

Final Signed

**COMMUNITY LIVING HURONIA**  
**Financial Statements**  
**Year Ended March 31, 2018**

**COMMUNITY LIVING HURONIA**  
**Index to Financial Statements**  
**Year Ended March 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Community Living Huronia

We have audited the accompanying financial statements of Community Living Huronia, which comprise the statement of financial position 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 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.

*(continues)*

Independent Auditor's Report to the Members of Community Living Huronia *(continued)*

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Living Huronia as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Midland, Ontario  
June 28, 2018



CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**COMMUNITY LIVING HURONIA**  
**Statement of Financial Position**  
**March 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 728,913	\$ 693,711
Cash - restricted (Note 3)	107,903	100,277
Short term investments (Note 4)	151,047	-
Accounts receivable	419,210	331,665
Prepaid expenses	75,947	136,198
	<u>1,483,020</u>	<u>1,261,851</u>
<b>CAPITAL ASSETS (Note 5)</b>	<u>7,272,262</u>	<u>7,369,413</u>
	<u><b>\$ 8,755,282</b></u>	<u><b>\$ 8,631,264</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 672,817	\$ 520,207
Wages and payroll taxes payable (Note 7)	819,224	756,361
Deferred revenue and subsidies	221,427	114,758
Due to CLH Foundation	58,270	154,017
Current portion of long term debt (Note 8)	119,367	222,373
	<u>1,891,105</u>	<u>1,767,716</u>
<b>LONG TERM DEBT (Note 8)</b>	<u>897,259</u>	<u>912,942</u>
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 9)</b>	<u>1,105,219</u>	<u>1,015,715</u>
	<u><b>3,893,583</b></u>	<u><b>3,696,373</b></u>
<b>NET ASSETS</b>		
Unrestricted net assets	(338,351)	(229,752)
Invested in capital assets	5,092,147	5,064,366
Externally restricted	107,903	100,277
	<u>4,861,699</u>	<u>4,934,891</u>
	<u><b>\$ 8,755,282</b></u>	<u><b>\$ 8,631,264</b></u>

The Auditor's opinion and notes to financial statements form an integral part of this report.

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**COMMUNITY LIVING HURONIA**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2018**

	Unrestricted Net Assets	Invested in Capital Assets	Externally Restricted	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (229,752)	\$ 5,064,366	\$ 100,277	\$ 4,934,891	\$ 5,330,475
Deficiency of revenue over operating expenditures for the year	(80,818)	-	-	(80,818)	(402,870)
Excess of Housing Reserve revenue over expenditures for the year <i>(Note 3)</i>	-	-	7,626	7,626	7,286
Net change in net assets invested in capital assets <i>(Note 10)</i>	(27,781)	27,781	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (338,351)</b>	<b>\$ 5,092,147</b>	<b>\$ 107,903</b>	<b>\$ 4,861,699</b>	<b>\$ 4,934,891</b>

The Auditor's opinion and notes to financial statements form an integral part of this report.

**COMMUNITY LIVING HURONIA****Statement of Operations**

Year Ended March 31, 2018

	2018	2017
<b>REVENUE</b>		
Operating subsidies - Province of Ontario (Note 11)	\$ 12,471,245	\$ 12,886,218
Operating subsidies - County of Simcoe (Note 11)	3,583,664	693,456
Contribution to Pineview - Catulpa	80,000	80,000
Operating subsidies - Ontario Trillium Foundation	-	7,500
Amortization of deferred capital contributions (Note 9)	50,496	51,126
	<u>16,185,405</u>	<u>13,718,300</u>
<b>OPERATING EXPENDITURES</b>		
Amortization	739,809	762,127
Food	253,629	243,251
Materials and supplies	287,463	242,192
Mortgage interest	11,905	14,241
Personal needs (net of recovery)	122,987	118,652
Purchased services	2,735,024	1,294,191
Rent, leases and equipment rentals (Note 14)	283,690	222,451
Repairs, maintenance and replacements	297,793	555,972
Salaries, benefits and training	13,178,999	12,200,910
Sundry	50,110	28,381
Transportation and vehicle	129,446	116,031
Utilities, property taxes and insurance	434,425	450,412
	<u>18,525,280</u>	<u>16,248,811</u>
<b>OTHER INCOME</b>		
Expense recoveries	1,915,780	1,822,060
Rental income - net (Note 13)	177,774	187,888
Other income (Note 14)	165,503	117,693
	<u>2,259,057</u>	<u>2,127,641</u>
<b>DEFICIENCY OF REVENUE OVER OPERATING EXPENDITURES FOR THE YEAR</b>	<u>\$ (80,818)</u>	<u>\$ (402,870)</u>

