

**Financial Statements of**

**COMMUNITY LIVING ALGOMA**

**Year ended March 31, 2018**



# COMMUNITY LIVING ALGOMA

## Table of Contents

Year ended March 31, 2018

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	Page
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Revenues, Expenditures and changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8



# COMMUNITY LIVING ALGOMA



## Statement of Financial Position

At March 31, 2018

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2018	Total 2017
<b>Assets</b>					
Cash	1,521,163	539,797	138,408	\$2,199,368	\$2,321,663
Cash - funds held in trust for people supported	—	217,003	0	217,003	248,886
Prepaid expenses	83,917	—	—	83,917	72,032
Due from Ministry of Community and Social Services or Ministry of Children and Youth Services	591,695	—	—	591,695	283,631
Accounts receivable	277,535	—	—	277,535	198,526
Due from other Funds	—	—	—	—	—
Net capital assets (Note 3)	—	—	8,885,094	8,885,094	8,135,583
<b>Total Assets</b>	<b>2,474,310</b>	<b>756,800</b>	<b>9,023,502</b>	<b>\$12,254,612</b>	<b>\$11,260,321</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable and accrued liabilities (Note 4)	2,370,680	—	12,157	\$2,382,837	\$2,189,529
Vacation pay accrued	1,687,498	—	—	1,687,498	1,678,106
Payable to other Funds	—	217,003	—	217,003	248,886
Trust fund - funds held in trust for people supported	—	—	—	—	—
Due to Ministry of Community and Social Services or Ministry of Children and Youth Services (Note 12)	103,630	—	113,000	103,630	91,614
Current portion of long term debt (Note 5)	4,161,808	217,003	125,157	4,503,968	111,000
Current Liabilities					
Long term debt (Note 5)	—	—	1,131,000	1,131,000	1,244,000
<b>Total Liabilities</b>	<b>4,161,808</b>	<b>217,003</b>	<b>1,256,157</b>	<b>5,634,968</b>	<b>5,563,135</b>
Fund (deficit) balances (Note 6)	(1,687,498)	539,797	7,767,345	6,619,644	5,697,186
<b>Total Liabilities and Fund Balances</b>	<b>2,474,310</b>	<b>756,800</b>	<b>9,023,502</b>	<b>12,254,612</b>	<b>11,260,321</b>

The accompanying notes are an integral part of these financial statements

On behalf of the Board:

 Director  
 Director

# COMMUNITY LIVING ALGOMA

## Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended March 31, 2018

	Operating Fund	Special Purposes Fund	Capital Fund	Total 2018	Total 2017
<b>Revenues:</b>					
Ministry of Community, and Social Services and Ministry of Children and Youth Services					
Sales	23,972,225	29,125	—	\$23,972,225	\$22,766,777
Fees	1,141,530	—	—	1,141,530	59,054
Other	559,075	138,486	94,137	791,698	1,204,441
<b>Total revenues</b>	<b>25,672,830</b>	<b>167,611</b>	<b>94,137</b>	<b>\$25,934,578</b>	<b>\$24,669,820</b>
<b>Funded Expenditures:</b>					
Salaries and benefits (Note 14)	18,286,520	90,274	—	18,376,794	18,230,649
Travel and communication	498,930	—	—	498,930	440,092
Purchased services	3,744,817	32,582	—	3,777,399	3,870,014
Other services	2,234,948	752	—	2,235,700	1,399,267
Supplies and equipment	883,287	33,529	—	916,816	775,084
Amortization of capital assets	—	—	536,156	536,156	540,067
Other	—	—	—	—	23,476
<b>Total funded expenditures</b>	<b>25,648,502</b>	<b>157,137</b>	<b>536,156</b>	<b>\$26,341,795</b>	<b>25,278,649</b>
<b>Total revenues over (under) expenditures for Ministry purposes</b>	<b>24,328</b>	<b>10,474</b>	<b>(42,019)</b>	<b>(407,217)</b>	<b>(608,829)</b>
<b>Unfunded expenditures and adjustments:</b>					
Capital expenditures in total funded expenditures	1,306,681	—	—	1,306,681	655,765
Change in vacation pay accrual	(9,392)	—	—	(9,392)	(200,534)
<b>Unrealized gain (loss) on interest rate swap agreement (Note 5)</b>	<b>—</b>	<b>—</b>	<b>56,714</b>	<b>56,714</b>	<b>46,299</b>
<b>Total revenues over (under) total expenditures</b>	<b>1,321,617</b>	<b>10,474</b>	<b>(355,305)</b>	<b>946,786</b>	<b>(107,299)</b>
<b>Fund (deficit) balance, beginning of year</b>	<b>(1,678,106)</b>	<b>529,323</b>	<b>6,845,969</b>	<b>5,697,186</b>	<b>5,877,401</b>
<b>Interfund transfer (Note 7)</b>	<b>(1,306,681)</b>	<b>—</b>	<b>1,306,681</b>	<b>—</b>	<b>—</b>
<b>Surplus payable to funding Ministries (Note 12)</b>	<b>(24,328)</b>	<b>—</b>	<b>—</b>	<b>(24,328)</b>	<b>(72,916)</b>
<b>Fund (deficit) balance, end of year</b>	<b>(1,687,498)</b>	<b>539,797</b>	<b>7,767,345</b>	<b>\$6,619,644</b>	<b>5,697,186</b>

