

COMMUNITY LIVING DURHAM NORTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019



**Smith
Chappell
Marsh
Vilander LLP Chartered Accountants**

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
COMMUNITY LIVING DURHAM NORTH
PORT PERRY, ONTARIO

Qualified Opinion

We have audited the financial statements of Community Living Durham North (the Entity), which comprise the statement of financial position as at March 31, 2019 and March 31, 2018, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 and March 31, 2018, and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity 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 the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audits 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 generally accepted auditing standards, 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smith Chrysalis Mark Velanku LLP

Chartered Accountants, Licensed Public Accountants

June 19, 2019
Oshawa, Ontario

COMMUNITY LIVING DURHAM NORTH

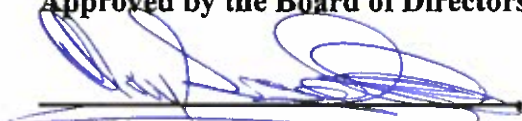
(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

			<u>2019</u>	<u>2018</u>
<u>ASSETS</u>				
Current				
Cash			\$ 794,445	\$ 744,595
Accounts receivable (Note 3)			410,564	250,634
Prepaid expenses and deposits			58,752	87,785
			<u>1,263,761</u>	<u>1,083,014</u>
Capital (Note 2(e))				
	<u>Cost</u>	<u>Accumulated Amortization</u>		
Land	\$ 2,379,103	\$ -	2,379,103	2,079,104
Buildings	5,331,774	2,858,359	2,473,415	2,100,340
Equipment and computers	354,999	312,032	42,967	40,378
Furniture and fixtures	162,916	135,988	26,928	27,044
Leasehold improvements	58,657	58,657	-	-
Vehicles	574,649	293,090	281,559	239,461
	<u>\$ 8,862,098</u>	<u>\$ 3,658,126</u>	<u>5,203,972</u>	<u>4,486,327</u>
			<u>\$ 6,467,733</u>	<u>\$ 5,569,341</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, 2019

	<u>2019</u>	<u>2018</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 1,296,535	\$ 1,081,827
Deferred revenue (Note 4)	58,793	80,085
Current portion of long term debt	242,736	75,879
	<u>1,598,064</u>	<u>1,237,791</u>
Long Term		
Mortgages payable (Note 5)	2,341,074	1,650,789
Term loans payable (Note 7)	43,468	61,604
Less: Current portion	(242,736)	(75,879)
	<u>2,141,806</u>	<u>1,636,514</u>
Deferred Contributions Related to Capital Assets (Note 8)	<u>1,414,522</u>	<u>1,495,632</u>
Net Assets		
Invested in capital assets (Note 9)	1,404,908	1,278,302
Unrestricted	(91,567)	(78,898)
	<u>1,313,341</u>	<u>1,199,404</u>
	<u>\$ 6,467,733</u>	<u>\$ 5,569,341</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2019

	Invested in Capital Assets	Unrestricted	2019 Total	2018 Total
Opening balance	\$ 1,278,302	\$ (78,898)	\$ 1,199,404	\$ 1,021,620
Excess of revenues over expenses (expenses over revenues) (Note 9(b))	(235,185)	349,122	113,937	177,784
Net change in invested in capital assets (Note 9(b))	361,791	(361,791)	-	-
Closing Balance	<u>\$ 1,404,908</u>	<u>\$ (91,567)</u>	<u>\$ 1,313,341</u>	<u>\$ 1,199,404</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Operating Activities		
Excess of revenue over expenses	\$ 113,937	\$ 177,784
Charges to income not involving cash:		
Amortization	314,909	260,213
Loss on disposal of capital assets	<u>1,386</u>	<u>-</u>
	<u>430,232</u>	<u>437,997</u>
Net change in non-cash working capital balances related to operations:		
Account receivable	(159,930)	10,748
Prepaid expenses and deposits	29,033	(42,026)
Accounts payable	214,708	230,260
Deferred revenue	<u>(21,292)</u>	<u>(53,123)</u>
	<u>62,519</u>	<u>145,859</u>
	<u>492,751</u>	<u>583,856</u>
Investing Activities		
Proceeds on disposal of capital assets	9,617	-
Additions to capital assets	<u>(1,043,557)</u>	<u>(1,399,078)</u>
	<u>(1,033,940)</u>	<u>(1,399,078)</u>
Financing Activities		
Increase (decrease) in long term debt	672,149	799,949
Increase (decrease) in deferred contributions related to capital assets net of related amortization	<u>(81,110)</u>	<u>64,940</u>
	<u>591,039</u>	<u>864,889</u>
Change in Cash and Cash Equivalents During the Year	49,850	49,667
Cash and Cash Equivalents, Beginning of Year	<u>744,595</u>	<u>694,928</u>
Cash and Cash Equivalents, End of Year	<u>\$ 794,445</u>	<u>\$ 744,595</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GENERAL

