

Financial Statements

**COMMUNITY LIVING
GUELPH WELLINGTON**

March 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Living Guelph Wellington:

We have audited the accompanying financial statements of Community Living Guelph Wellington which comprise the statement of financial position as at March 31, 2018 and the statements of revenue and expenses, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions of the Ministry of Community and Social Services as disclosed in note 1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Ministry of Community and Social Services as disclosed in note 1 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from the general public in the form of donations, fundraising activities, and other revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments for unrecorded receipts might be necessary to revenue, 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 also modified because of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Community Living Guelph Wellington as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Ministry of Community and Social Services.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to note 1 of the financial statements, which describes the basis of accounting. These financial statements are prepared solely for the information and use of the Directors of Community Living Guelph Wellington and the Ministry of Community and Social Services. Our report is intended solely for the specified users and should not be distributed to any other parties or used for any other purpose.



Guelph, Ontario
June 4, 2018

Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY LIVING GUELPH WELLINGTON
Statement of Financial Position
March 31, 2018 with comparative figures for 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents (note 2)	\$ 2,447,787	\$ 2,857,524
Accounts receivable	113,924	169,245
Prepaid expenses	2,600	2,600
	<u>2,564,311</u>	<u>3,029,369</u>
Capital Assets (note 4)	14,498,151	14,226,641
	<u>\$17,062,462</u>	<u>\$17,256,010</u>
Liabilities, Deferred Contributions and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	\$1,473,447	\$ 1,571,060
Current portion of long-term debt (note 5)	177,489	170,553
	<u>1,650,936</u>	<u>1,741,613</u>
Long-term Debt (note 5)	1,426,473	1,603,954
Deferred Contributions:		
Related to capital assets (note 6)	7,943,490	7,926,928
Related to future periods (note 7)	86,101	82,333
	<u>8,029,591</u>	<u>8,009,261</u>
Net Assets:		
Investment in capital assets (note 8)	4,950,699	4,525,206
Internally restricted funds (note 10)	445,880	780,772
Association's capital reserve	220,239	185,197
Association's net assets	338,644	410,007
	<u>5,955,462</u>	<u>5,901,182</u>
	<u>\$17,062,462</u>	<u>\$17,256,010</u>

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

On behalf of the Board:

_____ Director
_____ Director

COMMUNITY LIVING GUELPH WELLINGTON

Statement of Revenue and Expenses

For the year ended March 31, 2018 with comparative figures for 2017

	2018	2017
Revenue		
Provincial subsidy	\$18,445,605	\$16,813,731
Sales and user fees (non-retainable revenue)	3,074,920	3,275,681
Fund raising and donations (retainable revenue)	178,165	174,111
	<u>21,698,690</u>	<u>20,263,523</u>
Expenses		
Salaries	14,952,381	13,727,410
Benefits	2,216,553	2,075,983
Travel	108,190	89,057
Training	67,772	43,444
Communication costs	197,199	172,066
Purchased service	1,129,407	1,118,865
Supplies	2,042,109	2,070,457
Premises occupancy costs	801,823	791,345
Advertising	9,519	4,873
Fundraising costs and other expenditures	55,797	67,224
	<u>21,580,750</u>	<u>20,160,724</u>
Net excess of revenue over expenses	<u>\$ 117,940</u>	<u>\$ 102,799</u>

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

COMMUNITY LIVING GUELPH WELLINGTON

Statement of Changes in Net Assets

For the year ended March 31, 2018 with comparative figures for 2017

Internally Restricted Funds

	General Bequests	Capital Campaign	Total 2018	Total 2017
Balance, beginning of year	\$ 445,880	\$ 334,892	\$ 780,772	\$ 435,880
Proceeds	-	-	-	354,000
Interest	-	-	-	-
Expenditures	-	(334,892)	(334,892)	(9,108)
Transfers	-	-	-	-
Balance, end of year	\$ 445,880	-	\$ 445,880	\$ 780,772

Association's Capital Reserve Fund

	2018	2017
Balance, beginning of year	\$ 185,197	\$ 173,525
Proceeds	218,194	198,358
Expenditures	(183,152)	(186,686)
Balance, end of year	\$ 220,239	\$ 185,197