The accompanying notes are an integral part of these financial statements

# COMMUNITY LIVING ALGOMA

## Statement of Cash Flows

Year ended March 31, 2018

	2018	2017
<b>Cash flows from operating activities:</b>		
Excess of revenues over expenses	\$946,786	(\$107,299)
Loss (gain) on sale of capital assets	(\$92,106)	\$20,270
Unrealized (gain) loss on interest rate swap activities	(\$56,714)	(\$46,299)
Net changes in non-cash working capital	(\$149,856)	\$12,917
Amortization of capital assets	\$536,156	\$540,067
<b>Net cash generated through operating activities</b>	<b>\$1,184,266</b>	<b>\$419,656</b>

## Cash flows from financing and investing activities:

Purchase of capital assets	(\$1,441,415)	(\$548,765)
Proceeds from sale of capital assets	\$247,854	
Increase (decrease) in long term debt	(\$113,000)	(\$111,000)
Increase (decrease) in trust funds	(\$31,883)	\$9,825
<b>Net cash used in financing and investing activities</b>	<b>(\$1,338,444)</b>	<b>(\$649,940)</b>

<b>Net increase (decrease) in cash</b>	<b>(\$154,178)</b>	<b>(\$230,284)</b>
<b>Cash, beginning of year</b>	<b>\$2,570,549</b>	<b>\$2,800,833</b>
<b>Cash, end of year</b>	<b>\$2,416,371</b>	<b>\$2,570,549</b>

<b>Cash, end of year Balance sheet</b>	<b>\$2,199,368</b>	<b>\$2,321,663</b>
<b>Cash, funds held in trust from Balance sheet</b>	<b>217,003</b>	<b>248,886</b>
	<b>\$2,416,371</b>	<b>\$2,570,549</b>

# COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2018

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## 1. Purpose of the Organization

Community Living Algoma is incorporated without share capital under the Corporations Act of Ontario. The Association's main objective is to provide services and supports to people with an intellectual disability, and their families, in the District of Algoma. The Association is a registered charity under the Income Tax Act. These Financial Statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

## 2. Significant accounting policies:

### Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 changes in net assets during the year. Actual results could differ from these estimates, the impact of which would be recorded in future periods.

### Funding - Ministry of Community and Social Services and Ministry of Children and Youth Services:

Funds approved but not yet received are reflected as receivable in the period to which they apply. Upon a review process, excess advances are refundable to the Ministry or, upon approval by the Ministry, allocated to operations or the deficit.

### Revenues and Expenses / Assets and Liabilities:

Revenues and expenses / assets and liabilities are recorded on the accrual basis of accounting.

### Contributed services:

Volunteers contribute a significant amount of hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining the fair value, these are not recognized in the financial statements.

### Capital Assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value. Amortization is provided on a straight-line basis over the assets' estimated useful lives. Note 3 provides further disclosure on the Association's capital policies.

### Fund Accounting:

Community Living Algoma maintains its accounts in accordance with the principles of restricted fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The *Operating Fund* accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted government operating grants.

