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Community LIVING DURHAM NORTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31.2016



*Smith
Chappell
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Vilander LLP Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Community Living Durham North
Port Perry, Ontario

We have audited the accompanying statement of financial position of Community Living Durham North as at March 31, 2016 and the statements of operations, changes in net assets 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 statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal controls 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 judgement, including the assessment of the risk 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets. Our report on the financial statements as at and for the year ended March 31, 2015 was qualified for the same reason.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Community Learning Durham North as at March 31, 2016, and the results of its operations, and changes in net assets for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Chartered Accountants, Licensed Public Accountants

June 22, 2016
Oshawa, Ontario

COMMUNITY LIVING DURHAM NORTH

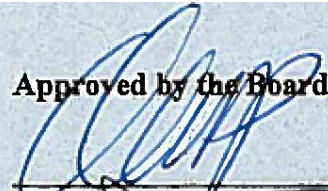
(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)


STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

			<u>2016</u>	<u>2015</u>
ASSETS				
Current				
Cash			\$ 487,691	\$ 272,783
Accounts receivable (Note 3)			405,319	262,214
Prepaid expenses and deposits			25,728	28,342
			<hr/>	
			918,738	563,339
			<hr/>	
Capital (Note 2(e))				
	Cost	Accumulated Amortization		
Land	\$ 1,554,104	\$	1,554,104	1,554,104
Buildings	4,018,204	2,259,085	1,759,119	1,949,221
Equipment and computers	326,934	28,506	43,428	40,617
Furniture and fixtures	138,729	126,181	12,548	14,341
Leasehold improvements	58,657	58,657		
Vehicles	637,486	460,610	176,876	134,519
	<hr/>		<hr/>	
	\$ 6,734,114	\$ 3,188,039	3,546,075	3,692,802
			<hr/>	
			\$ 4,464,13	\$ 4,256,141
			<hr/>	

Approved by the Board of Directors:

 _____, Director

 _____, Director

COMMUNITY LIVING DURHAM NORTH

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
LIABILITIES		
Current		
Accounts payable and accrued charges	\$ 937,498	\$ 640,547
Deferred revenue (Note 4)	31,373	6,464
Current portion of long term debt	40,871	37,000
	<u>1,009,742</u>	<u>684,011</u>
Long term		
Mortgages payable (Note 5)	817,848	900,948
Term loans payable (Note 7)	55,320	11,153
Less: Current portion	(40,871)	(37,000)
	<u>886,297</u>	<u>875,101</u>
Deferred Contributions Related to Capital Assets (Note 8)	1,508,813	1,591,443
Net Assets		
Invested in capital assets (Note 9)	1,110,094	1,189,258
Unrestricted	(50,133)	(83,671)
	<u>1,059,961</u>	<u>1,105,586</u>
	<u>\$ 4,464,813</u>	<u>\$ 4,256,141</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

	Invested in Capital Assets	Unrestricted	2016 Total	2015 Total
Opening balance	\$ 1,189,258	\$ (83,672)	\$ 1,105,586	\$ 1,121,679
Excess of revenues over expenses (expenses over revenues) (Note 9(b))	(181,362)	135,737	(45,625)	(16,093)
Net change in invested in capital assets (Note 9(b))	102,198	(102,198)		
Closing Balance	<u>\$ 1,110,094</u>	<u>\$ (50,133)</u>	<u>\$ 1,059,961</u>	<u>\$ 1,105,586</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	2015
Operating Activities		
Excess of revenue over expenses (expenses over revenue)	\$ (45,625)	\$ (1,093)
Charges to income not involving cash:		
Amortization	263,992	264,542
	<u>18,677</u>	<u>248,449</u>
Net change in non-cash working capital balances related to operations:		
Account receivable	(143,105)	(23,288)
Prepaid expenses and deposits	2,614	(10,563)
Accounts payable	296,951	(298,658)
Unearned revenue	242,909	52,805
	<u>181,699</u>	<u>(326,704)</u>
	<u>3,927,361</u>	<u>(78,255)</u>
Investing Activities		
Additions to capital assets	(1,177,515)	(549,920)
Financing Activities		
Increase (decrease) in long term debt	1,067	(65,972)
Increase (decrease) in deferred contributions related to capital assets net of related amortization	(822,630)	(872,446)
	<u>(67,563)</u>	<u>(1,532,418)</u>
Change in Cash and Cash Equivalents During the Year	214,908	(286,593)
Cash and Cash Equivalents, Beginning of Year	272,278	559,376
Cash and Cash Equivalents, End of Year	<u>\$ 487,691</u>	<u>\$ 272,783</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GENERAL

