

COMMUNITY LIVING DURHAM NORTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017



INDEPENDENT AUDITOR'S REPORT

To the Members of
Community Living Durham North
Port Perry, Ontario

We have audited the accompanying statement of financial position of Community Living Durham North as at March 31, 2017 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal controls 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 judgement, including the assessment of the risk 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 non-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets. Our report on the financial statements as at and for the year ended March 31, 2016 was qualified for the same reason.

Qualified Opinion

In our opinion, except for the effect 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 Durham North as at March 31, 2017, and the results of its operations, and changes in net assets for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Smith Chappell Marsh Vilander LLP
Chartered Accountants, Licensed Public Accountants

June 14, 2017
Oshawa, Ontario

COMMUNITY LIVING DURHAM NORTH

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

			<u>2017</u>	<u>2016</u>
<u>ASSETS</u>				
Current				
Cash			\$ 694,928	\$ 487,691
Accounts receivable (Note 3)			261,382	405,319
Prepaid expenses and deposits			45,759	25,728
			<u>1,002,069</u>	<u>918,738</u>
Capital (Note 2(e))				
	<u>Cost</u>	<u>Accumulated Amortization</u>		
Land	\$ 1,554,104	\$ -	1,554,104	1,554,104
Buildings	4,018,204	2,449,187	1,569,017	1,759,119
Equipment and computers	326,934	291,980	34,954	43,428
Furniture and fixtures	138,729	127,974	10,755	12,548
Leasehold improvements	58,657	58,657	-	-
Vehicles	693,152	514,520	178,632	176,876
	<u>\$ 6,789,780</u>	<u>\$ 3,442,318</u>	<u>3,347,462</u>	<u>3,546,075</u>
			<u>\$ 4,349,531</u>	<u>\$ 4,464,813</u>

Approved by the Board of Directors:

 _____, Director

 _____, Director

COMMUNITY LIVING DURHAM NORTH

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 851,567	\$ 937,498
Deferred revenue (Note 4)	133,208	31,373
Current portion of long term debt	355,553	40,871
	<u>1,340,328</u>	<u>1,009,742</u>
Long Term		
Mortgages payable (Note 5)	844,311	871,848
Term loans payable (Note 7)	68,133	55,320
Less: Current portion	(355,553)	(40,871)
	<u>556,891</u>	<u>886,297</u>
Deferred Contributions Related to Capital Assets (Note 8)	<u>1,430,692</u>	<u>1,508,813</u>
Net Assets		
Invested in capital assets (Note 9)	1,004,326	1,110,094
Unrestricted	17,294	(50,133)
	<u>1,021,620</u>	<u>1,059,961</u>
	<u>\$ 4,349,531</u>	<u>\$ 4,464,813</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	Invested in Capital Assets	Unrestricted	2017 Total	2016 Total
Opening balance	\$ 1,110,094	\$ (50,133)	\$ 1,059,961	\$ 1,105,586
Excess of revenues over expenses (expenses over revenues) (Note 9(b))	(176,159)	137,818	(38,341)	(45,625)
Net change in invested in capital assets (Note 9(b))	70,391	(70,391)	-	-
Closing Balance	\$ 1,004,326	\$ 17,294	\$ 1,021,620	\$ 1,059,961

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
Operating Activities		
Excess of revenue over expenses (expenses over revenue)	\$ (38,341)	\$ (45,625)
Charges to income not involving cash:		
Amortization	<u>254,280</u>	<u>263,992</u>
	<u>215,939</u>	<u>218,367</u>
Net change in non-cash working capital balances related to operations:		
Account receivable	143,937	(143,105)
Prepaid expenses and deposits	(20,031)	2,614
Accounts payable	(85,931)	296,951
Deferred revenue	<u>101,835</u>	<u>24,909</u>
	<u>139,810</u>	<u>181,369</u>
	<u>355,749</u>	<u>399,736</u>
Investing Activities		
Additions to capital assets	<u>(55,667)</u>	<u>(117,265)</u>
Financing Activities		
Increase (decrease) in long term debt	(14,724)	15,067
Increase (decrease) in deferred contributions related to capital assets net of related amortization	<u>(78,121)</u>	<u>(82,630)</u>
	<u>(92,845)</u>	<u>(67,563)</u>
Change in Cash and Cash Equivalents During the Year	207,237	214,908
Cash and Cash Equivalents, Beginning of Year	<u>487,691</u>	<u>272,783</u>
Cash and Cash Equivalents, End of Year	<u>\$ 694,928</u>	<u>\$ 487,691</u>

