

COMMUNITY LIVING

Thunder Bay



Inspiring Possibilities

**FINANCIAL
STATEMENTS**

2016-2017

**Community Living Thunder Bay
Financial Statements
For the year ended March 31, 2017**

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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 19, 2017



Executive Director

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, 2017, 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, 2017 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 19, 2017



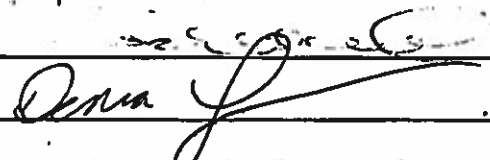
Chartered Professional Accountants
Licensed Public Accountants

**Community Living Thunder Bay
Statement of Financial Position**

As at March 31, 2017

	General Fund	Capital Fund	2017 Total	2016 Total
ASSETS				
Current				
Cash	\$ 1,297,966	\$ -	\$ 1,297,966	\$ 1,279,277
Accounts Receivable (Note 3)	296,026	-	296,026	363,228
Grants Receivable	9,663	-	9,663	4,261
Inventories (Note 4)	2,712	-	2,712	2,798
Prepaid Expenses	43,851	-	43,851	80,576
Short-Term Investments (Note 5)	15,000	-	15,000	15,000
	<u>1,665,218</u>	<u>-</u>	<u>1,665,218</u>	<u>1,745,140</u>
Capital Assets (Note 6)	-	1,081,071	1,081,071	1,239,750
	<u>\$ 1,665,218</u>	<u>\$ 1,081,071</u>	<u>\$ 2,746,289</u>	<u>\$ 2,984,890</u>
LIABILITIES				
Current				
Accounts Payable (Note 8)	\$ 1,035,808	\$ -	\$ 1,035,808	\$ 1,196,691
Accrued Vacation Pay	571,161	-	571,161	517,629
Mortgage Payable - current (Note 9)	-	8,325	8,325	8,067
Deferred Contributions (Notes 10 & 11)	500,404	-	500,404	419,443
	<u>2,107,373</u>	<u>8,325</u>	<u>2,115,698</u>	<u>2,141,830</u>
Mortgage Payable - long-term (Note 9)		194,003	194,003	202,329
Contingent Liability (Note 14)	-	-	-	-
	<u>2,107,373</u>	<u>202,328</u>	<u>2,309,701</u>	<u>2,344,159</u>
Fund Balances				
General Fund	(442,155)	-	(442,155)	(388,623)
Capital Asset Fund	-	878,743	878,743	1,029,354
	<u>\$ 1,665,218</u>	<u>\$ 1,081,071</u>	<u>\$ 2,746,289</u>	<u>\$ 2,984,890</u>

On behalf of the Board:



L. Ellacott

D. Lagergren

The accompanying summary of significant accounting policies and 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, 2017

	GENERAL FUND		CAPITAL FUND	
	2017	2016	2017	2016
	Total	Total	Total	Total
Revenue				
Provincial Grants	\$16,402,621	\$16,031,907	-	-
Less Adjustment to Capital	(72,050)	(131,440)	\$72,050	\$131,440
Municipal Grants	301,135	207,281	-	-
Grant Funding	77,318	45,422	-	-
Service Fees	626,585	566,696	-	-
Contributions	23,217	8,681	-	-
Interest Income	12,969	17,357	-	-
Other Revenue (Note 11)	22,349	35,272	-	-
Total	17,394,144	16,781,176	72,050	131,440
Expenditure				
Salaries & Benefits	15,371,092	14,867,955	-	-
Purchased Materials & Services	2,376,641	2,391,055	-	-
Allocated Administrative	38,804	50,738	-	-
Amortization of Capital Assets			222,661	246,809
Less Adjustment to capital	(72,050)	(131,440)		
Expenditure Recoveries	(320,343)	(397,132)	-	-
Total	\$ 17,394,144	\$ 16,781,176	\$ 222,661	\$ 246,809
Excess (deficiency) of revenue over expenditure before the following	-	-	(150,611)	(115,369)
Other expense				
Accrued Vacation pay adjustment	(53,532)	(37,081)	-	-
Excess (deficiency) of revenues over expenses	(53,532)	(37,081)	(150,611)	(115,369)
Fund balances, beginning of year	(388,623)	(351,542)	1,029,354	1,144,723
Fund balances, end of year	\$ (442,155)	\$ (388,623)	\$ 878,743	\$ 1,029,354

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Community Living Thunder Bay
Statement of Cash Flows**