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
REVENUES:		
Donations and fundraisings	\$ 1,1701	\$ 16,881
Membership dues	350	230
Miscellaneous	34,379	34,937
Region of Durham (Note 10)	78,656	
	<u>125,086</u>	<u>52,048</u>
EXPENDITURES:		
Supplies	10,769	1,432
Vehicle operation		65
Region of Durham (Note 10)	80,327	
Central administration - general	5,106	10,211
	<u>96,202</u>	<u>11,708</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 28,884</u>	<u>\$ 40,340</u>

COMMUNITY LIVING DURHAM NORTH
 STATEMENT OF OPERATIONS - CONSOLIDATED PROGRAMS
 FOR THE YEAR ENDED MARCH 31, 2016

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
SUPPORT:			
OMCSS - operating	<u>\$11,439,511</u>	<u>\$11,439,511</u>	<u>\$10,875,588</u>
REVENUE:			
Rent	868,422		810,402
Other funding	368,517		224,988
Ontario Trillium Foundation	44,388		57,388
United Way	39,699		39,700
Children's Aid Society	105,000		105,000
Respite	46,200		42,753
	<u>1,472,226</u>		<u>1,280,181</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)			87,446
			<u>12,243,195</u>
EXPENDITURES:			
Wages and salaries	8,985,880		8,131,858
Employee benefits	1,581,434		1,449,767
Staff travel	78,582		71,913
Supplies	66,437		74,846
Vehicle operation	126,878		84,024
Utilities and taxes	19,104		176,973
Purchased services	176,277		280,997
Insurance	65,156		68,297
Food	248,808		239,361
Personal needs	107,912		76,557
New furnishings and equipment	49,050		106,152
Advertising and promotion	1,109		1,217
Repairs and maintenance	11,493		88,068
Staff training and conferences	33,144		25,560
Rental	209,632		175,584
Central administration - general (reallocation)	243,034		281,014
- staffing	63,265		602,908
	<u>12,911,737</u>		<u>12,035,096</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION		189,483	208,109
Amortization		<u>263,992</u>	<u>264,542</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$</u>	<u>\$ (74,509)</u>	<u>\$ (56,433)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS ADULT DAY PROGRAM

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS GROUP HOMES

FOR THE YEAR ENDED MARCH 31, 2016

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
SUPPORT:			
OMCSS - operating	\$ 7,638,124	\$ 7,638,124	\$ 7,321,274
REVENUE:			
Rent	817,792	805,901	771,520
Children's Aid Society	105,000	105,287	105,000
Other funding	179,222	179,677	
	<u>1,102,442</u>	<u>1,090,255</u>	<u>876,520</u>
SUPPORT:			
Amortization of Deferred Contributions (Note S)		82,030	87,446
	<u>1,102,442</u>	<u>1,172,285</u>	<u>964,000</u>
EXPENDITURES:			
Wages and salaries	6,149,633	6,062,593	5,603,487
Employee benefits	1,074,126	1,020,455	983,699
Staff travel	45,235	43,876	36,007
Supplies	46,537	46,106	48,200
Vehicle operation	68,960	34,116	48,498
Utilities and taxes	112,382	133,054	117,772
Purchased services	93,097	134,334	158,228
Insurance	44,231	42,468	43,691
Food	199,863	206,908	193,827
Personal needs	98,324	81,352	69,913
New furnishings and equipment	20,700	88,375	57,962
Advertising and promotion	746	651	829
Repairs and maintenance	76,969	85,081	96,662
Staff training and conferences	22,294	15,710	16,194
Rental	87,226	85,951	70,028
Central administration - general (fe allocation)	163,475	167,789	190,834
- staffing	426,638	389,996	409,290
	<u>8,705,566</u>	<u>8,638,915</u>	<u>-815,247</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION		172,094	139,993
Amortization		13,482	93,940
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$	\$ (21,388)	\$ (53,947)