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUES:		
Donations and fundraising	\$ 35,044	\$ 62,945
Membership dues	180	534
Miscellaneous	45,095	37,972
Region of Durham (Note 10)	270,972	267,434
	<u>351,291</u>	<u>368,885</u>
EXPENDITURES:		
Supplies	20,250	15,430
Volunteer training	545	-
Advertising and promotion	604	-
Purchased services	80	8
Region of Durham (Note 10)	267,393	264,244
	<u>288,872</u>	<u>279,682</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 62,419</u>	<u>\$ 89,203</u>

COMMUNITY LIVING DURHAM NORTH
STATEMENT OF OPERATIONS - CONSOLIDATED PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>BUDGET</u> <u>2019</u>	<u>ACTUAL</u> <u>2019</u>	<u>ACTUAL</u> <u>2018</u>
SUPPORT:			
MCCSS - operating	\$13,575,114	\$13,575,114	\$12,438,697
MCCSS East Region - operating	-	13,100	-
	<u>13,575,114</u>	<u>13,588,214</u>	<u>12,438,697</u>
REVENUE:			
Rent	1,009,452	1,043,211	957,432
Other funding	484,904	647,469	511,443
Ontario Trillium Foundation	-	-	13,000
United Way	26,760	30,000	30,660
Children's Aid Society	-	-	77,100
Respite	51,000	37,170	37,788
	<u>1,572,116</u>	<u>1,757,850</u>	<u>1,627,423</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	81,110	86,460
	<u>15,147,230</u>	<u>15,427,174</u>	<u>14,152,580</u>
EXPENDITURES:			
Wages and salaries	10,699,917	10,626,736	9,615,541
Employee benefits	1,779,676	1,690,718	1,621,269
Staff travel	93,740	96,010	91,691
Supplies	53,539	71,564	71,390
Vehicle operation	102,632	87,998	75,598
Utilities and taxes	202,688	181,363	175,936
Purchased services	313,985	306,451	314,810
Food	341,892	340,123	321,193
Personal needs	188,621	164,767	85,297
New furnishings and equipment	36,222	91,002	48,386
Advertising and promotion	1,562	525	1,441
Repairs and maintenance	142,174	248,364	226,792
Staff training and conferences	23,796	17,691	16,724
Rental	289,513	246,887	216,273
Central administration - general (reallocation)	238,320	254,644	266,942
- staffing	638,953	635,904	654,503
	<u>15,147,230</u>	<u>15,060,747</u>	<u>13,803,786</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	366,427	348,794
Amortization	-	314,909	260,213
EXCESS OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 51,518</u>	<u>\$ 88,581</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT DAY PROGRAM

