

**Community Living Ajax-
Pickering and Whitby
Financial Statements**
For the year ended March 31, 2018

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13



Tel: 905-576-3430
Fax: 905-436-9138
www.bdo.ca

BDO Canada LLP
Oshawa Executive Centre
419 King Street W, Suite 502
Oshawa ON L1J 2K5 Canada

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, 2018, 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, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oshawa, Ontario
July 23, 2018

Community Living Ajax-Pickering and Whitby Statement of Financial Position

March 31 2018 2017

Assets

Current assets

Cash	\$ 1,063,262	\$ 904,301
Short-term investments	16,572	16,572
Accounts receivable	170,611	238,069
	1,250,445	1,158,942

Capital assets (Note 2)

	2,355,065	2,170,219
--	-----------	-----------

	\$ 3,605,510	\$ 3,329,161
--	--------------	--------------

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities (Note 3)	\$ 1,142,295	\$ 1,050,458
Current portion of long-term debt (Note 5)	2,222	3,806
Current portion of obligations under capital lease (Note 6)	3,162	3,162
Deferred contributions related to operational programs	1,689	125,641
	1,149,368	1,183,067

Deferred contributions related to capital assets (Note 4)

	1,137,880	974,654
--	-----------	---------

Long-term debt (Note 5)

	-	2,222
--	---	-------

Obligations under capital lease (Note 6)

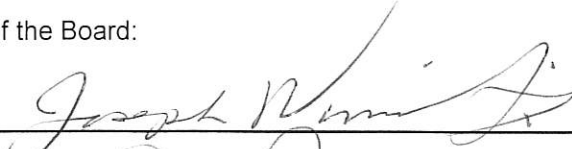

	3,380	6,374
	1,141,260	983,250

Net assets

Invested in capital assets	1,208,421	1,180,001
Operating	106,461	(17,157)
	1,314,882	1,162,844

	\$ 3,605,510	\$ 3,329,161
--	--------------	--------------

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 2018	Total 2017
Balance, beginning of year	\$ (17,157)	\$ 1,180,001	\$ 1,162,844	\$ 683,031
Excess of revenue over expenses	152,038	-	152,038	479,813
Interfund transfers (Note 7)	(28,420)	28,420	-	-
Balance, end of year	\$ 106,461	\$ 1,208,421	\$ 1,314,882	\$ 1,162,844

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	2018	2017
Revenue		
Ministry - Provincial subsidy	\$ 7,978,052	\$ 7,943,225
United Way	18,600	49,000
Workshop sales	168,546	156,049
Donations	19,152	15,604
Interest income	-	82
Memberships	1,370	6,050
Rental recovery	392,892	390,246
Passport funding	177,662	130,718
Other revenue	223,473	261,266
Amortization of deferred capital contributions	77,230	60,674
	<u>9,056,977</u>	<u>9,012,914</u>
Expenses		
Salaries and benefits	6,027,293	5,444,048
Staff training	36,838	14,629
Client incentive	70,736	73,029
Individualized funding	1,353,455	983,304
Passport expenses	177,662	130,718
Staff travel	46,480	21,798
Vehicle operation and travel	66,114	62,458
Other client expenses	79,867	76,842
Utilities	87,300	90,609
Insurance	44,699	46,070
Repairs and maintenance	320,308	307,155
Telephone	37,639	31,254
Fees	85,501	342,099
Other purchased services	192,567	538,856
General administration expense	112,708	95,575
Miscellaneous	46,161	173,937
Summer respite expense	14,525	13,415
Amortization	105,086	87,305
	<u>8,904,939</u>	<u>8,533,101</u>
Excess of revenue over expenses	\$ 152,038	\$ 479,813

