	1,586,103	2,697,471	1,526,849
Computer equipment	161,876	124,547	125,353	116,375
Furniture, fixtures and automotive equipment	790,202	696,184	755,604	710,708
Automotive equipment under capital lease	39,127	21,348	39,127	16,904
	\$ 4,598,401	\$ 2,428,182	\$ 4,498,385	\$ 2,370,836
Cost less accumulated amortization		\$ 2,170,219		\$ 2,127,549

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2017

2. Capital Assets (continued)

The Ministry of Community and Social Services has a financial interest in certain land and buildings of the Association. The Ministry's approval is required in order to dispose of these assets and the distribution of any proceeds would be at the Ministry's discretion.

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$7,656 (2016 - \$21,849) in government remittances payable.

4. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized amount of donations and grants received for the purchase of capital assets and the unamortized portion of contributed capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 905,352	\$ 956,656
Add: Contributions during the year	129,976	-
Less: Amounts amortized to revenue	<u>(60,674)</u>	<u>(51,304)</u>
	<u>\$ 974,654</u>	<u>\$ 905,352</u>

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2017

5. Long-term Debt

	2017	2016
Vehicle loan, repayable \$393 monthly including interest at 7.29%, due October 2018, secured by specific automotive equipment (carrying value of \$5,200 as at March 31, 2017)	\$ 6,028	\$ 9,834
Less: current portion	3,806	3,806
	\$ 2,222	\$ 6,028

Principal payments required on long-term debt for the next two years are as follows:

Year	Amount
2018	\$ 3,806
2019	2,222
	\$ 6,028

6. Obligations under Capital Lease

	Expiry Date	Interest Rate	Current	Non-Current
Automotive equipment	June 2019	9.920%	\$ 3,162	\$ 6,374

Future aggregate commitments under capital lease:

	Future Lease Payments	Interest	Unpaid Obligation
2018	\$ 3,967	\$ 805	\$ 3,162
2019	3,966	476	3,490
2020	3,001	117	2,884
	\$ 10,934	\$ 1,398	\$ 9,536

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2017

7. Interfund Transfers

Transfers from (to) the Operating Fund to (from) the various other funds were made during the year as follows:

	<u>2017</u>	<u>2016</u>
Operating funds used by Capital Asset Fund:		
Purchase of capital assets	\$ 129,976	\$ 4,113
Amortization	(87,305)	(81,358)
Contributions related to capital assets	(129,976)	-
Amortization of deferred capital contributions	60,674	51,304
Repayment of capital lease obligation	7,202	8,849
Repayment of long-term debt	3,806	3,806
	<u>\$ (15,623)</u>	<u>\$ (13,286)</u>

8. Provincial Subsidy

The Association is required to file a summary of the programs funded by the Ministry of Community and Social Services known as a TPAR (formerly APER).

A TPAR will be filed for 2016/2017 upon finalization of the accounts. Any adjustments required to be made with respect to funding received will be reflected in the year that the adjustment is determined.

9. Financial Instrument Risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

All of the Association's cash is held by one of the major financial institutions.

10. Credit Facility

The Association has a revolving demand credit facility available to a maximum of \$450,000. The revolving credit facility is secured by a general security agreement and bears interest at the bank's prime rate per year on funds borrowed. The unused portion of the credit facility as at March 31, 2017 is \$450,000 (2016 - \$450,000).

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2017

11. Contingency

A former employee has filed a claim against the Association for \$180,000. In the opinion of management, the outcome of the claim is not determinable. Should any loss result from the resolution of the potential claim, such loss will be charged to operations in the year of resolution.