

**COMMUNITY LIVING**  
Thunder Bay



*Inspiring Possibilities*

# **FINANCIAL STATEMENTS**

**2017-2018**

# Community Living Thunder Bay

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*For the year ended March 31, 2018*

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## **Management's Responsibility**

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To the Members and Board of Directors of Community Living Thunder Bay:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the audited financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 20, 2018



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Executive Director

## Independent Auditors' Report

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To the Members of Community Living Thunder Bay:

We have audited the accompanying financial statements of Community Living Thunder Bay, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances 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.

### *Auditors' 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 auditors' 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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Living Thunder Bay as at March 31, 2018 and the results of its operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Thunder Bay, Ontario  
June 20, 2018

*MNP LLP*


Chartered Professional Accountants  
Licensed Public Accountants

**Community Living Thunder Bay**  
**Statement of Financial Position**  
*As at March 31, 2018*

	General Fund	Capital Fund	2018 Total	2017 Total (restated)
<b>Assets</b>				
<b>Current</b>				
Cash	2,242,532	-	2,242,532	1,297,966
Accounts Receivable (Note 4)	448,688	-	448,688	296,026
Grants Receivable	5,846	-	5,846	9,663
Inventories (Note 5)	-	-	-	2,712
Prepaid Expenses	23,776	-	23,776	43,851
Short-Term Investments (Note 6)	15,000	-	15,000	15,000
	<b>2,735,842</b>	<b>-</b>	<b>2,735,842</b>	<b>1,665,218</b>
Long-Term Investments (Note 3)	-	-	-	435,535
Capital Assets (Note 7)	-	1,120,407	1,120,407	1,081,071
	<b>2,735,842</b>	<b>1,120,407</b>	<b>3,856,249</b>	<b>3,181,824</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts Payable (Note 9)	1,603,131	-	1,603,131	1,035,808
Accrued Vacation Pay	409,856	-	409,856	571,161
Mortgage Payable-Current Portion (Note 10)	-	8,591	8,591	8,325
Deferred Revenue (Note 11) (Note 12) (Note 3)	1,003,705	-	1,003,705	935,939
	<b>3,016,692</b>	<b>8,591</b>	<b>3,025,283</b>	<b>2,551,233</b>
Mortgage Payable (Note 10)	-	185,411	185,411	194,003
Contingent Liability (Note 15)	-	-	-	-
	<b>3,016,692</b>	<b>194,002</b>	<b>3,210,694</b>	<b>2,745,236</b>
<b>Fund Balances</b>				
General Fund	(280,850)	-	(280,850)	(442,155)
Capital Asset Fund	-	926,405	926,405	878,743
	<b>(280,850)</b>	<b>926,405</b>	<b>645,555</b>	<b>436,588</b>
	<b>2,735,842</b>	<b>1,120,407</b>	<b>3,856,249</b>	<b>3,181,824</b>

On behalf of the Board:

Lisa Ellacott: 

Donna Lagergren: 

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

**Community Living Thunder Bay**  
**Statement of Operations and Changes in Fund Balances**  
*For the year ended March 31, 2018*

	<i>General Fund</i>		<i>Capital Fund</i>	
	2018	2017	2018	2017 (restated)
<b>Revenue</b>				
Provincial Grants	17,318,042	16,402,621	-	-
Less: Adjustments to Capital	(250,895)	(72,050)	250,895	72,050
Municipal Grants	264,206	301,135	-	-
Grant Funding	35,064	77,318	-	-
Service Fees	631,375	626,585	-	-
Contributions	87,793	23,217	-	-
Interest Income	22,406	12,969	-	-
Other Revenue	25,501	22,349	-	-
	18,133,492	17,394,144	250,895	72,050
<b>Expenditure</b>				
Salaries & Benefits	15,908,526	15,371,092	-	-
Purchased Materials & Services	2,743,510	2,376,641	-	-
Administration Allocation	67,254	38,804	-	-
Amortization of Capital Assets	-	-	203,233	222,661
Less: Adjustments to Capital	(250,895)	(72,050)	-	-
Expenditure Recoveries	(334,903)	(320,343)	-	-
	18,133,492	17,394,144	203,233	222,661
<b>Excess (deficiency) of revenue over expenditure before the following:</b>	-	-	47,662	(150,611)
<b>Other expense</b>				
Accrued Vacation Pay Adjustment	161,305	(53,532)	-	-
<b>Excess (deficiency) of revenues over expenses:</b>	161,305	(53,532)	47,662	(150,611)
<b>Fund Balances, beginning of year</b>	(442,155)	(388,623)	878,743	1,029,354
<b>Fund Balances, end of year</b>	<b>(280,850)</b>	<b>(442,155)</b>	<b>926,405</b>	<b>878,743</b>