Association's Net Assets

	2018	2017
Balance, beginning of year	\$ 410,007	\$ 307,208
Excess of revenue over expenses for the year:		
Surplus - Association funds	122,368	106,887
Deficit - MCSS programs	(4,428)	(4,088)
Invested in capital assets	(189,303)	-
Balance, end of year	\$ 338,644	\$ 410,007

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

COMMUNITY LIVING GUELPH WELLINGTON

Statement of Cash Flow

For the year ended March 31, 2018 with comparative figures for 2017

	2018	2017
Cash provided by (used in)		
Operations:		
Excess of revenue over expenses	\$ 117,940	\$ 102,799
Items not requiring cash:		
Amortization of capital assets	449,824	378,678
Amortization of equity in capital assets	(98,702)	(217,488)
Amortization of deferred contributions	(33,714)	(250,535)
Change in non-cash working capital:		
Accounts receivable	55,321	(27,142)
Prepaid expenses	-	96,722
Accounts payable and accrued liabilities	(97,613)	378,544
	393,056	461,578
Financing:		
Repayment of long-term debt	(170,545)	(161,198)
Deferred contributions	54,044	255,115
Association's designated capital reserve receipts	218,194	198,358
Net proceeds from sale of capital assets	-	334,892
Designated fund receipts	-	10,000
	101,693	637,167
Investing:		
Expenditures on capital assets	(721,334)	(255,107)
Designated capital reserve expenditures	(183,152)	(186,686)
	(904,486)	(441,793)
(Decrease) increase in cash and cash equivalents	(409,737)	656,952
Cash and cash equivalents, beginning of year	2,857,524	2,200,572
Cash and cash equivalents, end of year	\$ 2,447,787	\$ 2,857,524

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

COMMUNITY LIVING GUELPH WELLINGTON

Notes to the Financial Statements

March 31, 2018

Community Living Guelph Wellington ("the Association") is incorporated under the laws of the Province of Ontario without share capital, for the purpose of supporting developmentally challenged persons through the implementation of specific programs and creating community awareness to the needs and rights of the disabled. The Association is a registered charity classified under Section 149.1(1) (b) of the Income Tax Act (Canada) and as such, is exempt from income tax.

1. Significant Accounting Policies

The financial statements of Community Living Guelph Wellington are the representation of management prepared in accordance with accounting principles in keeping with the Ministry of Community and Social Services guidelines. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

a. Revenue Recognition:

The Association follows the deferral method of accounting for contributions for operating grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in the subsequent period. Donations to internally-restricted funds are recorded as income when received.

b. Pension Plan:

The Association maintains a contributory money-purchase pension plan, providing a benefit to be paid upon retirement, depending on the amount of accumulated contributions and investment income during the term of the employee's participation in the plan. The Association's contributions to the plan are based on a percentage of the employee's salary. Employees contribute to a group RRSP on a mandatory basis.

c. Capital Assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization of capital assets funded by mortgages is calculated using Dedicated Supportive Housing for Non-profit Housing guidelines of an amount equal to the principal repayments on related mortgage loans during the year. Land, buildings and furniture funded by capital grants, donations and other Association revenue are not amortized. Capital grants and the value of equipment acquired with operating subsidies are recorded as deferred contributions. Funds raised through the Association for the acquisition of capital assets are recorded as the Association's investment in capital assets. Deferred contributions and the Association's investment in capital assets are amortized at the same rate as the assets acquired with those funds.

Amortization of vehicles and equipment is calculated on a straight-line basis, using the half-year rule for office equipment and computers, while vehicle amortization is based on the date of addition.

Vehicle and equipment useful life for amortization purposes is as follows:

Computer equipment	3 years
Office & other equipment	5 years
Vehicles	3 years

COMMUNITY LIVING GUELPH WELLINGTON

Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

d. Fund Accounting:

Internally restricted funds represent monies derived from bequests and specific fundraising events which have been allocated for a specific use and are not available for the general operation of the Association.

Capital Reserve Funds represent monies derived from surpluses in the Association's Private Funds which have been designated by the Board for use in the acquisition of capital assets. Recoveries of these capital expenditures are realized through usage charges on the specific equipment acquired.

e. Contributed Services

Volunteers contribute many hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

f. Use of Estimates

The preparation of financial statements 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 expenses during the reporting period. Significant estimates made by management include the useful lives of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

g. Financial Instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net excess of revenue over expenses. 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 excess of revenue over expenses.