COMMUNITY LYING DURHAM NORTH

STATEMENT OF OPERATIONS - COMBINED SUPPORTED INDEPENDENT LLV;ING

FOR THE YEAR ENDED MARCH 31, 2016

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
SUPPORT:			
OMCSS .. operating	\$ 778,328	\$ 778,328	\$ 775,625
REVENUE:			
Rent	11,520	11,580	
Other funding	94,090	94,139	27,875
	<hr/>	<hr/>	
	105,610	105,719	27,875
	<hr/>	<hr/>	
	883,938	884,047	803,500
EXPENDITURES:			
Wages and salaries	636,771	609,928	562,853
Employee benefits	112,905	112,828	99,996
Staff travel	5,500	6,894	12,154
Supplies	5,520	3,142	2,701
Insurance	4,884	4,673	4,300
Utilities and taxes	5,929	12,155	1,665
Advertising and promotion	82	72	86
Staff training and conferences	2,462	1,616	1,991
Rental	29,599	12,808	13,102
Repairs and maintenance	5,921	8,218	16,671
Personal needs	3,676	14,277	45
New furnishings and equipment	500	15,026	7,381
Purchased services-	9,011	7,420	8,436
Vehicle operation (recovery)	(4,980)	(4,915)	(6,649)
Food		7,478	
Central administration -general (reallocation)	18,052	18,511	19,308
- staffing	47,106	42,844	41,325
	<hr/>	<hr/>	
	883,938	873,175	785,665
EXCESS OF REVENUE OVER			
EXPENDITURES BEFORE AMORTIZATION		10,872	17,83
Amortization		24,256	24,683
EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENDITURES	\$	\$ (13,384)	\$ (6,848)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - RESPITE PROGRAM

FOR THE YEAR ENDED MARCH 31, 2016

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
SUPPORT:			
OMESS - operag	\$ 996,588	\$ 996,588	\$ 977,873
REVENUE:			
Respite	46,200	45,797	42,753
United Way	39,699	39,700	39,700
	85,899	85,497	82,453
	1,082,487	1,082,085	1,060,316
EXPENDITURES:			
Wages and salaries	735,461	734,648	696,918
Employee benefits	131,213	128,814	134,908
Staff travel	7,200	100	5,900
Supplies	8,100	1,100	8,376
Vehicle operation	12,446	11,268	10,319
Utilitiy. & Jid taxes	16,848	15,178	13,625
Purchased services	20,418	23,811	26,929
Insurance	5,570	5,250	5,960
Food	2,916	23,892	23,928
New furnishings and equipment	3,500	9,602	5,147
Advertising and promotion	94	82	113
Repair and maintenance	11,841	9,903	12,216
Staff training and conferences	2,808	1,834	1,989
Rental	27,840	28,380	27,840
Personal needs	912	11,18	949
entral administratio - general (reallocation)	20,588	21,155	26,434
- staffing	53,732	48,964	56,791
	1,082,487	1,081,989	1,058,354
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION		96	1,972
Amortization		9,636	9,524
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$	\$ (9,540)	\$ (7,552)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS ... HOST FAMILY