COMMUNITY LIVING DURHAM NORTH
STATEMENT OF OPERATIONS - GENERAL
FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUES:		
Donations and fundraising	\$ 52,081	\$ 11,701
Membership dues	290	350
Miscellaneous	34,238	34,379
Region of Durham (Note 10)	131,628	78,656
	<hr/>	<hr/>
	218,237	125,086
	<hr/>	<hr/>
EXPENDITURES:		
Supplies	18,463	10,769
Vehicle operation	63	-
Volunteer training	1,090	-
Region of Durham (Note 10)	133,165	80,327
Central administration - general	-	5,106
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	152,781	96,202
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EXCESS OF REVENUES OVER EXPENDITURES	\$ 65,456	\$ 28,884
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COMMUNITY LIVING DURHAM NORTH
STATEMENT OF OPERATIONS - CONSOLIDATED PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$11,789,598	\$11,789,598	\$11,439,511
REVENUE:			
Rent	935,651	931,602	866,283
Other funding	323,929	435,538	381,972
Ontario Trillium Foundation	26,100	26,100	44,388
United Way	39,699	29,775	39,700
Children's Aid Society	105,000	113,763	105,287
Respite	50,000	50,266	45,797
	<u>1,480,379</u>	<u>1,587,044</u>	<u>1,483,427</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	78,121	82,630
	<u>13,269,977</u>	<u>13,454,763</u>	<u>13,005,568</u>
EXPENDITURES:			
Wages and salaries	9,056,255	9,285,695	8,887,913
Employee benefits	1,609,390	1,538,760	1,503,264
Staff travel	81,400	78,076	81,576
Supplies	56,434	65,742	78,233
Vehicle operation	109,298	71,068	72,728
Utilities and taxes	220,853	199,267	204,937
Purchased services	272,464	228,148	227,727
Insurance	65,199	69,755	62,986
Food	321,660	316,238	262,594
Personal needs	78,838	59,437	100,229
New furnishings and equipment	82,479	46,746	143,338
Advertising and promotion	1,518	836	968
Repairs and maintenance	204,731	245,779	145,622
Staff training and conferences	28,735	24,305	23,569
Rental	229,793	196,615	191,809
Central administration - general (reallocation)	289,839	253,672	249,495
- staffing	561,091	624,141	579,097
	<u>13,269,977</u>	<u>13,304,280</u>	<u>12,816,085</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	150,483	189,483
Amortization	-	254,280	263,992
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (103,797)</u>	<u>\$ (74,509)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT DAY PROGRAM

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 1,281,104	\$ 1,281,104	\$ 1,238,634
REVENUE:			
Other funding	65,789	119,135	95,166
Ontario Trillium Foundation	26,100	26,100	44,388
	<u>91,889</u>	<u>145,235</u>	<u>139,554</u>
	<u>1,372,993</u>	<u>1,426,339</u>	<u>1,378,188</u>
EXPENDITURES:			
Wages and salaries	894,664	955,371	930,195
Employee benefits	161,039	150,050	147,727
Staff travel	15,900	17,501	15,581
Supplies	13,300	11,945	16,128
Vehicle operation	35,952	29,715	26,500
Utilities and taxes	40,040	31,771	30,695
Purchased services	37,198	20,179	21,551
Insurance	7,173	13,043	6,323
Food	2,280	2,197	2,172
New furnishings and equipment	4,800	2,377	3,878
Advertising and promotion	167	26	96
Repairs and maintenance	11,440	39,317	35,840
Staff training and conferences	3,162	2,560	2,762
Rental	52,256	49,839	49,670
Personal needs	-	1,502	444
Central administration - general (reallocation)	31,889	26,064	24,827
- staffing	61,733	68,615	57,452
	<u>1,372,993</u>	<u>1,422,072</u>	<u>1,371,841</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	4,267	6,347
Amortization	-	35,149	33,900
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$ -	\$ (30,882)	\$ (27,553)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GROUP HOMES