**COMMUNITY LIVING HURONIA**  
**Statement of Cash Flows**  
**Year Ended March 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over operating expenditures for the year	\$ (80,818)	\$ (402,870)
Excess of Housing Reserve revenue over expenditures for the year	7,626	7,286
	<u>(73,192)</u>	<u>(395,584)</u>
Items not affecting cash:		
Amortization of capital assets	739,809	762,127
Amortization of deferred capital contributions	(50,496)	(51,126)
Gain on disposal of capital asset	-	1,169
Unrealized gain on investments	<u>(1,047)</u>	<u>-</u>
	<u>615,074</u>	<u>316,586</u>
Changes in non-cash working capital:		
Accounts receivable	(87,545)	217,541
Prepaid expenses	60,251	(96,262)
Accounts payable and accrued liabilities	152,610	195,108
Wages and payroll taxes payable	62,863	31,627
Deferred revenue and subsidies	<u>106,669</u>	<u>(33,509)</u>
	<u>294,848</u>	<u>314,505</u>
Cash flow from operating activities	<u>909,922</u>	<u>631,091</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(642,658)	(110,189)
Purchase of short term investments	<u>(150,000)</u>	<u>-</u>
Cash flow used by investing activities	<u>(792,658)</u>	<u>(110,189)</u>
<b>FINANCING ACTIVITIES</b>		
Advances to CLH Foundation	(95,747)	(116,607)
Proceeds from long term financing	102,782	-
Repayment of long term debt	(221,471)	(122,595)
Contributions restricted for capital asset purchases	<u>140,000</u>	<u>-</u>
Cash flow used by financing activities	<u>(74,436)</u>	<u>(239,202)</u>
<b>INCREASE IN CASH FLOW</b>	<b>42,828</b>	<b>281,700</b>
Cash - beginning of year	<u>793,988</u>	<u>512,288</u>
<b>CASH - END OF YEAR</b>	<b>\$ 836,816</b>	<b>\$ 793,988</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 728,913	\$ 693,711
Cash - restricted	<u>107,903</u>	<u>100,277</u>
	<u>\$ 836,816</u>	<u>\$ 793,988</u>



# COMMUNITY LIVING HURONIA

## Notes to Financial Statements

Year Ended March 31, 2018

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### 1. ORGANIZATION

Community Living Huronia ("CLH") is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act. The Organization is exempt from income tax pursuant to the Canadian Income Tax Act.

The CLH mission is to facilitate our community's acceptance, inclusion and support of individuals with developmental disabilities as valued citizens. CLH strives to ensure the availability of supports and services which address the needs of the individuals and their families.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies followed in the preparation of these financial statements are summarized below:

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives at the following rates:

Buildings	2.5%
Equipment	10%
Equipment - video conferencing	20%
Leasehold improvements - Pineview	20%
Pavement	4%
Vehicles	15%

#### Deferred capital contributions

Deferred capital contributions represent restricted contributions relating to the purchase of capital assets.

#### Revenue recognition

CLH follows the deferral method of accounting for contributions, which include donations and grants.

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.