FOR THE YEAR ENDED MARCH 31, 2019

	<u>BUDGET</u> <u>2019</u>	<u>ACTUAL</u> <u>2019</u>	<u>ACTUAL</u> <u>2018</u>
SUPPORT:			
MCCSS - operating	\$ 1,348,443	\$ 1,348,443	\$ 1,364,139
REVENUE:			
Other funding	149,936	154,922	159,425
Ontario Trillium Foundation	-	-	13,000
	<u>149,936</u>	<u>154,922</u>	<u>172,425</u>
	<u>1,498,379</u>	<u>1,503,365</u>	<u>1,536,564</u>
EXPENDITURES:			
Wages and salaries	1,022,121	1,021,231	1,077,627
Employee benefits	174,369	152,657	159,289
Staff travel	23,500	22,222	22,716
Supplies	5,182	9,603	9,429
Vehicle operation	29,340	30,261	27,419
Utilities and taxes	26,514	30,749	30,313
Purchased services	21,060	30,033	32,439
Food	2,280	2,283	2,263
New furnishings and equipment	1,722	15,732	452
Advertising and promotion	160	54	-
Repairs and maintenance	13,541	12,317	15,733
Staff training and conferences	2,433	3,434	2,147
Rental	49,946	49,947	50,382
Personal needs	36,501	16,550	3,065
Central administration - general (reallocation)	24,370	25,624	29,811
- staffing	65,340	65,726	73,108
	<u>1,498,379</u>	<u>1,488,423</u>	<u>1,536,193</u>
EXCESS OF REVENUES OVER			
 EXPENDITURES BEFORE AMORTIZATION	-	14,942	371
 Amortization	-	41,545	9,643
EXCESS (DEFICIENCY) OF REVENUES			
 OVER EXPENDITURES	\$ -	\$ (26,603)	\$ (9,272)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GROUP HOMES

FOR THE YEAR ENDED MARCH 31, 2019

	BUDGET 2019	ACTUAL 2019	ACTUAL 2018
SUPPORT:			
MCCSS - operating	\$ 8,891,866	\$ 8,891,866	\$ 8,433,864
REVENUE:			
Rent	928,620	944,988	879,932
Children's Aid Society	-	-	77,100
Other funding	243,734	383,101	217,619
	<u>1,172,354</u>	<u>1,328,089</u>	<u>1,174,651</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	76,040	81,390
	<u>10,064,220</u>	<u>10,295,995</u>	<u>9,689,905</u>
EXPENDITURES:			
Wages and salaries	7,156,859	7,121,968	6,658,267
Employee benefits	1,199,954	1,139,168	1,106,520
Staff travel	45,800	45,174	43,398
Supplies	31,957	43,086	45,605
Vehicle operation	46,501	42,168	26,813
Utilities and taxes	132,745	113,687	115,536
Purchased services	184,449	163,648	185,999
Food	275,652	274,827	261,431
Personal needs	115,915	107,581	71,376
New furnishings and equipment	12,500	62,016	41,265
Advertising and promotion	1,039	349	-
Repairs and maintenance	101,552	141,631	159,591
Staff training and conferences	15,824	10,605	11,001
Rental	160,113	117,052	113,833
Central administration - general (reallocation)	158,476	170,640	179,456
- staffing	424,884	424,304	439,957
	<u>10,064,220</u>	<u>9,977,904</u>	<u>9,460,048</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION	-	318,091	229,857
Amortization	-	213,325	191,144
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 104,766	\$ 38,713

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - COMBINED SUPPORTED INDEPENDENT LIVING

FOR THE YEAR ENDED MARCH 31, 2019

	<u>BUDGET</u> <u>2019</u>	<u>ACTUAL</u> <u>2019</u>	<u>ACTUAL</u> <u>2018</u>
SUPPORT:			
MCCSS - operating	\$ 401,398	\$ 401,398	\$ 311,509
	<hr/>	<hr/>	<hr/>
REVENUE:			
Rent	-	7,147	-
Other funding	27,634	31,329	27,344
	<hr/>	<hr/>	<hr/>
	27,634	38,476	27,344
	<hr/>	<hr/>	<hr/>
	429,032	439,874	338,853
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Wages and salaries	336,319	345,592	252,111
Employee benefits	44,254	45,749	47,484
Staff travel	4,400	6,268	5,479
Supplies	500	802	991
Utilities and taxes	-	541	-
Advertising and promotion	42	14	-
Staff training and conferences	636	413	575
Rental	-	6,825	-
Repairs and maintenance	-	-	185
Personal needs	18,423	8,879	766
New furnishings and equipment	-	150	-
Purchased services	4,687	4,214	4,543
Vehicle operation (recovery)	(3,660)	(3,582)	-
Central administration - general (reallocation)	6,365	6,692	7,740
- staffing	17,066	17,318	18,981
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	429,032	439,875	338,855
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUE OVER			
 EXPENDITURES BEFORE AMORTIZATION	-	(1)	(2)
 Amortization	-	22,617	22,617
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUE			
 OVER EXPENDITURES	\$ -	\$ (22,618)	\$ (22,619)
	<hr/>	<hr/>	<hr/>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - RESPITE PROGRAM