FOR THE YEAR ENDED MARCH 31, 2016

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
SUPPORT:			
OMCSS - operating	\$ 47,461	\$ 47,461	\$ 26,223
REVENUE:			
Rent	8,262	8,262	862
Other	7,600	7,600	
	<u>15,862</u>	<u>15,862</u>	<u>8,262</u>
	<u>63,323</u>	<u>3,323</u>	<u>34,485</u>
EXPENDITURES:			
Wages and salaries	22,765	24,049	5,888
Employee benefits	4,098	4,368	1,286
Staff travel	1,728	757	505
Supplies	200	241	53
Vehicle operation	(UO)	(480)	(240)
Purchased services	23,81	24,123	23,636
Insurance	684	644	205
Personal needs	1,000	777	187
New furnishings and equipment			14
Advertising and promotion	12	10	4
Staff training and conferences	345	223	67
Central administration - general (reallocation)	2,530	2,594	910
- staffing	6,600	6,005	1,955
	<u>63,323</u>	<u>63,311</u>	<u>34,470</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION		12	12
Amortization		2,718	2,704
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$</u>	<u>\$ (2,706)</u>	<u>\$ (2,689)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS INTENSIVE

SUPPORT FOR THE YEAR ENDED MAR 31, 2016

	BUDGET 2016	ACTUAL 2016	ACTUAL, 2015
SUPPORT:			
OMCSS-operating	\$ 691,716	\$ 691,716	\$ 647,872
Other funding	6,000	6,000	6,000
REVENUES:	30,720	40,540	30,620
	36,720	46,540	36,620
	728,436	738,256	684,492
EXPENDITURES:			
Wages and salaries	495,66	494,540	440,93
Employee benefits	88,472	89,01	82,611
Staff travel	4,919	4,238	3,719
Supplies	3,400	4,716	2,107
Insurance	3,851	3,628	3,637
Purchased services	13,544	16,488	18,167
Repairs and maintenance	5,921	6,580	14,141
Staff training and conferences	1,941	1,424	1,313
Advertising and promotion	65	57	
Utilities and taxes	12,448	13,855	12,409
New furnishings and equipment	2,000	9,757	10,755
Vehicle operation	7,256	6,139	945
Personal needs	3,000	2,161	2,931
Food	19,629	22,144	19,566
Rental	15,000	15,000	15,000
Central administration - general (reallocation)	14,232	14,619	16,157
- staff	37,142	33,836	34,694
	728,436	738,194	684,234
EXCESS OF REVENUE OVER EXPENDITURE	\$	\$ 62	\$ 258

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS -REPAIRS AND MAINTENANCE

FOR THE YEAR ENDED.MARCH 31,2016

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
SUPPORT:			
OMCSS operating	\$ 16,700	\$ 16,700	\$ _____
Exi>ENi>IFURES:			
].lew furnishings and equipment	16,700	16,700	_____
EXCESS OF REVENUES OVER EXPENDITURES	\$ _____	\$ _____	\$ _____

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - DS TEMPORARY SUPPORTS

FOR THE YEAR ENDED MAR 31, 2016

	BUDGET 2016	ACTPAL 2016	ACTUAL 2015
SUPPORT:			
OMCSS - operating	\$ 31,960	\$ 31,960	\$ 26,23
EXPENDITURES:			
Wages and salaries	31,960	31,960	24,854
Employee benefits			1,380
	<u>31,960</u>	<u>31,960</u>	<u>26,234</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$</u>	<u>\$</u>	<u>\$ (1)</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

1. Status and Nature of Activities

Community Living Durham North is a registered charity which provides services, accommodation and education to individuals who are intellectually disabled in the Scugog, Brock and Uxbridge Townships.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Basis of Presentation

These financial statements present the financial position and results of operations of Community Living Durham North.

The statements have been departmentalized in accordance with the funding and budgeting requirements prescribed by the Ontario Ministry of Community and Social Services (OMCSS).

(b) Donated Materials and Services

The organization does not record the value of donated materials and services as it is felt to be impracticable from a record keeping and valuation point of view.

