

COMMUNITY LIVING DURHAM NORTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018



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, 2018 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, 2017 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 Living Durham North as at March 31, 2018, 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.

Smith Chappell Marsh Valender LLP
Chartered Accountants, Licensed Public Accountants

June 20, 2018
Oshawa, Ontario

COMMUNITY LIVING DURHAM NORTH

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

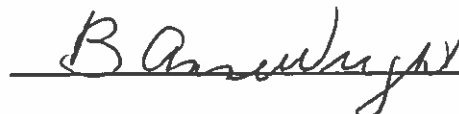
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

			<u>2018</u>	<u>2017</u>
<u>ASSETS</u>				
Current				
Cash			\$ 744,595	\$ 694,928
Accounts receivable (Note 3)			250,634	261,382
Prepaid expenses and deposits			87,785	45,759
			<u>1,083,014</u>	<u>1,002,069</u>
Capital (Note 2(e))				
	<u>Cost</u>	<u>Accumulated Amortization</u>		
Land	\$ 2,079,104	\$ -	2,079,104	1,554,104
Buildings	4,732,891	2,632,551	2,100,340	1,569,017
Equipment and computers	341,720	301,342	40,378	34,954
Furniture and fixtures	158,820	131,776	27,044	10,755
Leasehold improvements	58,657	58,657	-	-
Vehicles	768,895	529,434	239,461	178,632
	<u>\$ 8,140,087</u>	<u>\$ 3,653,760</u>	<u>4,486,327</u>	<u>3,347,462</u>
			<u>\$ 5,569,341</u>	<u>\$ 4,349,531</u>

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, 2018

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 1,081,827	\$ 851,567
Deferred revenue (Note 4)	80,085	133,208
Current portion of long term debt	75,879	355,553
	<u>1,237,791</u>	<u>1,340,328</u>
Long Term		
Mortgages payable (Note 5)	1,650,789	844,311
Term loans payable (Note 7)	61,604	68,133
Less: Current portion	(75,879)	(355,553)
	<u>1,636,514</u>	<u>556,891</u>
Deferred Contributions Related to Capital Assets (Note 8)	<u>1,495,632</u>	<u>1,430,692</u>
Net Assets		
Invested in capital assets (Note 9)	1,278,302	1,004,326
Unrestricted	(78,898)	17,294
	<u>1,199,404</u>	<u>1,021,620</u>
	<u>\$ 5,569,341</u>	<u>\$ 4,349,531</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Invested in Capital Assets	Unrestricted	2018 Total	2017 Total
Opening balance	\$ 1,004,326	\$ 17,294	\$ 1,021,620	\$ 1,059,961
Excess of revenues over expenses (expenses over revenues) (Note 9(b))	(173,753)	351,537	177,784	(38,341)
Net change in invested in capital assets (Note 9(b))	447,729	(447,729)	-	-
Closing Balance	<u>\$ 1,278,302</u>	<u>\$ (78,898)</u>	<u>\$ 1,199,404</u>	<u>\$ 1,021,620</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Operating Activities		
Excess of revenue over expenses (expenses over revenue)	\$ 177,784	\$ (38,341)
Charges to income not involving cash:		
Amortization	<u>260,213</u>	<u>254,280</u>
	<u>437,997</u>	<u>215,939</u>
Net change in non-cash working capital balances related to operations:		
Account receivable	10,748	143,937
Prepaid expenses and deposits	(42,026)	(20,031)
Accounts payable	230,260	(85,931)
Deferred revenue	<u>(53,123)</u>	<u>101,835</u>
	<u>145,859</u>	<u>139,810</u>
	<u>583,856</u>	<u>355,749</u>
Investing Activities		
Additions to capital assets	<u>(1,399,078)</u>	<u>(55,667)</u>
Financing Activities		
Increase (decrease) in long term debt	799,949	(14,724)
Increase (decrease) in deferred contributions related to capital assets net of related amortization	<u>64,940</u>	<u>(78,121)</u>
	<u>864,889</u>	<u>(92,845)</u>
Change in Cash and Cash Equivalents During the Year	49,667	207,237
Cash and Cash Equivalents, Beginning of Year	<u>694,928</u>	<u>487,691</u>
Cash and Cash Equivalents, End of Year	<u>\$ 744,595</u>	<u>\$ 694,928</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GENERAL

