

Community Living Kingston and District

Financial Statements
For the year ended March 31, 2016

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Independent Auditors' Report

To the Members of Community Living Kingston and District

Report on the Financial Statements

We have audited the accompanying financial statements of Community Living Kingston and District which comprise the statements of financial position as at March 31, 2016 and March 31, 2015 and the statements of fund balances, operations and cash flows for the years ended March 31, 2016 and March 31, 2015 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Living Kingston and District as at March 31, 2016 and March 31, 2015 and its financial performance and its cash flows for the years ended March 31, 2016 and March 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow SEO LLP

Chartered Professional Accountants
Licensed Public Accountants

Kingston, Ontario
June 14, 2016

Community Living Kingston and District Statement of Financial Position

March 31	Program Fund	Capital Fund	Association Fund	Child Care Fund	2016	2015
ASSETS						
Current						
Cash and bank (Note 1)	\$ 316,649	\$ 338	\$ 353,850	\$ -	\$ 670,837	\$ 897,095
Cash and bank - investments (Note 2)	-	-	300,247	-	300,247	-
Accounts receivable	487,202	-	36,792	-	523,994	488,924
Due from M.C.S.S.	223,675	-	-	-	223,675	6,000
Prepaid expenses	111,160	-	-	-	111,160	94,912
Investments (Note 2)	-	-	250,000	-	250,000	335,535
Due from Capital Fund	1,354,922	-	353,817	-	1,708,739	1,530,854
Due from Association Fund	27,145	-	-	-	27,145	48,629
Due from Child Care Fund	354	-	-	-	354	10,594
	2,521,107	338	1,294,706	-	3,816,151	3,412,543
Other assets						
Investments (Note 2)	-	-	685,829	-	685,829	877,264
Capital assets (Note 3)	-	3,092,579	-	-	3,092,579	2,601,165
	-	3,092,579	685,829	-	3,778,408	3,478,429
	\$ 2,521,107	\$ 3,092,917	\$ 1,980,535	\$ -	\$ 7,594,559	\$ 6,890,972

Community Living Kingston and District Statement of Financial Position

March 31	Program Fund	Capital Fund	Association Fund	Child Care Fund	2016	2015
LIABILITIES AND FUND BALANCES						
Current						
Accounts payable and accrued liabilities	\$ 520,743	\$ -	\$ -	\$ -	\$ 520,743	\$ 430,987
Salary, payroll and part-time vacation payable (Note 4)	794,249	-	-	-	794,249	882,872
Full-time vacation and lieu payable (Note 5)	570,299	-	-	-	570,299	552,416
Unearned revenue	17,317	-	-	-	17,317	26,464
Trust funds (Note 6)	29,997	-	-	-	29,997	31,054
Funds held in trust	45,541	-	161,685	-	207,206	156,456
Due to Association Fund	-	353,817	-	-	353,817	402,446
Due to Program Fund	-	1,354,922	27,145	354	1,382,421	1,187,631
Demand loan payable (Note 7)	-	410,364	-	-	410,364	-
	1,978,146	2,119,103	188,810	354	4,286,413	3,670,326
Long-term						
Deferred contributions related to capital assets (Note 8)	-	995,925	-	-	995,925	902,574
	1,978,146	3,115,028	188,810	354	5,282,338	4,572,900
Fund balances						
Externally restricted	542,961	-	-	-	542,961	401,993
Net assets invested in capital assets	-	(22,111)	-	-	(22,111)	168,095
Unrestricted	-	-	1,791,725	(354)	1,791,371	1,747,984
	542,961	(22,111)	1,791,725	(354)	2,312,221	2,318,072
	\$ 2,521,107	\$ 3,092,917	\$ 1,980,535	\$ -	\$ 7,594,559	\$ 6,890,972

On behalf of the Board:

Director: _____

Director: _____

Community Living Kingston and District Statement of Fund Balances

For the year ended March 31	Program Fund	Capital Association Fund	Association Fund	Child Care Fund	2016	2015
Fund balances, beginning of the year	\$ 401,993	\$ 168,095	\$ 1,758,578	\$ (10,594)	\$ 2,318,072	\$ 2,264,007
Excess of revenues over expenditures (expenditures over revenues) for the year	140,968	(190,206)	33,147	10,240	(5,851)	54,065
Fund balances, end of the year	\$ 542,961	\$ (22,111)	\$ 1,791,725	\$ (354)	\$ 2,312,221	\$ 2,318,072