FOR THE YEAR ENDED MARCH 31, 2019

	<u>BUDGET</u> <u>2019</u>	<u>ACTUAL</u> <u>2019</u>	<u>ACTUAL</u> <u>2018</u>
SUPPORT:			
MCCSS - operating	\$ 1,191,495	\$ 1,191,496	\$ 1,040,282
REVENUE:			
Respite	51,000	37,170	37,788
United Way	26,760	30,000	30,660
Other funding	-	6,800	58,346
Rent	-	4,020	11,940
	<u>77,760</u>	<u>77,990</u>	<u>138,734</u>
	<u>1,269,255</u>	<u>1,269,486</u>	<u>1,179,016</u>
EXPENDITURES:			
Wages and salaries	889,914	879,579	787,963
Employee benefits	151,804	149,585	154,729
Staff travel	6,600	5,196	5,318
Supplies	8,600	8,594	7,299
Vehicle operation	11,740	16,217	10,994
Utilities and taxes	17,291	13,860	14,458
Purchased services	32,976	31,959	35,669
Food	27,240	27,239	27,201
New furnishings and equipment	2,000	1,658	1,778
Advertising and promotion	136	46	1,441
Repairs and maintenance	13,541	23,219	15,010
Staff training and conferences	2,076	1,361	1,419
Rental	28,800	29,280	29,040
Personal needs	-	241	85
Central administration - general (reallocation)	20,792	21,931	25,088
- staffing	55,745	56,511	61,523
	<u>1,269,255</u>	<u>1,266,476</u>	<u>1,179,015</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	3,010	1
Amortization	-	6,986	7,200
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (3,976)</u>	<u>\$ (7,199)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - HOST FAMILY

FOR THE YEAR ENDED MARCH 31, 2019

	BUDGET	ACTUAL	ACTUAL
	<u>2019</u>	<u>2019</u>	<u>2018</u>
SUPPORT:			
MCCSS - operating	\$ 22,398	\$ 22,398	\$ 9,491
REVENUE:			
Rent	8,472	8,648	8,388
Other	7,600	8,701	7,871
	<u>16,072</u>	<u>17,349</u>	<u>16,259</u>
	<u>38,470</u>	<u>39,747</u>	<u>25,750</u>
EXPENDITURES:			
Wages and salaries	5,463	4,290	-
Employee benefits	929	3,084	-
Staff travel	500	269	305
Supplies	-	151	-
Purchased services	26,763	23,725	23,382
Personal needs	3,233	6,843	2,064
New furnishings and equipment	-	10	-
Advertising and promotion	3	1	-
Staff training and conferences	42	28	-
Central administration - general (reallocation)	417	451	-
- staffing	1,120	895	-
	<u>38,470</u>	<u>39,747</u>	<u>25,751</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (1)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - INTENSIVE SUPPORT