The *Special Purposes Fund* is used to account for funds held on behalf of people supported, donations and fund-raising proceeds, and for multi-year projects funded and approved by our funding Ministries.

The *Capital Fund* accounts for the capital assets of the Association and presents the flow of funds related to their acquisition and disposal.

### Financial Instruments:

The Association's financial instruments consist of cash, accounts receivable, accounts payable, amounts due to related parties and long term debt. Cash is designated as held-for-trading which is measured at fair value. Accounts receivable is classified as loans and receivables which is measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities which are measured at amortized cost. All transaction costs for financial assets and financial liabilities are expensed as incurred. The Association entered into an interest rate swap agreement in order to reduce the impact of fluctuating interest rates on its mortgage payable. This swap agreement requires the monthly exchange of payments without the exchange of the notional principal amount on which the payments are based. The Association records this derivative at fair value with the changes in the fair value recorded in the Capital Fund.



# COMMUNITY LIVING ALGOMA

## Notes to Financial Statements

Year ended March 31, 2018

### 3. Net Capital Assets:

	Depreciable Life In Years	Cost		Accumulated Amortization		Net Book Value	
		2018	2017	2018	2017	2018	2017
Land	na	\$879,030	\$909,031	—	—	\$879,030	\$909,031
Buildings, Betterments	40	\$10,457,962	\$9,677,992	\$3,847,412	\$3,747,126	\$6,610,551	\$5,930,866
Land Improvements	15	\$466,833	\$446,760	\$175,541	\$149,834	\$291,292	\$296,926
Machinery	10	\$104,124	\$107,019	\$91,564	\$86,476	\$12,560	\$20,543
Vehicles	8	\$1,620,873	\$1,508,914	\$715,716	\$715,180	\$905,157	\$793,734
Furnishings, Equipment	5	\$961,369	\$1,053,151	\$842,615	\$920,940	\$118,754	\$132,211
Leasehold Improvements	3	\$216,884	\$157,599	\$149,133	\$105,327	\$67,751	\$52,272
		<u>\$14,707,075</u>	<u>\$13,860,466</u>	<u>\$5,821,981</u>	<u>\$5,724,883</u>	<u>\$8,885,094</u>	<u>\$8,135,583</u>

### 4. Accounts payable and accrued liabilities:

Included in accounts payables and accrued liabilities are government remittances payable of \$245,915 (2017 - \$404,671), which includes amounts payable for WSIB and payroll related taxes.

### 5. Long term debt :

	2018	2017
Royal Bank of Canada, SWAP mortgage, 3.04% rate, payable up to \$13,420 monthly, due October 2027	\$1,244,000	1,355,000
	<u>\$1,244,000</u>	<u>1,355,000</u>
Current portion of long term debt	113,000	\$111,000
Long term debt	<u>\$1,131,000</u>	<u>\$1,244,000</u>

The above mortgages are secured by land and buildings.

The Swap mortgage carries some interest rate risk if it is liquidated. The intention is to hold the swap to maturity as a hedge against future interest rate increases. If the swap had been broken at March 31st, 2018 there would have been a loss of \$12,157. due to the existence of a lower interest rate.

Principal due on longterm debt within each of the next five years will be as follows:

2019	113,000
2020	117,000
2021	119,000
2022	124,000
2023	128,000

### 6. Operating Fund Deficit:

The Operating Fund Deficit is comprised of accrued vacation pay, which is funded by the Ministry as it is paid to employees, and accumulated deficits/(surpluses).

	2018	2017
Accrued Vacation Pay	1,687,498	1,678,106
Accumulated Operating Deficits		
Total Fund Deficit	<u>\$1,687,498</u>	<u>\$1,678,106</u>



# COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2018

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## 7. Interfund transfers

\$1,306,682 was transferred from the Operating Fund to the Capital Asset Fund in order to fund capital acquisitions, and for the repayment of principal on mortgage.