Expense recoveries are recognized as revenue once the related expenditures have been incurred and the recoveries are earned. Included in expense recoveries is residential rental income. This rental income is recognized as revenue on the first day of each month.

Rental income from the condominium units on Aberdeen Boulevard is recognized as revenue on the first day of each month.

Deferred capital contributions are recognized as revenue at the same rate of amortization as the underlying assets.

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**COMMUNITY LIVING HURONIA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed materials and services

Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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**3. CASH - RESTRICTED**

These restricted funds can only be used for capital improvements to houses funded under the Ministry of Community and Social Services (MCSS) - Dedicated Supportive Housing contract.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 100,277	\$ 92,991
Annual contribution by Province of Ontario	6,663	6,663
Interest earned	963	623
	<u>\$ 107,903</u>	<u>\$ 100,277</u>

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**4. SHORT TERM INVESTMENTS**

Short term investments held by CLH consist entirely of a mutual fund measured at fair market value. Annual distributions are included in expense recoveries on the statement of operations.

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**COMMUNITY LIVING HURONIA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 798,028	\$ -	\$ 798,028	\$ 798,028
Buildings	8,416,938	3,104,322	5,312,616	5,381,289
Equipment	4,385,259	3,659,189	726,070	886,301
Leasehold improvements - Pineview	386,023	383,214	2,809	7,783
Pavement	43,996	34,839	9,157	10,770
Vehicles	879,991	456,409	423,582	285,242
	<b>\$ 14,910,235</b>	<b>\$ 7,637,973</b>	<b>\$ 7,272,262</b>	<b>\$ 7,369,413</b>

Included in land and buildings above are two residential properties, 239 Jeanne Street, Midland and 816 Ottawa Street, Midland, with a net book value of \$360,744 (2017 - \$295,489) that were assumed by CLH in prior years from another organization. Although CLH has title to these properties, the other organization retains the right to reacquire them should CLH decide, with Ministry approval, to sell them. This first right of refusal can be exercised at amounts ranging from \$1 - \$10. However, due to the large amount of capital and maintenance costs incurred by CLH and the Ministry over the years, it is unclear whether the option would ever be exercised.

**6. BANK INDEBTEDNESS**

CLH maintains an unsecured operating line of credit of \$500,000 and is charged interest at the bank's prime rate of lending plus .75%. The operating line of credit was unused at March 31, 2018.

CLH signed an agreement with The Toronto-Dominion Bank on December 8, 2009 for a Committed Revolving Facility. This Agreement can be utilized in the form of fixed rate term loans and/or floating rate term loans for the purpose of buying out leases on existing vehicles and for further vehicle purchases. The limit of this Committed Revolving Facility is \$150,000. This credit facility was unused at March 31, 2018.

**7. GOVERNMENT REMITTANCES PAYABLE**

Included in wages and payroll taxes payable is \$37,656 (2017 - \$112,885) owing with respect to government remittances.

**COMMUNITY LIVING HURONIA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

**8. LONG TERM DEBT**

	<u>2018</u>	<u>2017</u>
TD Canada Trust loan bearing interest at 2.112% per annum, repayable in monthly blended payments of \$1,806. The loan matured on December 1, 2017.	\$ -	\$ 117,281
RBC Royal Bank loan bearing interest at 2.225% per annum, repayable in monthly blended payments of \$830. The loan matures on August 1, 2019 and is secured by a residential property with a net book value of \$178,520	50,809	59,541
MCAP loan bearing interest at 1.85% per annum, repayable in monthly blended payments of \$3,381. The loan matures on May 1, 2021 and is secured by residential properties with a net book value of \$628,210.	316,075	350,475
MCAP loan bearing interest at 1.85% per annum, repayable in monthly blended payments of \$1,242. The loan matures on May 1, 2021 and is secured by a residential property with a net book value of \$224,096.	107,538	120,329
MCAP loan bearing interest at 2.54% per annum, repayable in monthly blended payments of \$1,825. The loan matures on December 1, 2022 and is secured by residential properties with a net book value of \$435,878.	97,945	-
TD Canada Trust - Aberdeen loan bearing interest at prime plus .5% per annum, repayable in monthly blended payments of \$4,881. The loan matures on February 27, 2027 and is secured by four condominium units including all chattels and equipment with a carrying value of \$1,261,532, and a general security agreement.	<u>444,259</u>	<u>487,689</u>
	1,016,626	1,135,315
Amounts payable within one year	<u>(119,367)</u>	<u>(222,373)</u>
	<u>\$ 897,259</u>	<u>\$ 912,942</u>