For the year ended March 31, 2017

	2017	2016
Cash from Operating Activities		
Deficiency of Revenues over Expenses - General Fund	\$ (53,532)	\$ (37,081)
Excess (deficiency) of Revenues over Expenses - Capital Fund	(150,611)	(115,369)
Amortization of Capital Assets	222,661	246,809
Increase in Accounts Receivable	67,202	(51,727)
Decrease in Grants Receivable	(5,402)	4,865
Decrease in Inventories	86	1,321
Increase in Prepaid Expenses	36,725	(60,824)
Increase (decrease) in Accounts Payable	(160,883)	(443,308)
Increase in Accrued Vacation Pay	53,532	37,080
Increase in Deferred Contributions	80,961	49,594
	\$ 90,739	\$ (368,640)
Investing Activities		
Purchase of Capital Assets	(63,983)	(123,933)
Repayment of Mortgage Payable	(8,067)	(7,507)
	\$ (72,050)	\$ (131,440)
Net decrease cash due to investing activities		
Net increase (decrease) in cash	18,689	(500,080)
Cash, beginning of year	1,279,277	1,779,357
	\$ 1,297,966	\$ 1,279,277

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

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 Account 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:

Buildings – 20 years
Landscaping – 10 years
Equipment – 5 or 10 years

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

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.

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.

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.

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

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.

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

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.

3. Accounts Receivable

	2017	2016
Employment Program Sales	14,297	\$14,284
Service Fees & Other	261,289	323,090
Government Remittances Receivable	20,440	24,846
Employee Advance Receivable	0	\$1,008.00
	\$296,026	\$363,228

4. Inventories

	2017	2016
Raw Materials	\$1,364	\$1,511
Finished Goods	1,348	1,287
	\$2,712	\$2,798

5. Short-term Investments

	2017	2016
Royal Bank of Canada non-redeemable guaranteed investment certificate, paying interest at 1.55%, maturing March 2018. Amount is subject to external restrictions, stipulating that the principal be maintained permanently and investment income be used for bursaries. (Cost - \$15,000; 2016 - \$15,000).		
	\$15,000	\$15,000

6. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	322,561	-	322,561	\$322,561
Buildings	2,867,617	2,437,468	430,149	551,266
Equipment	1,555,492	1,265,738	289,754	315,775
Landscaping	409,713	371,106	38,607	50,148
	\$5,155,383	\$4,074,312	\$1,081,071	\$1,239,750

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

7. Bank Indebtedness

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

8. Accounts Payable

	2017	2016
Trade	84,689	236,898
Accrued Wages and Benefits	931,506	810,507
Government Remittances Payable	0	96,602
2013/14 Operating Grants Repayable	3,153	3,153
2014/15 Operating Grants Repayable	434	434
2015/16 Operating Grants Repayable	16,026	16,026
2016/17 Operating Grants Repayable	0	
W.J. Griffis Children's Centre	0	33,071
	\$ 1,035,808	\$ 1,196,691

9. Mortgage Payable

	2017	2016
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 \$181,151.	\$202,328	\$210,396
Less: Current portion of mortgage payable	8,325	8,067
	\$194,003	\$202,329

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

Year	Principal Repayment
2018	8,325
2019	8,591
2020	8,850
2021	9,148
2022	9,441

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

10. Deferred Contributions

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

	2017	2016
Beginning Balance	\$419,443	\$369,849
Funds received during the year	125,936	101,778
Funds recorded to revenue during the year	44,975	52,184
Ending Balance	<u>\$500,404</u>	<u>\$419,443</u>

11. Lottery Proceeds

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

	2017	2016
Bingo and E-bingo	\$13,145	\$13,639
Nevada Ticket Sales	41	117
	<u>\$13,186</u>	<u>\$13,756</u>

12. Commitments

Under the terms of vehicle lease expiring February 2018, the Organization is committed to make monthly payments totaling the following amounts per annum:

	Year	Principal Repayment
Total Lease Payments	2018	5,932

**Community Living Thunder Bay
Notes to Financial Statements
March 31, 2017**

13. Allocation of General Support Expenses

	2017	2016
Supported Independent Living	\$91,045	\$117,521
Intensive Support Residences	\$98,858	\$83,844
Family Home Program (Host Family Residences)	\$157,986	\$133,985
Group Living Support Services (Supported Group Living Residences)	\$900,360	\$973,708
Inclusion Services (Community Participation Svcs. and Supports)	\$13,845	\$19,294
Employment Support Services	\$70,599	\$72,244
Professional & Specialized Services	\$10,053	\$12,990
W.J. Griffis Children's Centre	\$68,142	\$46,163
	<u>\$1,410,888</u>	<u>\$1,459,749</u>

14. 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.

15. 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 \$14,621 (2016 - \$14,445) to the Organization.

16. 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.

17. Comparative Figures

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