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUES:		
Donations and fundraising	\$ 62,945	\$ 52,081
Membership dues	534	290
Miscellaneous	37,972	34,238
Region of Durham (Note 10)	267,434	131,628
	<hr/>	<hr/>
	368,885	218,237
	<hr/>	<hr/>
EXPENDITURES:		
Supplies	15,430	18,463
Vehicle operation	-	63
Volunteer training	-	1,090
Purchased services	8	-
Region of Durham (Note 10)	264,244	133,165
	<hr/>	<hr/>
	279,682	152,781
	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 89,203	\$ 65,456
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COMMUNITY LIVING DURHAM NORTH
STATEMENT OF OPERATIONS - CONSOLIDATED PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$12,540,097	\$12,438,697	\$11,789,598
REVENUE:			
Rent	949,812	957,432	931,602
Other funding	590,236	511,443	435,538
Ontario Trillium Foundation	13,000	13,000	26,100
United Way	-	30,660	29,775
Children's Aid Society	105,000	77,100	113,763
Respite	51,000	37,788	50,266
	<u>1,709,048</u>	<u>1,627,423</u>	<u>1,587,044</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	86,460	78,121
	<u>14,249,145</u>	<u>14,152,580</u>	<u>13,454,763</u>
EXPENDITURES:			
Wages and salaries	10,089,133	9,615,541	9,285,695
Employee benefits	1,624,173	1,621,269	1,538,760
Staff travel	73,009	91,691	78,076
Supplies	66,098	71,390	65,742
Vehicle operation	91,978	75,598	71,068
Utilities and taxes	178,226	175,936	199,267
Purchased services	241,845	249,361	228,148
Insurance	68,371	65,449	69,755
Food	321,923	321,193	316,238
Personal needs	94,640	85,297	59,437
New furnishings and equipment	25,007	48,386	46,746
Advertising and promotion	1,206	1,441	836
Repairs and maintenance	216,619	226,792	245,779
Staff training and conferences	24,181	16,724	24,305
Rental	313,104	216,273	196,615
Central administration - general (reallocation)	247,586	266,942	253,672
- staffing	572,046	654,503	624,141
	<u>14,249,145</u>	<u>13,803,786</u>	<u>13,304,280</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	348,794	150,483
Amortization	-	260,213	254,280
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 88,581</u>	<u>\$ (103,797)</u>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - ADULT DAY PROGRAM

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 1,364,139	\$ 1,364,139	\$ 1,281,104
REVENUE:			
Other funding	95,272	159,425	119,135
Ontario Trillium Foundation	13,000	13,000	26,100
	<u>108,272</u>	<u>172,425</u>	<u>145,235</u>
	<u>1,472,411</u>	<u>1,536,564</u>	<u>1,426,339</u>
EXPENDITURES:			
Wages and salaries	1,039,028	1,077,627	955,371
Employee benefits	171,788	159,289	150,050
Staff travel	15,419	22,716	17,501
Supplies	11,210	9,429	11,945
Vehicle operation	25,462	27,419	29,715
Utilities and taxes	27,345	30,313	31,771
Purchased services	13,700	25,069	20,179
Insurance	7,643	7,370	13,043
Food	2,280	2,263	2,197
New furnishings and equipment	1,928	452	2,377
Advertising and promotion	135	-	26
Repairs and maintenance	11,522	15,733	39,317
Staff training and conferences	2,703	2,147	2,560
Rental	49,670	50,382	49,839
Personal needs	959	3,065	1,502
Central administration - general (reallocation)	27,676	29,811	26,064
- staffing	63,943	73,108	68,615
	<u>1,472,411</u>	<u>1,536,193</u>	<u>1,422,072</u>
EXCESS OF REVENUES OVER			
EXPENDITURES BEFORE AMORTIZATION	-	371	4,267
Amortization	-	9,643	35,149
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$ -	\$ (9,272)	\$ (30,882)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - GROUP HOMES

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 8,433,864	\$ 8,433,864	\$ 7,944,052
REVENUE:			
Rent	874,680	879,932	864,735
Children's Aid Society	105,000	77,100	113,763
Other funding	169,040	217,619	186,060
	<u>1,148,720</u>	<u>1,174,651</u>	<u>1,164,558</u>
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	81,390	78,121
	<u>9,582,584</u>	<u>9,689,905</u>	<u>9,186,731</u>
EXPENDITURES:			
Wages and salaries	6,837,342	6,658,267	6,411,983
Employee benefits	1,111,908	1,106,520	1,061,077
Staff travel	42,300	43,398	42,933
Supplies	42,404	45,605	39,754
Vehicle operation	53,292	26,813	27,612
Utilities and taxes	120,222	115,536	135,034
Purchased services	151,672	142,103	137,453
Insurance	45,945	43,896	43,760
Food	262,883	261,431	255,918
Personal needs	78,508	71,376	48,565
New furnishings and equipment	18,052	41,265	38,901
Advertising and promotion	810	-	181
Repairs and maintenance	80,654	159,591	107,653
Staff training and conferences	16,249	11,001	17,460
Rental	169,552	113,833	99,421
Central administration - general (reallocation)	166,377	179,456	174,314
- staffing	384,414	439,957	428,536
	<u>9,582,584</u>	<u>9,460,048</u>	<u>9,070,555</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	229,857	116,176
Amortization	-	191,144	183,578
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$ -	\$ 38,713	\$ (67,402)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - COMBINED SUPPORTED INDEPENDENT LIVING