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 7,944,051	\$ 7,944,052	\$ 7,638,124
REVENUE:			
Rent	861,359	864,735	805,901
Children's Aid Society	105,000	113,763	105,287
Other funding	183,150	186,060	179,067
	<u>1,149,509</u>	<u>1,164,558</u>	<u>1,090,255</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	78,121	82,630
	<u>9,093,560</u>	<u>9,186,731</u>	<u>8,811,009</u>
EXPENDITURES:			
Wages and salaries	6,286,538	6,411,983	6,062,593
Employee benefits	1,129,459	1,061,077	1,020,455
Staff travel	46,400	42,933	43,876
Supplies	32,233	39,754	46,106
Vehicle operation	50,504	27,612	34,216
Utilities and taxes	143,353	135,034	133,054
Purchased services	167,794	137,453	134,334
Insurance	44,951	43,760	42,468
Food	258,024	255,918	206,908
Personal needs	65,016	48,565	81,352
New furnishings and equipment	45,279	38,901	88,375
Advertising and promotion	1,047	181	651
Repairs and maintenance	87,510	107,653	85,081
Staff training and conferences	19,811	17,460	15,710
Rental	128,977	99,421	85,951
Central administration - general (reallocation)	199,827	174,314	167,789
- staffing	386,837	428,536	389,996
	<u>9,093,560</u>	<u>9,070,555</u>	<u>8,638,915</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	116,176	172,094
Amortization	-	183,578	193,482
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (67,402)</u>	<u>\$ (21,388)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - COMBINED SUPPORTED INDEPENDENT LIVING

FOR THE YEAR ENDED MARCH 31, 2017

	BUDGET <u>2017</u>	ACTUAL <u>2017</u>	ACTUAL <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 323,787	\$ 323,788	\$ 778,328
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REVENUE:			
Rent	11,640	3,880	11,580
Other funding	36,390	21,177	94,139
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	48,030	25,057	105,719
	<hr/>	<hr/>	<hr/>
	371,817	348,845	884,047
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Wages and salaries	263,114	183,683	609,928
Employee benefits	47,361	92,995	112,828
Staff travel	2,600	2,161	6,894
Supplies	1,700	1,806	3,342
Insurance	2,046	3,738	4,673
Utilities and taxes	5,219	1,942	12,155
Advertising and promotion	48	16	72
Staff training and conferences	902	1,265	1,616
Rental	5,000	2,000	12,808
Repairs and maintenance	-	-	8,218
Personal needs	9,234	5,084	14,277
New furnishings and equipment	1,000	216	15,026
Purchased services	5,712	2,859	7,420
Vehicle operation (recovery)	(3,420)	(3,495)	(4,915)
Food	4,596	1,847	7,478
Central administration - general (reallocation)	9,096	15,218	18,511
- staffing	17,609	37,510	42,844
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	371,817	348,845	873,175
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUE OVER			
EXPENDITURES BEFORE AMORTIZATION	-	-	10,872
Amortization	-	22,618	24,256
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EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENDITURES	\$ -	\$ (22,618)	\$ (13,384)
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COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - RESPITE PROGRAM

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 1,091,141	\$ 1,091,139	\$ 996,588
REVENUE:			
Respite	50,000	50,266	45,797
United Way	39,699	29,775	39,700
Other funding	-	70,566	-
	<u>89,699</u>	<u>150,607</u>	<u>85,497</u>
	<u>1,180,840</u>	<u>1,241,746</u>	<u>1,082,085</u>
EXPENDITURES:			
Wages and salaries	819,299	890,705	734,648
Employee benefits	143,086	139,089	128,874
Staff travel	8,800	6,606	10,230
Supplies	5,000	7,588	7,700
Vehicle operation	12,946	9,741	11,268
Utilities and taxes	18,608	16,162	15,178
Purchased services	14,981	23,647	23,811
Insurance	6,020	5,322	5,250
Food	27,240	26,851	23,892
New furnishings and equipment	3,500	2,091	9,602
Advertising and promotion	140	594	82
Repairs and maintenance	11,440	8,532	9,903
Staff training and conferences	2,653	1,786	1,834
Rental	28,560	28,560	28,380
Personal needs	-	73	1,218
Central administration - general (reallocation)	26,761	21,473	21,155
- staffing	51,806	52,927	48,964
	<u>1,180,840</u>	<u>1,241,747</u>	<u>1,081,989</u>
EXCESS (DEFICIENCY) OF REVENUES OVER			
 EXPENDITURES BEFORE AMORTIZATION	-	(1)	96
 Amortization	-	6,685	9,636
EXCESS (DEFICIENCY) OF REVENUES			
 OVER EXPENDITURES	\$ -	\$ (6,686)	\$ (9,540)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - HOST FAMILY