Transaction costs

The organization recognizes its transaction costs in net excess of revenue over expenses 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 GUELPH WELLINGTON

Notes to the Financial Statements

March 31, 2018

2. Cash and Cash Equivalents

Cash includes amounts held for the designated funds as well as a capital reserve for both houses funded under the Dedicated Housing Supports program.

Components	2018	2017
Designated funds	\$ 445,880	\$ 780,772
Association capital reserve	220,239	185,197
Housing replacement reserve	86,101	82,333
Operating funds	1,695,567	1,809,222
	\$ 2,447,787	\$ 2,857,524

3. Inter-program Transactions

Maintenance and custodial work performed by ARC Industries results in sales revenue and repairs and maintenance expenditures that are not eliminated on consolidation of the various program's revenues and expenditures. Details are as follows:

	2018	2017
ARC Industry sales to other programs	\$ 505	\$ 4,565

4. Capital assets

	Cost	Accumulated Amortization	NBV 2018	NBV 2017
Land, buildings and furniture	\$ 15,752,412	\$ 1,623,051	\$ 14,129,361	\$ 13,812,008
Computer equipment	703,135	562,078	141,057	48,031
Office & other equipment	221,121	193,188	27,933	45,246
Vehicles	1,128,535	928,735	199,800	321,356
	\$ 17,805,203	\$ 3,307,052	\$ 14,498,151	\$ 14,226,641

Amortization in the amount of \$449,824 was recorded during the year (2017 - \$378,678).

COMMUNITY LIVING GUELPH WELLINGTON

Notes to the Financial Statements

March 31, 2018

5. Long-term Debt

	2018	2017
a. 5.967% first mortgage repayable in monthly blended repayments of \$1,337, secured by 23 Glenda Court, Guelph land and buildings with a carrying value of \$76,106. Due October 1, 2023.	\$ 76,106	\$ 87,301
b. 2.418% first mortgage repayable in monthly blended repayments of \$1,520, secured by 314 Speedvale Ave., Guelph land and buildings with a carrying value of \$95,191. Due October 1, 2019.	95,191	110,932
c. 4.05% first mortgage repayable in monthly blended repayments of 17,025 secured by 8 Royal Road, Guelph land and building with a carrying value of \$5,380,218. Due June 1, 2026.	1,432,665	1,576,274
	1,603,962	1,774,507
Less current portion of long-term debt	(177,489)	(170,553)
	\$ 1,426,473	\$ 1,603,954

Principal payments due on long-term debt for each of the five years subsequent to March 31, 2018 and thereafter are as follows:

2018-2019	\$ 177,489
2019-2020	247,267
2020-2021	175,328
2021-2022	182,763
2022-2023	15,021
Thereafter	806,094
	\$ 1,603,962

6. Deferred Contributions Related to Capital Assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets.

	2018	2017
Balance, beginning of year	\$ 7,926,928	\$ 8,026,570
Contributions received	50,276	68,421
Contribution forfeited related to property disposal	-	(143,500)
Amortization	(33,714)	(24,563)
Balance, end of year	\$ 7,943,490	\$ 7,926,928

COMMUNITY LIVING GUELPH WELLINGTON

Notes to the Financial Statements

March 31, 2018

7. Deferred Contributions - Future Periods

Deferred contributions related to expenses of future periods represent funding received in the current year that relates to a future year's expenditures.

	2018	2017
Balance, beginning of year	\$ 82,333	\$ 332,868
Capital replacement reserve contributions	3,768	3,454
Capital replacement reserve expenditures	-	-
Modernization funding	-	(253,989)
Balance, end of year	\$ 86,101	\$ 82,333

8. Investment in Capital Assets:

The investment in capital assets represents the net book value of capital assets purchased with funds generated through the Association's fundraising endeavours. The investment in capital assets is calculated as follows:

	2018	2017
Net book value of capital assets	\$ 14,498,151	\$ 14,226,641
Less:		
Assets financed by deferred contributions	(7,943,490)	(7,926,928)
Assets financed by mortgages	(1,603,962)	(1,774,507)
Association's investment in capital assets	\$ 4,950,699	\$ 4,525,206

9. Contingencies and Commitments

The Association is, from time to time, subject to various lawsuits and claims. As at March 31, 2018, there was an outstanding claim against the Association. The outcome of this claim is not determinable and the potential liability cannot be reasonably estimated.