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 311,508	\$ 311,509	\$ 323,788
REVENUE:			
Rent	-	-	3,880
Other funding	16,524	27,344	21,177
	<u>16,524</u>	<u>27,344</u>	<u>25,057</u>
	<u>328,032</u>	<u>338,853</u>	<u>348,845</u>
EXPENDITURES:			
Wages and salaries	252,773	252,111	183,683
Employee benefits	44,235	47,484	92,995
Staff travel	1,300	5,479	2,161
Supplies	1,505	991	1,806
Insurance	1,982	1,870	3,738
Utilities and taxes	-	-	1,942
Advertising and promotion	35	-	16
Staff training and conferences	701	575	1,265
Rental	-	-	2,000
Repairs and maintenance	-	185	-
Personal needs	3,224	766	5,084
New furnishings and equipment	228	-	216
Purchased services	2,187	2,673	2,859
Vehicle operation (recovery)	(3,900)	-	(3,495)
Food	-	-	1,847
Central administration - general (reallocation)	7,175	7,740	15,218
- staffing	16,587	18,981	37,510
	<u>328,032</u>	<u>338,855</u>	<u>348,845</u>
EXCESS (DEFICIENCY) OF REVENUE OVER			
 EXPENDITURES BEFORE AMORTIZATION	-	(2)	-
 Amortization	-	22,617	22,618
EXCESS (DEFICIENCY) OF REVENUE			
 OVER EXPENDITURES	\$ -	\$ (22,619)	\$ (22,618)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - RESPITE PROGRAM

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 1,040,282	\$ 1,040,282	\$ 1,091,139
REVENUE:			
Respite	51,000	37,788	50,266
United Way	117,199	30,660	29,775
Other funding	-	58,346	70,566
Rent	11,820	11,940	-
	<u>180,019</u>	<u>138,734</u>	<u>150,607</u>
	<u>1,220,301</u>	<u>1,179,016</u>	<u>1,241,746</u>
EXPENDITURES:			
Wages and salaries	847,052	787,963	890,705
Employee benefits	148,234	154,729	139,089
Staff travel	6,950	5,318	6,606
Supplies	6,805	7,299	7,588
Vehicle operation	11,390	10,994	9,741
Utilities and taxes	16,479	14,458	16,162
Purchased services	28,184	29,488	23,647
Insurance	6,423	6,181	5,322
Food	27,240	27,201	26,851
New furnishings and equipment	1,000	1,778	2,091
Advertising and promotion	113	1,441	594
Repairs and maintenance	11,522	15,010	8,532
Staff training and conferences	2,272	1,419	1,786
Rental	28,881	29,040	28,560
Personal needs	750	85	73
Central administration - general (reallocation)	23,261	25,088	21,473
- staffing	53,745	61,523	52,927
	<u>1,220,301</u>	<u>1,179,015</u>	<u>1,241,747</u>
EXCESS (DEFICIENCY) OF REVENUES OVER			
 EXPENDITURES BEFORE AMORTIZATION	-	1	(1)
 Amortization	-	7,200	6,685
EXCESS (DEFICIENCY) OF REVENUES			
 OVER EXPENDITURES	\$ -	\$ (7,199)	\$ (6,686)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - HOST FAMILY

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 9,491	\$ 9,491	\$ 10,569
REVENUE:			
Rent	8,304	8,388	8,293
Other	7,600	7,871	7,600
	<u>15,904</u>	<u>16,259</u>	<u>15,893</u>
	<u>25,395</u>	<u>25,750</u>	<u>26,462</u>
EXPENDITURES:			
Staff travel	500	305	-
Supplies	-	-	238
Vehicle operation	(480)	-	(360)
Purchased services	23,675	23,382	23,788
Insurance	-	-	247
Personal needs	1,700	2,064	585
New furnishings and equipment	-	-	37
Advertising and promotion	-	-	3
Central administration - general (reallocation)	-	-	1,765
- staffing	-	-	(22)
	<u>25,395</u>	<u>25,751</u>	<u>26,281</u>
EXCESS (DEFICIENCY) OF REVENUES OVER			
 EXPENDITURES BEFORE AMORTIZATION	-	(1)	181
 Amortization	-	-	1,771
EXCESS (DEFICIENCY) OF REVENUES			
 OVER EXPENDITURES	\$ -	\$ (1)	\$ (1,590)