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 10,569	\$ 10,569	\$ 47,461
REVENUE:			
Rent	8,340	8,293	8,262
Other	7,600	7,600	7,600
	<u>15,940</u>	<u>15,893</u>	<u>15,862</u>
	<u>26,509</u>	<u>26,462</u>	<u>63,323</u>
EXPENDITURES:			
Wages and salaries	-	-	24,049
Employee benefits	-	-	4,368
Staff travel	1,000	-	757
Supplies	200	238	241
Vehicle operation	(480)	(360)	(480)
Purchased services	24,039	23,788	24,123
Insurance	-	247	644
Personal needs	1,750	585	777
New furnishings and equipment	-	37	-
Advertising and promotion	-	3	10
Staff training and conferences	-	-	223
Central administration - general (reallocation)	-	1,765	2,594
- staffing	-	(22)	6,005
	<u>26,509</u>	<u>26,281</u>	<u>63,311</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	181	12
Amortization	-	1,771	2,718
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$ -	\$ (1,590)	\$ (2,706)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - INTENSIVE SUPPORT

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 1,047,286	\$ 1,047,286	\$ 691,716
REVENUES:			
Other funding	31,000	31,000	6,000
Rent	54,312	54,694	40,540
	<u>85,312</u>	<u>85,694</u>	<u>46,540</u>
	<u>1,132,598</u>	<u>1,132,980</u>	<u>738,256</u>
EXPENDITURES:			
Wages and salaries	765,554	816,868	494,540
Employee benefits	123,569	90,673	89,012
Staff travel	6,700	8,875	4,238
Supplies	4,000	4,411	4,716
Insurance	5,009	3,645	3,628
Purchased services	22,740	20,222	16,488
Repairs and maintenance	34,640	30,577	6,580
Staff training and conferences	2,208	1,234	1,424
Advertising and promotion	117	16	57
Utilities and taxes	13,633	14,358	13,855
New furnishings and equipment	27,900	3,124	9,757
Vehicle operation	13,796	7,855	6,139
Personal needs	2,838	3,628	2,161
Food	29,520	29,425	22,144
Rental	15,000	16,795	15,000
Central administration - general (reallocation)	22,268	14,838	14,619
- staffing	43,106	36,575	33,836
	<u>1,132,598</u>	<u>1,103,119</u>	<u>738,194</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	29,861	62
Amortization	-	4,479	-
EXCESS OF REVENUE			
OVER EXPENDITURES	\$ -	\$ 25,382	\$ 62

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - FIRE CODE RETROFIT

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 18,500	\$ 18,500	\$ -
EXPENDITURES:			
Repairs and maintenance	18,500	18,500	-
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ -	\$ -

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - REPAIRS AND MAINTENANCE

FOR THE YEAR ENDED MARCH 31, 2017

	BUDGET <u>2017</u>	ACTUAL <u>2017</u>	ACTUAL <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 41,200	\$ 41,200	\$ 16,700
EXPENDITURES:			
New furnishings and equipment	-	-	16,700
Repairs and maintenance	41,200	41,200	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - DS TEMPORARY SUPPORTS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>BUDGET</u> <u>2017</u>	<u>ACTUAL</u> <u>2017</u>	<u>ACTUAL</u> <u>2016</u>
SUPPORT:			
OMCSS - operating	\$ 31,960	\$ 31,960	\$ 31,960
EXPENDITURES:			
Wages and salaries	27,085	27,085	31,960
Employee benefits	4,875	4,876	-
	<u>31,960</u>	<u>31,961</u>	<u>31,960</u>
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ (1)	\$ -

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

1. Status and Nature of Activities

Community Living Durham North is a registered charity which provides services, accommodation and education to individuals who are intellectually disabled in the Scugog, Brock and Uxbridge Townships.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Basis of Presentation

These financial statements present the financial position and results of operations of Community Living Durham North.