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

# Community Living Thunder Bay

## Statement of Cash Flows

For the year ended March 31, 2018

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	2018	2017 (restated)
<b>Cash from Operating Activities</b>		
Excess (deficiency) of Revenue over Expenses - General Fund	161,305	(53,532)
Excess (deficiency ) of Revenue over Expenses - Capital Fund	47,662	(150,611)
Amortization of Capital Assets	203,233	222,661
Decrease (Increase) in Accounts Receivable	(152,662)	67,202
Decrease (Increase) in Grants Receivable	3,817	(5,402)
Decrease in Inventories	2,712	86
Decrease in Prepaid Expenses	20,075	36,725
Increase (Decrease) in Accounts Payable	567,323	(160,883)
Increase (Decrease) in Accrued Vacation Pay	(161,305)	53,532
Increase in Deferred Contributions	67,766	80,961
<b>Net cash generated through/used in operating activities</b>	<b>759,926</b>	<b>90,739</b>
<b>Cash from Investing Activities</b>		
Purchase of Capital Assets	(242,570)	(63,983)
Repayment of Mortgage Payable	(8,325)	(8,067)
Proceeds from sale of Long-Term Investments	435,535	-
<b>Net decrease in cash due to investing activities</b>	<b>184,640</b>	<b>(72,050)</b>
Net increase in cash	944,566	18,689
Cash, beginning of year	1,297,966	1,279,277
<b>Cash, end of year</b>	<b>2,242,532</b>	<b>1,297,966</b>

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The accompanying notes are an integral part of these financial statements

# Community Living Thunder Bay

## Notes to the Financial Statements

For the year ended March 31, 2018

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### 1. Incorporation and nature of the organization

The Organization was incorporated under the laws of the Province of Ontario on May 3rd, 1967 as a not-for-profit organization without share capital. Community Living Thunder Bay was established to offer services and supports to persons with developmental disabilities and their families. The Organization believes that all people should live in a state of dignity, share in all elements of living in the community, and have the opportunity to participate effectively. The Organization is incorporated under the Ontario Corporation Act as a not-for-profit organization and is exempt from income tax under section 149(1)(l) of the Income Tax Act.

### 2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board of Canada using the following significant accounting policies:

#### ***Fund Accounting***

Community Living Thunder Bay follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's service delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Community Living Thunder Bay's capital assets.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents includes balances with chartered banks and petty cash. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### ***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

#### ***Capital Assets***

Capital assets which are purchased during the year are set up as assets in the Capital Fund in the year of acquisition. Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the asset's estimated useful lives as follows:

<b>Asset Classification</b>	<b>Years</b>
Buildings	20 Years
Landscaping	10 Years
Equipment	5 or 10 Years

#### ***Long-lived assets***

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.



**2. Significant Accounting Policies (continued)**

***Leases***

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

***Revenue Recognition***

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are recognized as revenue in the Capital Fund when received or receivable.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Service fees revenue is recognized when services are provided and collectability is reasonably assured.

Other revenue is recognized as revenue in the year in which the related expenses are incurred.

***Contributed Materials and Services***

The Organization does not recognize the receipt of contributed materials and services.

***Allocation of Administrative Expenses***

The Organization engages in programs that are either directly funded by a government agency or billed to an external organization or individual. Those programs that are billed to an external organization or individual are billed a flat percentage for an administration allocation, which is recorded as a recovery in the Administration department to offset the Administration expenses. Those programs that are funded directly by a government agency have been allocated a proportionate share of the administrative expenses net of recoveries, based on the administrative support and reporting requirements of the program.

**2. Significant Accounting Policies (continued)**

***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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and grants receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary.

Provisions are made for slow moving and obsolete inventory.

Amortization is based on the estimated useful life of capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year end.

Accrued vacation pay is estimated based on employee hours outstanding at year end.

Deferred contributions are estimated based on management's review of revenue received but unspent at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the year in which they become known.

***Financial Instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

# Community Living Thunder Bay

## Notes to the Financial Statements

For the year ended March 31, 2018

### 3. Correction of an error

During the year, the Organization identified long-term investments with an internally restricted purpose that had not been reported within the financial statements in a prior period. The Organization does not have a restricted fund for this purpose, therefore, the amount has been recorded as deferred revenue in the General Fund. For 2018, the impact of this correction has resulted in an increase in opening long-term investments of \$435,535 and an increase in opening deferred revenue of \$435,535. For 2017, the impact of this correction has resulted in an increase in long-term investments of \$435,535 and an increase in deferred revenue of \$435,535.