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - INTENSIVE SUPPORT

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 1,279,412	\$ 1,279,412	\$ 1,047,286
REVENUES:			
Other funding	184,601	40,838	31,000
Rent	55,008	57,172	54,694
	<u>239,609</u>	<u>98,010</u>	<u>85,694</u>
	<u>1,519,021</u>	<u>1,377,422</u>	<u>1,132,980</u>
EXPENDITURES:			
Wages and salaries	1,112,939	839,573	816,868
Employee benefits	148,008	153,247	90,673
Staff travel	6,540	14,475	8,875
Supplies	4,174	8,066	4,411
Insurance	6,377	6,132	3,645
Purchased services	22,426	26,646	20,222
Repairs and maintenance	11,522	36,273	30,577
Staff training and conferences	2,256	1,582	1,234
Advertising and promotion	113	-	16
Utilities and taxes	14,180	15,629	14,358
New furnishings and equipment	3,800	4,891	3,124
Vehicle operation	6,214	10,372	7,855
Personal needs	9,500	7,941	3,628
Food	29,520	30,298	29,425
Rental	65,000	23,018	16,795
Central administration - general (reallocation)	23,094	24,847	14,838
- staffing	53,358	60,934	36,575
	<u>1,519,021</u>	<u>1,263,924</u>	<u>1,103,119</u>
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	113,498	29,861
Amortization	-	24,539	4,479
EXCESS OF REVENUE			
OVER EXPENDITURES	\$ -	\$ 88,959	\$ 25,382

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - FIRE CODE RETROFIT

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ -	\$ -	\$ 18,500
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Repairs and maintenance	-	-	18,500
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES	\$ -	\$ -	\$ -
OVER EXPENDITURES	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - REPAIRS AND MAINTENANCE

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ 101,400	\$ -	\$ 41,200
SUPPORT:			
Amortization of Deferred Contributions (Note 8)	-	5,070	-
EXPENDITURES:			
Repairs and maintenance	101,400	-	41,200
EXCESS OF REVENUES OVER EXPENDITURES			
BEFORE AMORTIZATION	-	5,070	(41,200)
Amortization	-	5,070	-
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ -	\$ -	\$ -

COMMUNITY LIVING DURHAM NORTH

STATEMENT OF OPERATIONS - DS TEMPORARY SUPPORTS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>BUDGET</u> <u>2018</u>	<u>ACTUAL</u> <u>2018</u>	<u>ACTUAL</u> <u>2017</u>
SUPPORT:			
OMCSS - operating	\$ -	\$ -	\$ 31,960
EXPENDITURES:			
Wages and salaries	-	-	27,085
Employee benefits	-	-	4,876
	-	-	31,961
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (1)

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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, 2018

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 a 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, 2018

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 write-down is recognized in net income. 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 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, 2018

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 (OMCSS). 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 supports, Ontario Ministry of Community and Social Services and rent receivables.

4. Deferred Revenue

Revenues 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, 2018

5. Mortgages Payable

	<u>2018</u>	<u>2017</u>
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,215, due August 15, 2022	\$ 377,113	\$ -
Royal Bank of Canada, bearing interest at 3.88%, repayable in monthly payments of principal and interest of \$2,671, due November 15, 2022	457,500	-
Royal Bank of Canada, bearing interest at 4.46%, repayable in monthly payments of principal and interest of \$2,187, due July 15, 2023	350,407	360,764
Royal Bank of Canada, bearing interest at 3.40%, repayable in monthly payments of principal and interest of \$1,006, due November 16, 2019	153,492	160,225
Royal Bank of Canada, bearing interest at 3.93% repayable in monthly payments of principal and interest of \$1,908, due October 22, 2022	312,277	323,322
	<u>\$ 1,650,789</u>	<u>\$ 844,311</u>

Principal repayments over the next five years are as follows:

2019	\$ 56,870
2020	\$ 197,161
2021	\$ 52,740
2022	\$ 54,887
2023	\$ 998,061

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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, 2018, 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, 1040 Concession Road 13, Cannington, Ontario for the amount of \$395,000, 22351 Lake Ridge Road, Uxbridge, Ontario for the amount of \$423,759 and on 1355 Highway 7A, Port Perry, Ontario for the amount of \$425,000.