(c) Pledges

The organization does not account for the value of pledges. Accordingly, donations are recorded on a cash basis.

(d) Tax Status

The organization is a registered charity under the provisions of the Income Tax Act.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

2. Summary of Significant Accounting Policies - continued

(e) Capital Assets

Capital assets are stated at cost. Amortization charges are calculated on a straight-line basis at the following rates:

Buildings	5%
Equipment	10%
Computers	15%
Furniture and fixtures	10%
Vehicles	15%

Leasehold improvements are amortized on straight-line basis over the term of the lease.

(f) Revenue Recognition

Community Living Durham North follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the 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.

(g) 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 at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

2. Summary of Significant Accounting Policies - continued

(h) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

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

Financial liabilities measured at amortized cost include accounts payable and accrued charges, mortgages payable and term loans payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the writedown is recognized in net income. To be 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 income.

Transaction costs

The organization recognizes its transaction costs in net income 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 DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

2. Summary of Significant Accounting Policies - continued

(i) Allocation of Expenses

The organization provides various programs on behalf of the Ontario Ministry of Community and Social Services (QMCS). The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component. The organization allocates these expenses to the departments in accordance with the approved budgets.

3. Accounts Receivable

Accounts receivable are represented by taxes recoverable, community support, Ontario Ministry of Community and Social Services and rent receivables.

4. Deferred Revenue

Revenue earned are recognized as the expenses relating to these funds are incurred. The unearned portion of these funds are recorded on the Statement of Financial Position as deferred revenue.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

5. Mortgages Payable

	<u>2016</u>	<u>2015</u>
Royal Bank of Canada, bearing interest at 3.95%, repayable in monthly payments of principal and interest of \$2,580, due April 2, 2015	\$	\$ 2,555
Royal Bank of Canada, bearing interest at 4.46%, repayable in monthly payments of principal and interest of \$2,187, due July 15, 2023	370,669	380,146
Royal Bank of Canada, bearing interest at 3.40%, repayable in monthly payments of principal and interest of \$1,006, due November 16, 2019	166,733	173,010
Royal Bank of Canada, bearing interest at 3.05% repayable in monthly payments of principal and interest of \$1,764, due October 22, 2017	334,446	345,237
	<u>\$ 871,848</u>	<u>\$ 900,948</u>

Principal repayments over the next five years are as follows assuming the mortgage is refinanced when it matures:

2017	\$ 27,771
2018	28,790
2019	29,849
2020	30,948
2021	32,089
	<u>\$ 149,447</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STAT-EMENTS

AS AT MARCH 31, 2016

6. Bank Credit Facility

The organization has entered into an agreement with the Royal Bank of Canada. The agreement is a demand operating loan in the amount of \$750,000. This loan bears interest at the Royal Bank Prime rate. As at March 31, 2016, there was no balance outstanding on this loan.

Security pledged With the Royal Bank consists of a general security agreement constituting a first ranking security interest in all the assets of the organization except real property. In addition, the Royal Bank has collateral mortgages on 89 Victoria Drive, Uxbridge, Ontario in the amount of \$245,000, 49 South Balsam Street, Uxbridge, Ontario in the amount of \$261,000, 18500 Island Road, Port Perry, Ontario in the amount of \$200,000, 163 Maple Street, Uxbridge, Ontario for the amount of \$197,229, 3 Low Boulevard, Uxbridge, Ontario for the amount of \$370,000, and on 1040 Concession Road B, Cannington, Ontario for the amount of \$395,000.

7. Term Loans Payable

	<u>2016</u>	<u>2015</u>
Royal Bank of Canada, bearing interest at 4.2% repayable in monthly payments of principal and interest of \$545, due October 29, 2016	\$ 3,798	\$ 10,06
Royal Bank of Canada, bearing interest at 2.99%, repayable in monthly payments of principal and interest of \$446, due November 23, 2021	27,910	
Ford Credit, non interest bearing with monthly principal payments of \$373, maturing June 30, 2015		1,117
Royal Bank of Canada, non interest-bearing with monthly principal payments of \$394, maturing March 31, 2021	23,612	
	\$ 55,320	\$ 11,153

Principal repayments over the next five years are as follows:

2017	\$ 13,100
2018	9,40
2019	9,583
2020	9,730
2021	9,881
	\$ 51,734

COMMUNITY LIVING DURHAMNORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to capital assets.