Community Living Kingston and District Statement of Operations

For the year ended March 31	Program Fund	Capital Association Fund	Child Care Fund	2016	2015
Revenues					
Grants - Provincial	\$12,785,842	\$ -	\$ -	\$12,785,842	\$12,295,687
Other recoveries	1,047,350	-	163,345	1,260,443	995,974
Grants - Municipal	-	-	-	834,177	825,903
Rent and food recoveries	771,459	-	-	771,459	704,375
Sales	-	-	154,396	154,396	161,045
Co-op recoveries	-	-	83,134	83,134	80,900
Amortization of deferred contributions (Note 8)	-	83,069	-	83,069	85,859
Fees	56,533	-	6,000	62,533	55,722
Fundraising	-	-	34,492	34,492	32,814
Interest	5,708	-	22,118	27,826	25,931
Donations	-	-	6,212	6,212	57,386
Unrealized gains on investments	-	-	1,624	1,624	10,170
Memberships	-	-	230	230	110
Provincial Grants - prior year adjustments	-	-	-	-	188
Loss on disposal of assets	-	(10,890)	-	(10,890)	-
	14,666,892	72,179	471,551	16,094,547	15,332,064
Expenditures					
Salaries and benefits	11,006,774	-	293,502	11,714,290	11,053,904
Purchased services	1,355,660	-	30,143	1,758,089	1,756,501
Rent	401,873	-	21,641	444,034	403,794
Property costs	432,833	-	6,342	4,284	391,756
Associate families	279,125	-	-	279,125	271,230
Amortization of capital assets	-	258,029	-	258,029	228,584
Transportation costs	222,842	-	11,267	400	234,509
Food	233,676	-	-	117	233,793
Staff travel	207,415	-	8,358	7,619	223,392
Supplies	180,917	-	6,403	8,969	196,289
Equipment costs	136,639	-	4,237	7,379	148,255
Insurance	89,812	-	-	5,325	95,137
Staff training	32,839	-	685	-	33,524
Fundraising	-	-	27,740	-	27,740
Interest and bank charges	5,039	-	49	-	5,088
Interest on long-term debt	-	4,356	-	-	6,405
Allocation of donations to trust accounts	-	-	1,289	-	-
Administration allocation (Note 10)	(59,520)	-	26,748	32,772	-
	14,525,924	262,385	438,404	16,100,398	15,277,999
Excess of revenues over expenditures (expenditures over revenues) for the year	\$ 140,968	\$ (190,206)	\$ 33,147	\$ 10,240	\$ (5,851)
	\$ 54,065				

Community Living Kingston and District Statement of Cash Flows

For the year ended March 31	Program Fund	Capital Fund	Association Fund	Child Care Fund	2016	2015
Cash flows from operating activities						
Excess of revenues over expenditures (expenditures over revenues) for the year	\$ 140,968	\$ (190,206)	\$ 33,147	\$ 10,240	\$ (5,851)	\$ 54,065
Adjustments for items not involving cash						
Amortization of deferred capital contributions	-	(83,069)	-	-	(83,069)	(85,859)
Amortization of capital assets	-	258,029	-	-	258,029	228,584
Loss on disposal of capital assets	-	10,890	-	-	10,890	-
Unrealized (gain) loss on investments	-	-	(1,624)	-	(1,624)	(10,170)
Loss on disposal of investments	-	-	2,432	-	2,432	-
	140,968	(4,356)	33,955	10,240	180,807	186,620
Changes in non-cash working capital balances						
Accounts receivable	(27,650)	-	(7,420)	-	(35,070)	(109,240)
Due from M.C.S.S.	(217,875)	-	-	-	(217,875)	1,181
Prepaid expenses	(16,248)	-	-	-	(16,248)	(1,333)
Accounts payable and accrued liabilities	89,756	-	-	-	89,756	(162)
Salary, payroll and part-time vacation payable	(88,623)	-	-	-	(88,623)	384,980
Full-time vacation and lieu payable	17,883	-	-	-	17,883	90,626
Unearned revenue	(9,147)	-	-	-	(9,147)	20,494
Trust funds	(1,057)	-	-	-	(1,057)	(2,967)
Funds held in trust	2,748	-	48,002	-	50,750	61,862
	(109,045)	(4,356)	74,537	10,240	(28,624)	632,061
Cash flows from investing activities						
Purchase of capital assets	-	(760,333)	-	-	(760,333)	(425,566)
Purchase of investments	-	-	(58,838)	-	(58,838)	(794,224)
Proceeds on sale of investments	-	-	335,000	-	335,000	774,042
Transfer from investments to bank	-	-	-	-	-	169,562
	-	(760,333)	276,162	-	(484,171)	(276,186)
Cash flows from financing activities						
Net advance and repayment of long-term debt	-	410,364	-	-	410,364	-
Deferred capital contributions	-	176,420	-	-	176,420	-
Interfund	(243,419)	177,885	75,774	(10,240)	-	(765)
	(243,419)	764,669	75,774	(10,240)	586,784	(765)
Increase (decrease) in cash and cash equivalents during the year	(352,464)	(20)	426,473	-	73,989	355,110
Cash and cash equivalents, beginning of year	669,113	358	227,624	-	897,095	541,985
Cash and cash equivalents, end of year	\$ 316,649	\$ 338	\$ 654,097	\$ -	\$ 971,084	\$ 897,095