FOR THE YEAR ENDED MARCH 31, 2019

	BUDGET	ACTUAL	ACTUAL
	<u>2019</u>	<u>2019</u>	<u>2018</u>
SUPPORT:			
MCCSS - operating	\$ 1,719,515	\$ 1,719,513	\$ 1,279,412
REVENUES:			
Other funding	56,000	62,616	40,838
Rent	72,360	78,408	57,172
	<u>128,360</u>	<u>141,024</u>	<u>98,010</u>
	<u>1,847,875</u>	<u>1,860,537</u>	<u>1,377,422</u>
EXPENDITURES:			
Wages and salaries	1,289,242	1,254,076	839,573
Employee benefits	208,367	200,475	153,247
Staff travel	12,940	16,881	14,475
Supplies	7,300	9,328	8,066
Purchased services	44,049	52,872	32,778
Repairs and maintenance	13,541	71,197	36,273
Staff training and conferences	2,786	1,850	1,582
Advertising and promotion	183	61	-
Utilities and taxes	26,137	19,714	15,629
New furnishings and equipment	20,000	11,436	4,891
Vehicle operation	18,712	2,934	10,372
Personal needs	14,549	24,673	7,941
Food	36,720	35,774	30,298
Rental	50,655	33,495	23,018
Central administration - general (reallocation)	27,898	29,306	24,847
- staffing	74,796	71,150	60,934
	<u>1,847,875</u>	<u>1,835,222</u>	<u>1,263,924</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	25,315	113,498
Amortization	-	25,366	24,539
EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENDITURES	\$ -	\$ (51)	\$ 88,959

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - REPAIRS AND MAINTENANCE

FOR THE YEAR ENDED MARCH 31, 2019

	<u>BUDGET</u> <u>2019</u>	<u>ACTUAL</u> <u>2019</u>	<u>ACTUAL</u> <u>2018</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	5,070	5,070
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	5,070	5,070
Amortization	-	5,070	5,070
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - DEDICATED SUPPORTIVE HOUSING

FOR THE YEAR ENDED MARCH 31, 2019

	<u>BUDGET</u> <u>2019</u>	<u>ACTUAL</u> <u>2019</u>	<u>ACTUAL</u> <u>2018</u>
SUPPORT:			
MCCSS East Region - operating	\$ -	\$ 13,100	\$ -
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Utilities	-	2,812	-
Rental	-	10,288	-
	<hr/>	<hr/>	<hr/>
	-	13,100	-
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

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 Children, Community and Social Services (MCCSS).

(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, 2019

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, 2019

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, 2019

2. Summary of Significant Accounting Policies - continued

(i) Allocation of Expenses

The organization provides various programs on behalf of the Ontario Ministry of Children, Community and Social Services (MCCSS). 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 Children, 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, 2019

5. Mortgages Payable

	<u>2019</u>	<u>2018</u>
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,215, due August 15, 2022	\$ 365,005	\$ 377,113
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,671, due November 15, 2022	443,012	457,500
Royal Bank of Canada, bearing interest at 4.46%, repayable in monthly payments of principal and interest of \$2,187, due July 15, 2023	339,580	350,407
Royal Bank of Canada, bearing interest at 3.40%, repayable in monthly payments of principal and interest of \$1,006, due November 16, 2019	146,554	153,492
Royal Bank of Canada, bearing interest at 3.74%, repayable in monthly payments of principal and interest of \$2,425, due March 1, 2024	469,000	-
Royal Bank of Canada, bearing interest at 3.93%, repayable in monthly payments of principal and interest of \$1,908, due October 22, 2022	301,461	312,277
Great-West Life Assurance, bearing interest at 5.755% repayable in monthly payments of principal and interest of \$2,572, due May 1, 2024	276,462	-
	<u>\$ 2,341,074</u>	<u>\$ 1,650,789</u>

Principal repayments over the next five years are as follows:

2020	\$ 224,343
2021	\$ 81,206
2022	\$ 84,778
2023	\$ 1,031,067
2024	\$ 729,601

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

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, 2019, 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, 1040 Concession Road 13, Cannington, Ontario for the amount of \$395,000, 22351 Lake Ridge Road, Uxbridge, Ontario for the amount of \$423,750, 1355 Highway 7A, Port Perry, Ontario for the amount of \$425,000 and on 101 Alva Street, Port Perry, Ontario for the amount of \$469,000.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

7. Term Loans Payable

	<u>2019</u>	<u>2018</u>
Royal Bank of Canada, bearing interest at 3.51% repayable in monthly payments of principal and interest of \$261, due October 20, 2020	\$ 4,786	\$ 7,694
Royal Bank of Canada, bearing interest at 2.99%, repayable in monthly payments of principal and interest of \$446, due November 23, 2021	13,771	18,623
Royal Bank of Canada, non interest bearing with monthly principal payments of \$471, maturing October 31, 2021	15,073	20,726
Royal Bank of Canada, non interest bearing with monthly principal payments of \$394, maturing March 31, 2021	9,838	14,561
	<u>\$ 43,468</u>	<u>\$ 61,604</u>