Community Living Ajax-Pickering and Whitby Statement of Cash Flows

For the year ended March 31	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 152,038	\$ 479,813
Items not affecting cash		
Amortization	105,086	87,305
Amortization of deferred capital contributions	(77,230)	(60,674)
	<u>179,894</u>	506,444
Changes in non-cash working capital balances		
Accounts receivable	67,458	(108,237)
Accounts payable and accrued liabilities	91,837	211,133
Deferred contributions related to operational programs	(123,952)	(65,287)
	<u>215,237</u>	544,053
Investing activities		
Short-term investments	-	(82)
Purchase of capital assets	(289,932)	(129,976)
	<u>(289,932)</u>	(130,058)
Financing activities		
Deferred contributions related to capital assets received	240,456	129,976
Repayment of capital lease	(2,994)	(7,202)
Repayment of long-term debt	(3,806)	(3,806)
	<u>233,656</u>	118,968
Net change in cash	158,961	532,963
Cash, beginning of year	904,301	371,338
Cash, end of year	\$ 1,063,262	\$ 904,301

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

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2018

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.

Community Living Ajax-Pickering and Whitby

Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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 and judgments used in the preparation of these financial statements include, but are not limited to, capital asset amortization rates, the determination of any impairment in capital assets and the determination of accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2018

2. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 880,830	\$ -	\$ 880,830	\$ -
Buildings	2,927,910	1,648,154	2,726,366	1,586,103
Computer equipment	177,783	137,974	161,876	124,547
Furniture, fixtures and automotive equipment	862,683	722,236	790,202	696,184
Automotive equipment under capital lease	39,127	24,904	39,127	21,348
	\$ 4,888,333	\$ 2,533,268	\$ 4,598,401	\$ 2,428,182
Cost less accumulated amortization		\$ 2,355,065		\$ 2,170,219

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 \$20,999 (2017 - \$7,656) 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.

	2018	2017
Balance, beginning of year	\$ 974,654	\$ 905,352
Add: Contributions during the year	240,456	129,976
Less: Amounts amortized to revenue	(77,230)	(60,674)
	\$ 1,137,880	\$ 974,654

**Community Living Ajax-Pickering and Whitby
Notes to Financial Statements**

March 31, 2018

5. Long-term Debt

	2018	2017
Vehicle loan, repayable \$393 monthly including interest at 7.29%, due October 2018, secured by specific automotive equipment (carrying value of \$3,640 as at March 31, 2018)	\$ 2,222	\$ 6,028
Less: current portion	2,222	3,806
	\$ -	\$ 2,222

6. Obligations under Capital Lease

	Expiry Date	Interest Rate	Current	Non-Current
Automotive equipment	June 2019	9.920%	\$ 3,162	\$ 3,380
Future aggregate commitments under capital lease:				
		Future Lease Payments	Interest	Unpaid Obligation
2019		\$ 3,966	\$ 476	\$ 3,490
2020		3,169	117	3,052
		\$ 7,135	\$ 593	\$ 6,542

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2018

7. Interfund Transfers

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

	2018	2017
Operating funds used by Capital Asset Fund:		
Purchase of capital assets	\$ 289,932	\$ 129,976
Amortization	(105,086)	(87,305)
Contributions related to capital assets	(240,456)	(129,976)
Amortization of deferred capital contributions	77,230	60,674
Repayment of capital lease obligation	2,994	7,202
Repayment of long-term debt	3,806	3,806
	\$ 28,420	\$ (15,623)

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 2017/2018 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. Economic Dependence

The organization has contribution arrangements with the Ministry of Community and Social Services to provide funds to administer operations and provide services. These contributions constitute 88% (2017 - 88%) of the organization's total revenue and, as such, its ability to continue viable operations is dependent upon maintaining these funding arrangements.

10. 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. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from a large number of individual clients.

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

There have not been any changes in the risk from the prior year.

Community Living Ajax-Pickering and Whitby Notes to Financial Statements

March 31, 2018

10. Financial Instrument Risk (continued)

Liquidity risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. The Association continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.

There have not been any changes in the risk from the prior year.

11. 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, 2018 is \$450,000 (2017 - \$450,000).

12. Comparative Figures

The comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.