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

Community Living Kingston and District Summary of Significant Accounting Policies

March 31, 2016

Nature of Association

Community Living Kingston and District (the "association") engages in a wide range of activities that contribute toward the development of capacity in the community to include people with intellectual disabilities in every facet of life. The association delivers disability supports that generally fall into the following groups:

- Residential services ranging from differential assistance to enable individuals to establish their own homes to providing living arrangements with 24-hour staff support.
- Family support to enable families to include a child or adult member with intellectual disability.
- Childcare consulting and resource support to enable licensed childcare programs throughout Frontenac County to include children with special needs.
- Day programs to enable individuals who are not in the work force to contribute to the community as participating members and as volunteers.
- Employment support and assistance to individuals seeking to gain and maintain jobs.

The association is incorporated under the Ontario Corporations Act as a not-for-profit association and is a registered charity. The association is exempt from income taxes under sub-paragraph 149(1)(f) of the Canadian Income Tax Act. Membership in the association is open to residents of Kingston and surrounding townships. The authority of ownership by the members is delegated to a Board of Directors elected from among their members. The members hold their elected representatives subordinate and accountable in accordance with the by-laws. The Board of Directors governs by means of policy development and enforcement. Policy gives direction and sets limits upon what employees and members may or may not do within the association.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Community Living Kingston and District Summary of Significant Accounting Policies

March 31, 2016

Fund Accounting

Accrual accounting and the deferral method of accounting are applied to revenue contributions within the following funds:

The *Program Fund* reports those activities related to programs subsidized by the Provincial Government which includes family support services, residential services and adult day programs.

The *Capital Fund* reports on the transactions related to the association's capital assets.

The *Association Fund* contains all other activities and programs not funded through a provincial or municipal annual service contract and includes fundraising activities, co-operative services, employment supports and other activities.

The *Child Care Fund* reports those activities subsidized by the municipality of the City of Kingston, specifically the Resource Consultant Program.

Program Fund

The Program Fund receives most of its funding from the Ministry of Community and Social Services (M.C.S.S.) under the Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act and the Ministry of Children and Youth Services (M.C.Y.S.) under the Child and Family Services Act. A funding surplus of any individual program supported by either of these Ministries may be used to offset deficits in other Ministry supported programs that are within the same Executive and Allotment transfer control and within the same legislation. Deficits, if any, in excess of approved Ministries funding must be financed by the association from its own fundraising resources.

Capital Assets

Purchased capital assets are recorded at cost, while contributed capital assets are recorded at fair value at the date of contribution. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	-	30 years straight-line basis
Vehicles	-	5 and 10 years straight-line basis
Equipment	-	5 years straight-line basis
Computer software	-	2 years straight-line basis
Leasehold improvements	-	10 years straight-line basis

Revenue Recognition

Restricted contributions, which include contributions for capital assets and forgivable loans, are recorded as deferred revenue in the appropriate fund and this deferred revenue is transferred to earned revenue in the year in which 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. Investment income is recognized as revenue when earned.