Principal repayments over the next four years are as follows:

2020	\$ 18,393
2021	17,306
2022	7,769
	<u>\$ 43,468</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,495,632	\$ 1,430,692
Additional contributions received - net	-	151,400
	<hr/>	<hr/>
	1,495,632	1,582,092
Less: Amounts amortized to revenue	81,110	86,460
	<hr/>	<hr/>
Balance, end of year	<u>\$ 1,414,522</u>	<u>\$ 1,495,632</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

9. Investment in Capital Assets

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

	<u>2019</u>	<u>2018</u>
Capital assets	\$ 5,203,972	\$ 4,486,327
Less: Amount financed by deferred contributions	(1,414,522)	(1,495,632)
Mortgages payable	(2,341,074)	(1,650,789)
Term loans payable	(43,468)	(61,604)
	<u>\$ 1,404,908</u>	<u>\$ 1,278,302</u>

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

	<u>2019</u>	<u>2018</u>
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions	\$ 81,110	\$ 86,460
Loss on sale of capital assets	(1,386)	-
Less: Amortization of capital assets	(314,909)	(260,213)
	<u>(235,185)</u>	<u>(173,753)</u>
Net change in invested in capital assets		
Purchase of capital assets	1,043,557	1,399,078
Amounts funded by deferred contributions	-	(151,400)
Mortgages payable	(690,285)	(806,478)
Proceeds on sale of capital assets	(9,617)	-
Term loans payable	18,136	6,529
	<u>361,791</u>	<u>447,729</u>
	<u>\$ 126,606</u>	<u>\$ 273,976</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

10. Region of Durham

	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2019 Total</u>
Revenue	\$ <u>75,180</u>	\$ <u>195,792</u>	\$ <u>270,972</u>
Expenses			
Affordable Housing Reimbursements	71,600	-	71,600
Wages and salaries	-	133,122	133,122
Employee Benefits	-	22,631	22,631
New furnishings and equipment	-	415	415
Staff travel	-	5,134	5,134
Purchased services	-	200	200
Personal needs	-	44	44
Staff training	-	6,261	6,261
Supplies	-	6,940	6,940
Central administration - general	-	21,046	21,046
	<u>71,600</u>	<u>195,793</u>	<u>267,393</u>
	\$ <u>3,580</u>	\$ <u>(1)</u>	\$ <u>3,579</u>
	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2018 Total</u>
Revenue	\$ <u>66,990</u>	\$ <u>200,444</u>	\$ <u>267,434</u>
Expenses			
Affordable Housing Reimbursements	63,800	-	63,800
Wages and salaries	-	161,099	161,099
Employee Benefits	-	24,574	24,574
Staff travel	-	3,155	3,155
Staff training	-	1,043	1,043
Supplies	-	970	970
Central administration - general	-	9,603	9,603
	<u>63,800</u>	<u>200,444</u>	<u>264,244</u>
	\$ <u>3,190</u>	\$ <u>-</u>	\$ <u>3,190</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

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 Children, Community and Social Services (MCCSS) in accordance with the organization's operating agreements. As at the Auditor's Report date, the fiscal year ending March 31, 2019 have not been reviewed by MCCSS, and as a result, future adjustments may be required as a result of this review. Due to the particular requirements of MCCSS, 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, 2019 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 Children, 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 \$193,392 plus applicable taxes and include the following payments over the next 3 years:

2020	\$	64,464
2021	\$	64,464
2022	\$	64,464

The organization committed to various vehicle leases during the year. The leases are 48 months each with total monthly commitment of \$4,863 including taxes. The leases expire at various times from October, 2022 to March, 2023. Future minimum lease payments over the next 4 years are as follows:

2020	\$	58,356
2021	\$	58,356
2022	\$	58,356
2023	\$	32,962

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

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, 2019.

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. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.