The statements have been departmentalized in accordance with the funding and budgeting requirements prescribed by the Ontario Ministry of Community and Social Services (OMCSS).

(b) Donated Materials and Services

The organization does not record the value of donated materials and services as it is felt to be impracticable from a record keeping and valuation point of view.

(c) Pledges

The organization does not account for the value of pledges. Accordingly, donations are recorded on a cash basis.

(d) Tax Status

The organization is a registered charity under the provisions of the Income Tax Act.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

2. Summary of Significant Accounting Policies - continued

(e) Capital Assets

Capital assets are stated at cost. Amortization charges are calculated on a straight-line basis at the following rates:

Buildings	5%
Equipment	10%
Computers	15%
Furniture and fixtures	10%
Vehicles	15%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(f) Revenue Recognition

Community Living Durham North 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.

(g) 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 at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

2. Summary of Significant Accounting Policies - continued

(h) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges, mortgages payable and term loans payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

2. Summary of Significant Accounting Policies - continued

(i) Allocation of Expenses

The organization provides various programs on behalf of the Ontario Ministry of Community and Social Services (OMCSS). The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component. The organization allocates these expenses to the departments in accordance with the approved budgets.

3. Accounts Receivable

Accounts receivable are represented by taxes recoverable, community supports, Ontario Ministry of Community and Social Services and rent receivables.

4. Deferred Revenue

Revenues earned are recognized as the expenses relating to these funds are incurred. The unearned portion of these funds are recorded on the Statement of Financial Position as deferred revenue.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

5. Mortgages Payable

	<u>2017</u>	<u>2016</u>
Royal Bank of Canada, bearing interest at 4.46%, repayable in monthly payments of principal and interest of \$2,187, due July 15, 2023	\$ 360,764	\$ 370,669
Royal Bank of Canada, bearing interest at 3.40%, repayable in monthly payments of principal and interest of \$1,006, due November 16, 2019	160,225	166,733
Royal Bank of Canada, bearing interest at 3.05% repayable in monthly payments of principal and interest of \$1,764, due October 22, 2017	323,322	334,446
	<u>\$ 844,311</u>	<u>\$ 871,848</u>
Principal repayments over the next five years are as follows:		
2018	\$ 340,460	
2019	17,843	
2020	146,442	
2021	11,844	
2022	12,383	

6. Bank Credit Facility

The organization has entered into an agreement with the Royal Bank of Canada. The agreement is a demand operating loan in the amount of \$750,000. This loan bears interest at the Royal Bank Prime rate. As at March 31, 2017, there was no balance outstanding on this loan.

Security pledged with the Royal Bank consists of a general security agreement constituting a first ranking security interest in all the assets of the organization except real property. In addition, the Royal Bank has collateral mortgages on 89 Victoria Drive, Uxbridge, Ontario in the amount of \$245,000, 49 South Balsam Street, Uxbridge, Ontario in the amount of \$261,000, 18500 Island Road, Port Perry, Ontario in the amount of \$200,000, 163 Maple Street, Uxbridge, Ontario for the amount of \$197,229, 3 Low Boulevard, Uxbridge, Ontario for the amount of \$370,000, and on 1040 Concession Road 13, Cannington, Ontario for the amount of \$395,000.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

7. Term Loans Payable

	<u>2017</u>	<u>2016</u>
Royal Bank of Canada, bearing interest at 4.2% repayable in monthly payments of principal and interest of \$545, due October 29, 2016	\$ -	\$ 3,798
Royal Bank of Canada, bearing interest at 2.99%, repayable in monthly payments of principal and interest of \$446, due November 23, 2021	23,337	27,910
Royal Bank of Canada, non interest bearing with monthly principal payments of \$471, maturing October 31, 2021	25,907	-
Royal Bank of Canada, non interest bearing with monthly principal payments of \$394, maturing March 31, 2021	18,889	23,612
	<u>\$ 68,133</u>	<u>\$ 55,320</u>