Community Living Kingston and District Summary of Significant Accounting Policies

March 31, 2016

Volunteer Services

The work of the association benefits from the voluntary services of many members of the community. Since these services are not normally purchased by the association and because of the difficulty of determining their fair value, volunteer services are not recognized in these financial statements.

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. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates have been made by management within these financial statements primarily in relation to accounts receivable, due from M.C.S.S., prepaid expenses, long-term investments, capital assets, accounts payable and accrued liabilities, salary, payroll and part-time vacation payable, full-time vacation and lieu payable and unearned revenue.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in the periods in which they become known.

Cash and Cash Equivalents

Cash and cash equivalents are represented by deposits and overdraft balances held at Canadian banking institutions.

Investments

All investments are adjusted to fair value at each reporting date with unrealized gains and losses being reported as a change in the current year's statement of operations.

Community Living Kingston and District Notes to Financial Statements

March 31, 2016

1. Cash and Bank

The association's bank accounts are held at one chartered bank. Those bank accounts with an average monthly balance of over \$25,000 earn interest at bank's prime rate less 2.25% and those over \$1,000,000 earn interest at bank's prime rate less 2.00%.

At March 31, 2016, the association had the following credit facilities available:

	2016	2015
US Bank corporate Visa	\$ 168,500	\$ 203,500
RBC corporate Visa	20,000	20,000
RBC revolving demand facility	500,000	500,000
RBC revolving demand facility by way of Letters of Guarantee	100,000	100,000
RBC revolving demand facility by way of term loans and lease line of credit	250,000	250,000
	\$ 1,038,500	\$ 1,073,500

The US Bank corporate Visa card is due on demand and bears a delinquency fee of 2.5% of amounts past due, calculated and payable monthly. This credit facility is unsecured.

The RBC corporate Visa is due on demand and bears interest at 18.5%, calculated and payable monthly. This is secured by a general security agreement covering all assets except real property.

The RBC revolving demand facility is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. This is secured by a general security agreement covering all assets except real property.

The RBC revolving demand facility by way of Letters of Guarantee includes the following conditions:

- Each issued Letter of Guarantee shall expire on a Business Day and shall have a term of not more than 365 days.
- Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this agreement or the instrument or contract governing same, bear interest at a fee to be quoted at the time of borrowing.

The RBC revolving demand facility by way of term loans and lease line of credit specific repayment terms will be determined at the time of borrowing but has a maximum repayment term of six years and will bear interest at bank prime plus 0.5%.

Community Living Kingston and District Notes to Financial Statements

March 31, 2016

2. Long-term Investments

	2016	2015
CIBC Wood Gundy's Asset Advantage Account		
Investments	\$ 1,236,076	\$ 1,212,799
Less: Current investments maturing within 12 months	(250,000)	(335,535)
Less: Cash balance	(300,247)	-
Long-term investments	\$ 685,829	\$ 877,264

Investments are comprised of bonds and government investment certificates (GICs) with effective interest rates of 1.05% to 2.75% (2015 - 1.96% to 7.90%). Interest is receivable on a monthly, semi-annual, annual and maturity basis with various maturity dates no later than January 2019.

The CIBC Wood Gundy's Asset Advantage Account has an authorized margin account limit of up to 99% of the market value of the investments held within the account, due on demand and bears interest at bank's prime rate plus 0.75% (interest rate is determined by both Investment Dealers Association of Canada Regulations and CIBC Wood Gundy internal "house" policies), calculated and payable monthly. This credit facility is secured by the investments held within the account.

3. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 629,266	\$ -	\$ 629,266	\$ 629,266
Buildings	3,650,034	1,693,944	1,956,090	1,487,279
Vehicles	695,875	364,408	331,467	307,922
Equipment	657,892	577,653	80,239	77,949
Computer software	232,436	153,210	79,226	69,080
Leasehold improvements	142,723	126,432	16,291	29,669
	\$ 6,008,226	\$ 2,915,647	\$ 3,092,579	\$ 2,601,165

During the year, capital assets were acquired at an aggregate cost of \$760,333 (2015 - \$425,566), \$179,680 (2015 - \$425,566) paid in cash.

4. Salary, Payroll and Part-Time Vacation Payable

Of the \$794,249 in salary, payroll and part-time vacation payable reported on the Statement of Financial Position, \$198,920 is due to the Canada Revenue Agency in the form of source deductions including EI, CPP and income taxes.