### 4. Accounts Receivable

	2018	2017
Employment Program Sales	14,233	14,297
Service Fee & Other	395,244	261,289
Government Remittances Receivable	39,211	20,440
	<b>448,688</b>	<b>296,026</b>

### 5. Inventories

	2018	2017
Raw Materials	-	1,364
Finished Goods	-	1,348
	-	<b>2,712</b>

### 6. Short-Term Investments

	2018	2017
Royal Bank of Canada non-redeemable guaranteed investment certificate, paying interest at 1.84%, maturing March 2019. Amount is subject to external restrictions, stipulating that the principal be maintained permanently and investment income be used for bursaries. (Cost - \$15,000: 2017 - \$15,000).	<b>15,000</b>	<b>15,000</b>

# Community Living Thunder Bay

## Notes to the Financial Statements

*For the year ended March 31, 2018*

### 7. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	322,561	-	322,561	322,561
Buildings	2,867,617	2,516,306	351,311	430,149
Equipment	1,798,063	1,380,218	417,845	289,754
Landscaping	409,713	381,023	28,690	38,607
	<b>5,397,954</b>	<b>4,277,547</b>	<b>1,120,407</b>	<b>1,081,071</b>

### 8. Bank Indebtedness

At March 31, 2018, the Organization had a line of credit available of \$200,000 bearing interest at bank prime (2018 - 3.45%, 2017 - 2.70%), none of which was drawn. The following has been collateralized in connection with this line of credit: General Security Agreement

### 9. Accounts Payable

	2018	2017
Trade Payables	218,719	84,689
Accrued Wages and Benefits	1,137,610	931,506
Government Remittances Payable	48,166	-
2013/14 Operating Grants Repayable	3,153	3,153
2014/15 Operating Grants Repayable	434	434
2015/16 Operating Grants Repayable	-	16,026
2017/18 Operating Grants Repayable	195,049	-
	<b>1,603,131</b>	<b>1,035,808</b>

### 10. Mortgage Payable

	2018	2017
Royal Bank of Canada mortgage, bearing interest at 3.15%, payable in monthly installments of \$1,215 (including interest), with a renewable 5 year term ending August 30, 2020, secured by specific land and building with a net book value of \$164,911.	194,002	202,328
Less: Current portion of mortgage payable	8,591	8,325
	<b>185,411</b>	<b>194,003</b>

Principal repayments on mortgage payable in each of the next 5 years are as follows:

Year	Principal Repayment
2019	8,591
2020	8,850
2021	9,148
2022	9,441
2023	9,743

**Community Living Thunder Bay**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

**11. Deferred Contributions**

The following deferred contributions represents restricted contributions received and unspent for which the organization does not have a separate restricted fund.

	<b>2018</b>	<b>2017 (restated)</b>
Balance, beginning of year	935,939	854,978
Funds received during the year	127,978	125,936
Funds recorded to revenue during the year	60,212	44,975
	<b>1,003,705</b>	<b>935,939</b>

**12. Lottery Proceeds**

Amounts included in other revenue and deferred contributions (above) which represent lottery net proceeds received during the year are as follows:

	<b>2018</b>	<b>2017</b>
Bingo and E-Bingo	12,865	13,145
Nevada Ticket Sales	59	41
	<b>12,924</b>	<b>13,186</b>

**13. Commitments**

Under the terms of vehicle lease expiring August 2021, the Organization is committed to make monthly payments totaling the following amounts per annum:

	<b>Year</b>	<b>Commitment</b>
	2018-2019	6,375
	2019-2020	6,375
	2020-2021	6,375
	2021-2022	2,656

**14. Allocation of General Support Expenses**

	<b>2018</b>	<b>2017</b>
Supported Independent Living	115,448	91,045
Intensive Support Residences	246,489	98,858
Family Home Program (Host Family Residences)	165,384	157,986
Group Living Support Services (Supported Group Living Residences)	959,436	900,360
Inclusion Services (Community Participation Srvs. and Supports)	29,200	13,845
Employment Support Services	85,091	70,599
Professional & Specialized Services	15,063	10,053
W.J. Griffis Children's Centre	59,768	68,142
	<b>1,675,879</b>	<b>1,410,888</b>

# Community Living Thunder Bay

## Notes to the Financial Statements

For the year ended March 31, 2018

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### 15. **Contingent Liability**

The Program is contingently liable to the Ministry of Community & Social Services, Ministry of Children and Youth Services and The Thunder Bay District Social Services Administration Board for the Program's surplus from operations unless permission is obtained to reallocate the funds elsewhere. This year there were no program surpluses from either funder.

### 16. **Economic Interest**

The Organization has an economic interest in Community Living Thunder Bay Foundation. The Foundation's primary purpose is to promote, support and protect the status and interests of people with a developmental disability in Thunder Bay and the general well-being and welfare of such persons; to solicit, receive and hold contributions of money and property; to raise and hold funds for the benefit of people with a developmental disability; and to make grants as requested to the benefit of such individuals. During the year, the Foundation granted \$26,308 (2017 - \$14,621) to the Organization.

### 17. **Financial Instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate price risk on its mortgage payable as it is at a fixed rate.

### 18. **Comparative Figures**

Certain comparative figures have been reclassified to conform to current presentation.