Principal repayments over the next five years are as follows:

2018	\$ 15,093
2019	15,235
2020	15,382
2021	15,533
2022	6,890
	<u>\$ 68,133</u>

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to capital assets.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,508,813	\$ 1,591,443
Less: Amounts amortized to revenue	78,121	82,630
Balance, end of year	<u>\$ 1,430,692</u>	<u>\$ 1,508,813</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

9. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

	<u>2017</u>	<u>2016</u>
Capital assets	\$ 3,347,462	\$ 3,546,075
Less: Amount financed by deferred contributions	(1,430,692)	(1,508,813)
Mortgages payable	(844,311)	(871,848)
Term loans payable	(68,133)	(55,320)
	<u>\$ 1,004,326</u>	<u>\$ 1,110,094</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	<u>2017</u>	<u>2016</u>
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions	\$ 78,121	\$ 82,630
Less: Amortization of capital assets	(254,280)	(263,992)
	<u>(176,159)</u>	<u>(181,362)</u>
 Net change in invested in capital assets		
Purchase of capital assets	55,667	117,265
Mortgages payable	27,537	29,100
Term loans payable	(12,813)	(44,167)
	<u>70,391</u>	<u>102,198</u>
	<u>\$ (105,768)</u>	<u>\$ (79,164)</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

10. Region of Durham

	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2017 Total</u>
Revenue	\$ <u>58,170</u>	\$ <u>73,458</u>	\$ <u>131,628</u>
Expenses			
Affordable Housing Reimbursements	55,350	-	55,350
Wages and salaries	-	58,576	58,576
Employee Benefits	-	6,990	6,990
New furnishings and equipment	-	2,105	2,105
Staff travel	-	2,558	2,558
Staff training	-	22	22
Supplies	-	226	226
Central administration - general	-	7,338	7,338
	<u>55,350</u>	<u>77,815</u>	<u>133,165</u>
	\$ <u>2,820</u>	\$ <u>(4,357)</u>	\$ <u>(1,537)</u>
	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2016 Total</u>
Revenue	\$ <u>35,805</u>	\$ <u>42,851</u>	\$ <u>78,656</u>
Expenses			
Affordable Housing Reimbursements	34,600	-	34,600
Wages and salaries	-	35,959	35,959
Employee Benefits	-	3,411	3,411
Staff travel	-	2,555	2,555
Staff training	-	36	36
Supplies	-	36	36
Central administration - general	61	3,669	3,730
	<u>34,661</u>	<u>45,666</u>	<u>80,327</u>
	\$ <u>1,144</u>	\$ <u>(2,815)</u>	\$ <u>(1,671)</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

11. Prior Year Adjustment

Each fiscal year, the organization is required to perform a year-end reconciliation to determine any amounts repayable to, or recoverable from, Ministry of Community and Social Services (OMCSS) in accordance with the organization's operating agreements. As at the Auditor's Report date, the fiscal year ending March 31, 2017 has not been reviewed by OMCSS, and as a result, future adjustments may be required as a result of this review. Due to the particular requirements of OMCSS, comparative figures are not restated when these adjustments are made.

12. Budget Figures

The budget figures presented for comparison purposes represent the annual budget approved by the organization's Board of Directors for the year ended March 31, 2017 which have not been audited or reviewed.

13. Economic Dependence

In common with other publicly funded agencies, the organization derives the majority of its revenue from the Province of Ontario. Further, the Province of Ontario through the Ministry of Community and Social Services, have an encumbrance on specific real properties held in the name of the organization.

14. Lease Commitments

The organization is committed to annual amounts under lease obligations for facilities with respect to several premises. Each location is under a separate lease. The leases expire at various times with varying terms for renewal. Future payments will total \$360,193 plus applicable taxes and include the following payments over the next 5 years:

2018	\$	102,337
2019	\$	64,464
2020	\$	64,464
2021	\$	64,464
2022	\$	64,464

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017

15. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2017.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organization is subject to interest rate risk through their mortgages payable and term loans payable. The organization monitors the current interest rate to ensure that their interest rates do not vary much from market rate.

16. Contingent Liability

The organization has been named in an action. The final outcome is not known at this time.