Community Living Kingston and District Notes to Financial Statements

March 31, 2016

5. Full-time Vacation and Lieu Payable

The M.C.S.S. does not recognize vacation and lieu payable as an expense unless the amounts are paid to employees within one month after year-end. The excess amount of \$570,299 (2015 - \$552,416) has been recorded as a liability of the association as at March 31, 2016. It is management's opinion that if the vacation and lieu payable is paid out in future years the liability would be funded by the M.C.S.S. at the time of payment. Management has not recognized this amount of potential funding as an asset because it is only receivable when payment is made.

6. Trust Funds

The association administers funds on behalf of the M.C.S.S. and other agencies for the benefit of individuals. These fund balances are included as a trust liability in the Program Fund and are comprised as follows:

	2016	2015
	ACSD	ACSD
Balance, beginning of year	\$ 31,054	\$ 34,021
Transactions, during the year		
Disbursements	(1,057)	(2,967)
Returned to M.C.S.S.	-	-
Balance, end of year	\$ 29,997	\$ 31,054

7. Demand Loan Payable

	2016	2015
Royal Bank, prime, payable in full on May 31, 2016, secured by building with net book value of \$567,226	\$ 410,364	\$ -
Less amounts due within one year included in current liabilities	410,364	-
	\$ -	\$ -

Community Living Kingston and District Notes to Financial Statements

March 31, 2016

8. Deferred Contributions Related to Capital Assets

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions, including forgivable loans, with which some of the association's assets were originally purchased. The changes for the year in the deferred contributions reported in the Capital Fund are as follows:

	2016	2015
Balance, beginning of year	\$ 902,574	\$ 988,433
M.C.S.S. - capital investment in Davis Drive	176,420	-
Amounts recognized as amortization of deferred contribution for the year	(83,069)	(85,859)
Balance, end of year	\$ 995,925	\$ 902,574

The deferred contributions related to capital assets, excluding forgivable CMHC loans, are amortized in future years at the same rate as the amortization of the related assets.

9. Commitments

The association has annual rental commitments for equipment, office facilities and residential living accommodations expiring no later than September 2020.

The minimum annual lease payments for the next five years are as follows:

2017	\$	221,917
2018		189,890
2019		89,477
2020		7,492
2021		728
	\$	509,504

Community Living Kingston and District Notes to Financial Statements

March 31, 2016

10. Re-allocation of Administration Expenditures

Administration expenditures are re-allocated between the Program Fund, Association Fund and Child Care Fund proportionate to their share of actual expenditures. The Child Care Fund allocation is capped at a maximum of \$32,772 per budget approval from the City of Kingston.

	2016	2015
Program Fund	93.3 %	93.4 %
Association Fund	3.0 %	2.6 %
Child Care Fund	3.7 %	4.0 %
	100.0 %	100.0 %

11. Cash and Cash Equivalents

Cash and cash equivalents can be broken down as follows:

For the year ended March 31	Program Fund	Capital Association Fund	Child Care Fund	2016	2015
Represented by:					
Cash and bank	\$ 316,649	\$ 338	\$ 353,850	\$ 670,837	\$ 897,095

12. Financial Instruments

Financial instruments are financial assets or liabilities of the association where, in general, the association has the right to receive cash or another financial asset from another party or the association has the obligation to pay another party cash or other financial asset.

Financial instruments consist of cash and bank, accounts receivable, due from M.C.S.S., investments, accounts payable and accrued liabilities, salary, payroll and part-time vacation payable, full-time vacation and lieu payable and long-term debt.

The association initially recognized its financial instruments at fair value and subsequently measure them at amortized cost, with the exception of investments which are subsequently measured at fair value.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year and 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 and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

Community Living Kingston and District Notes to Financial Statements

March 31, 2016

12. Financial Instruments (continued)

As a result of holding financial instruments, the association is exposed to investment risk, market risk and interest rate risk. The following is a description of those risks and how the association manages its exposure to them.

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk.

The association mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. The policy limits investments to bonds or guaranteed investment certificates and any bond purchased must be rated by the Standard and Poor's bond rating service as at least "A" and 60% of the total bond portfolio at any one time must be rated at least "AA" or "AAA".

Market and Interest Rate Risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.