## 8. Related party transactions:

SACOR HANDICAPPED ACCOMMODATIONS (SACOR) was incorporated without share capital in 1983 as a non-profit organization to assist in the accommodation aspects of the Association. The Association historically leased two group homes from SACOR; as of the current year the Association now leases one group home from SACOR. SACOR sold the second home and donated the proceeds to Community Living Algoma. Transactions with SACOR are at fair market value. Transaction balances at year end are as follows:

	2018	2017
Rental expense	\$0	\$21,840
Balance owing from SACOR at March 31st	\$0	\$59,508

## 9. Financial risks and concentration of risk:

**Credit risk** arises from the potential that counterparties including clients will fail to perform their obligations. The association is subject to credit risk through their receivables. Account monitoring procedures are used to minimize risk of loss and no individual customer is significant to association.

**Liquidity risk** is the risk that the association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The association manages its liquidity risk by monitoring its operating requirements. The association prepares budget and cash forecasts to ensure it has sufficient funds to meet obligations.

**Interest rate risk** arises because of fluctuation in interest rates. The association is exposed to interest rate risk through their loans and mortgages payable. The association monitors the current interest rate to ensure that their interest rates do not vary much from market rates. The association entered into an interest rate swap to manage the cash flow risk of its mortgage on 99 Northern Avenue. The intention is to hold the swap to maturity as a hedge against future interest rate increases.

**Market risk** arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the association to a risk of loss. There is no market risk as the association conducts no investment activities at this time.

## 10. Economic Dependence

The association's major source of revenue is in the form of subsidies from the Ontario Ministry of Community and Social Services. The nature and extent of this revenue is of such significance as to affect the viability of the association and, accordingly, it can be said that the organization is economically dependent upon the Ontario government.

## 11. Fair values of Financial assets and liabilities

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short-term to maturity of these instruments. The carrying value of long term debt approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

# COMMUNITY LIVING ALGOMA

Notes to Financial Statements

Year ended March 31, 2018

## 12. Contracts with the Ministry of Community and Social Services and the Ministry of Children and Youth Services:

The Association has a service contract with the Ministry of Community and Social Services and the Ministry of Children and Youth Services to provide supports and services. The agency is required to provide summaries to the Ministries on each of the detail codes they are funded for. These summaries show the budget and actual of the current year, and the prior year actuals. These reports show the following surplus (deficit) positions by detail code for the year ended March 31, 2018 :

<u>Detail Code - Description</u>	<u>Surplus(Deficit)</u>
Code 8847 - Adult Group Living Supports	(\$220,055)
Code 9110 - Adult Intensive Group Living Support	(\$19,734)
Code 9111 - Adult Associate Living Support	\$341,540
Code 9112 - Adult Individualized Living Supports	(\$101,680)
Code 9130 - Adult Respite Supports	\$22,175
Code 9132 - Adult Assessment and Counselling	(\$10,770)
Code 9131 - Adult Community Access Supports	\$984
Code 8871 - Adult Employment Support Transition	(\$12,240)
Code 8915/17 - Partner Facility Renewal- Capital	\$485
Subtotal Adult Project Codes	<u>\$705</u>
Code 9250 - Children's Group Living Supports	(\$377)
Code 9251 - Children's Associate Living Support	\$78
Code 9255 - Children's Respite Supports	\$37,762
Code 9256 - Children's Assessment and Counselling	(\$37,763)
Code A545 - Children's CSN	\$23,852
Code A597 - Children's ASD Respite	\$71
Subtotal Children's Project Codes	<u>\$23,623</u>
	<u>\$24,328</u>

The above surplus of \$24,328 is reflected on the balance sheet in the Due to the Ministry account. (Cumulative total being \$103,630)

## 13. Asset Management

The Association considers its assets to be its unrestricted net assets which consist of amounts for future operations. The Association's objectives when managing its assets are to safeguard its ability to continue as a going concern so it can continue to provide supports to people. An annual budget is developed and monitored to ensure the organization's assets are maintained to meet these objectives.

## 14. Pension Plans

Until March 31, 2010 the Association had a voluntary defined contribution pension plan for fulltime employees. Commencing April 1, 2010 bargaining unit employees contribute to a mandatory defined benefit Multi-Sector Pension Plan (MSPP). The Association's obligation is limited strictly to the contributions specified in the collective agreement. For the year ended March 31, 2017 the contributions were \$592,500 for 271 employees in MSPP and \$123,000 for 29 management employees in the defined contribution plan. For the year ended March 31, 2018 the contributions were \$605,117 for 271 employees in MSPP and \$131,458 for 32 management employees in the defined contribution plan.