	<u>2016</u>	2015
Balance, beginning of year	\$ 1,591,443	\$ 1,678,889
Less: Amounts amortized to revenue	82,630	87,446
	<hr/>	<hr/>
Balance, end of year	<u>\$ 1,508,813</u>	<u>\$ 1,591,443</u>

9. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows;

	2016	2015
Capital assets	\$ 3,546,075	\$ 3,692,802
Less: Amount financed by deferred contributions	(1,508,813)	(1,591,443)
Mortgages payable	(871,848)	(900,948)
Term loans payable	(55,320)	(11,153)
	<hr/>	<hr/>
	<u>\$ 1,110,094</u>	<u>\$ 1,189,258</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

9. Investment in Capital Assets - continued

(b) Change in net assets invested in capital assets is calculated as follows:

	2016	2015
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions	\$ 82,630	\$ 87,446
Less: Amortization of capital assets	(263,992)	(264,542)
	(181,362)	(177,096)
Net change in invested in capital assets		
Purchase of capital assets	117,655	54,920
Mortgages payable	29,100	55,519
Term loans payable	(44,167)	10,453
	102,198	120,892
	\$ (79,164)	\$ (56,204)

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016.

10. Region of Durham

	Affordable Housing	Housing Support	2016 Total
Revenue	\$ 352805	\$ 422851	\$ 782656
Expenses			
Affordable Housing Reimbursements	34,600		34,600
Wages and salaries		35,959	35,959
Employee Benefits		3,411	3,411
Staff travel		2,555	2,555
Staff training		36	36
Supplies		36	36
Central administration - general	61	32669	31732
	341661	451666	80327
	\$ 1,144	\$ (2,815)	\$ (1,671)

11. Prior Year Adjustment

Each fiscal year, the organization is required to perform a year-end reconciliation to determine any amounts repayable to, or recoverable from, Ministry of Community and Social Services (OMCSS) in accordance with the organization's operating agreements. As at the Auditor's Report date, the fiscal year ending March 31, 2016 has not been reviewed by OMCSS, and as a result, future adjustments may be required as a result of this review. Due to the particular requirements of OMCSS, comparative figures are not restated when these adjustments are made.

12. Budget Figures

The budget figures presented for comparison purposes represent the annual budget approved by the organization's Board of Directors for the year ended March 31, 2016 which have not been audited or reviewed.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

13 Economic Dependence

In common with other publicly fded agencies, the organization derives the majority of its revenue from he Provine of Ontario. Further, tb..e Province 9f Ontario through the Ministry of Community and Social Services, have an encumbrance on specific real properties held in the name of the 9rganization.

14 Lease Commitments

The organization is committed to annual amounts under lease obligations for facilities with respect to several premises. Each location is under a separate lease. The leases expire at various times with varying terms for renewal. Future payments will total \$130,178 plus applicable taxes and include the following payments over the next 2 years:

2017	\$	120,658
2018	\$	9,520

15 Financial Instruments

Risks and concentrations

'The organization *is* exposed to various risks through its financial instruments. 'The following analysis provides a measure of the organization's risk exposure and concentrations at March 31,2016.

Liquidity risk

Liquidity risk is defined as the risk at the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient workilig capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including cljents will fail to perform their obligations. The organization is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The organizatio is subject to interest rate risk fthrough their mortgages payable and term loans payable. The organization moniors the current interest rate to ensure that their interesf rates do not vary much from market rate.

16 Contingent Liability

The organization has been named in an action. The final outcome is nof known at this time.