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

7. Term Loans Payable

	<u>2018</u>	<u>2017</u>
Royal Bank of Canada, bearing interest at 3.51% repayable in monthly payments of principal and interest of \$261, due October 20, 2020	\$ 7,694	\$ -
Royal Bank of Canada, bearing interest at 2.99%, repayable in monthly payments of principal and interest of \$446, due November 23, 2021	18,623	23,337
Royal Bank of Canada, non interest bearing with monthly principal payments of \$471, maturing October 31, 2021	20,726	25,907
Royal Bank of Canada, non interest bearing with monthly principal payments of \$394, maturing March 31, 2021	14,561	18,889
	<u>\$ 61,604</u>	<u>\$ 68,133</u>

Principal repayments over the next four years are as follows:

2019	\$ 19,009
2020	18,393
2021	17,307
2022	6,895
	<u>\$ 61,604</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,430,692	\$ 1,508,813
Additional contributions received - net	151,400	-
	<hr/>	<hr/>
	1,582,092	1,508,813
Less: Amounts amortized to revenue	86,460	78,121
	<hr/>	<hr/>
Balance, end of year	<u>\$ 1,495,632</u>	<u>\$ 1,430,692</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

9. Investment in Capital Assets

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

	<u>2018</u>	<u>2017</u>
Capital assets	\$ 4,486,327	\$ 3,347,462
Less: Amount financed by deferred contributions	(1,495,632)	(1,430,692)
Mortgages payable	(1,650,789)	(844,311)
Term loans payable	(61,604)	(68,133)
	<u>\$ 1,278,302</u>	<u>\$ 1,004,326</u>

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

	<u>2018</u>	<u>2017</u>
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions	\$ 86,460	\$ 78,121
Less: Amortization of capital assets	(260,213)	(254,280)
	<u>(173,753)</u>	<u>(176,159)</u>
 Net change in invested in capital assets		
Purchase of capital assets	1,399,078	55,667
Amounts funded by deferred contributions	(151,400)	-
Mortgages payable	(806,478)	27,537
Term loans payable	6,529	(12,813)
	<u>447,729</u>	<u>70,391</u>
	<u>\$ 273,976</u>	<u>\$ (105,768)</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

10. Region of Durham

	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2018 Total</u>
Revenue	\$ <u>66,990</u>	\$ <u>200,444</u>	\$ <u>267,434</u>
Expenses			
Affordable Housing Reimbursements	63,800	-	63,800
Wages and salaries	-	161,099	161,099
Employee Benefits	-	24,574	24,574
Staff travel	-	3,155	3,155
Staff training	-	1,043	1,043
Supplies	-	970	970
Central administration - general	-	9,603	9,603
	<u>63,800</u>	<u>200,444</u>	<u>264,244</u>
	\$ <u>3,190</u>	\$ -	\$ <u>3,190</u>
	<u>Affordable Housing</u>	<u>Housing Support</u>	<u>2017 Total</u>
Revenue	\$ <u>58,170</u>	\$ <u>73,458</u>	\$ <u>131,628</u>
Expenses			
Affordable Housing Reimbursements	55,350	-	55,350
Wages and salaries	-	58,576	58,576
Employee Benefits	-	6,990	6,990
New furnishings and equipment	-	2,105	2,105
Staff travel	-	2,558	2,558
Staff training	-	22	22
Supplies	-	226	226
Central administration - general	-	7,338	7,338
	<u>55,350</u>	<u>77,815</u>	<u>133,165</u>
	\$ <u>2,820</u>	\$ <u>(4,357)</u>	\$ <u>(1,537)</u>

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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 years ending March 31, 2017 and March 31, 2018 have 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, 2018 which have not been audited or reviewed.

13. Economic Dependence

In common with other publicly funded agencies, the organization derives the majority of its revenue from the Province of Ontario. Further, the Province of Ontario through the Ministry of Community and Social Services, have an encumbrance on specific real properties held in the name of the organization.

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 \$257,856 plus applicable taxes and include the following payments over the next 4 years:

2019	\$	64,464
2020	\$	64,464
2021	\$	64,464
2022	\$	64,464

COMMUNITY LIVING DURHAM NORTH

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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, 2018.

Liquidity risk

Liquidity risk is defined as the risk that 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 working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients 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 organization is subject to interest rate risk through their mortgages payable and term loans payable. The organization monitors the current interest rate to ensure that their interest rates do not vary much from market rate.