10. Internally Restricted Funds

The General Bequests Fund was originally established from the Henson Estate and subsequently funds from other bequests, where no particular designation has been identified by the Estate. This fund is not to be utilized for operating costs, as decided by the Board of Directors. Use of these funds must be approved by the board.

11. Association's Net Assets

The Association's net assets represent the cumulative surplus derived from fundraising events such as the Fashion Gala, golf tournaments and other endeavours. When capital assets are purchased by the Association from this surplus, an amount equal to the purchase amount is removed from the Net Asset account and recorded as Investment in Capital Assets.

12. Financial Instruments

All of the Association's financial instruments are denominated in Canadian dollars and valued at amortized cost. It is management's opinion that the Association is not exposed to significant interest, currency or credit risks.

The extent of the Association's exposure to these risks did not change in 2018 compared to the previous period.

13. Service Contract with the Ministry of Community and Social Services

The Association has a service contract with the Ministry of Community and Social Services. An annual reconciliation report to the Ministry summarizes, by program, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the approved service contract.

A review of this report shows no contracts with the Ministry of Community and Social Services that are in a surplus position as at March 31, 2018, subject to final approval. Adjustments to funding, if any, will be recorded in the year in which they occur.

COMMUNITY LIVING GUELPH WELLINGTON
Schedule of Revenue and Expenses by Program
For the year ended March 31, 2018

	Central Admin.	Individual Living Supports	Group Living Supports	Community Access Supports	Employment Supports	Other Develop. Services	Partner Facility Renewal	Fire Code	2018 Sub-total
Revenue:									
Provincial subsidy	\$ -	960,762	14,329,273	1,949,410	1,088,307	4,997	5,200	38,000	18,375,949
Sales and user fees	59,600	47,874	1,621,562	23,235	102,960	-	-	-	1,855,231
Fundraising income	-	-	-	-	-	-	-	-	-
	59,600	1,008,636	15,950,835	1,972,645	1,191,267	4,997	5,200	38,000	20,231,180
Expenses:									
Salaries	619,741	708,963	11,017,218	1,285,546	708,190	-	-	-	14,339,658
Benefits	115,518	116,806	1,591,175	199,361	111,262	-	-	-	2,134,122
Travel	4,802	36,998	48,190	6,631	3,601	-	-	-	100,222
Training	8,212	-	59,148	-	412	-	-	-	67,772
Communication costs	34,000	25,543	102,109	22,101	13,446	-	-	-	197,199
Purchased services	132,971	-	604,544	2,208	183	-	-	-	739,906
Supplies & prog. costs	428,487	10,376	1,101,314	180,930	251,372	4,997	5,200	38,000	2,020,676
Premises occupancy	15,621	47,199	500,883	148,144	39,535	-	-	-	751,382
Advertising	9,519	-	-	-	-	-	-	-	9,519
Allocated admin. Fundraising costs and other expenditures	(1,309,271)	62,751	926,254	127,724	63,266	-	-	-	(129,276)
	59,600	1,008,636	15,950,835	1,972,645	1,191,267	4,997	5,200	38,000	20,231,180
Excess (deficiency) for the year	\$ -	-	-	-	-	-	-	-	-

COMMUNITY LIVING GUELPH WELLINGTON
 Schedule of Revenue and Expenses by Program
 For the year ended March 31, 2018

	Passports	Association Funds	Dedicated Housing Supports	2018 Total
Revenue:				
Provincial subsidy	\$ -	\$ -	\$ 69,656	\$18,445,605
Sales and user fees	1,202,434	-	17,255	3,074,920
Fundraising income	-	178,165	-	178,165
	1,202,434	178,165	86,911	21,698,690
Expenses:				
Salaries	603,927	-	8,796	14,952,381
Benefits	81,015	-	1,416	2,216,553
Travel	7,968	-	-	108,190
Training	-	-	-	67,772
Communication costs	-	-	-	197,199
Purchased services	389,501	-	-	1,129,407
Supplies & prog. Costs	347	-	21,086	2,042,109
Premises occupancy	-	-	50,441	801,823
Advertising	-	-	-	9,519
Allocated admin. Fundraising costs and other expenditures	119,676	-	9,600	-
	-	55,797	-	55,797
	1,202,434	55,797	91,339	21,580,750
Excess (deficiency) for the year	\$ -	\$ 122,368	\$ (4,428)	\$ 117,940