Principal repayment terms are approximately:

2019	\$ 119,367
2020	155,282
2021	116,585
2022	345,453
2023	65,737
Thereafter	<u>214,202</u>
	<u>\$ 1,016,626</u>

Mortgages were arranged by the Ministry of Municipal Affairs and Housing and are secured by residential properties purchased with Ministry of Housing funding. Payments are funded by MCSS - Dedicated Supportive Housing.

**COMMUNITY LIVING HURONIA****Notes to Financial Statements****Year Ended March 31, 2018****9. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized amount of government funding or donations received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,015,715	\$ 1,066,841
Add: contributions received restricted for capital asset purchases	140,000	-
Less: amortization of deferred capital contributions	<u>(50,496)</u>	<u>(51,126)</u>
	<u>\$ 1,105,219</u>	<u>\$ 1,015,715</u>

**10. NET ASSETS INVESTED IN CAPITAL ASSETS**

The net change in net assets invested in capital assets is calculated as follows:

	<u>2018</u>	<u>2017</u>
Acquisition of capital assets	\$ 642,658	\$ 110,189
Capital asset purchases funded by restricted contributions	(140,000)	-
Amortization of capital assets	(739,809)	(762,127)
Amortization of deferred capital contributions	50,496	51,126
Gain (loss) on disposal of vehicle	-	(1,169)
Proceeds of long term debt	(102,782)	-
Repayment of long term debt	221,471	122,595
Repayment to CLH Foundation	<u>95,747</u>	<u>116,607</u>
Net change in net assets invested in capital assets	<u>\$ 27,781</u>	<u>\$ (362,779)</u>

**11. SIGNIFICANT AGREEMENTS**

CLH has a service contract with the MCSS to fund various programs. CLH received base funding of \$11,563,465 and one-time funding of \$850,643 for a total of \$12,414,108 from MCSS. Of this amount, \$12,274,108 has been recognized as revenue and \$140,000 has been recognized as deferred capital contributions.

CLH has a contract with MCSS - Dedicated Supportive Housing under which it receives funding to operate a non-profit housing program. CLH received funding of \$197,137, the full amount of which has been recognized as revenue.

The Organization has recognized total revenue of \$12,471,245 from the Province of Ontario.

CLH has a contract with the County of Simcoe for the resource teacher program. This program has a December 31st year end. CLH received funding of \$3,679,350 during the fiscal year and held \$79,471 of unspent funds from the prior year. Of this amount, \$3,583,664 has been recognized as revenue, and \$175,157 has been recognized as deferred revenue.

It is management's opinion that all terms of these agreements have been met.

**COMMUNITY LIVING HURONIA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**

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**12. ECONOMIC DEPENDENCE**

The operations of CLH are funded primarily through grants provided directly by MCSS.

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**13. RENTAL INCOME - NET**

	<u>2018</u>	<u>2017</u>
<b>203 Aberdeen Boulevard (seven condominium units)</b>		
Rental revenue	\$ 194,473	\$ 204,353
Less: mortgage interest expense	(16,699)	(16,465)
	<u>\$ 177,774</u>	<u>\$ 187,888</u>

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**14. ECONOMIC INTEREST**

CLH has an economic interest in another not-for-profit organization, Community Living Huronia Foundation ("the Foundation"). An economic interest exists when the Foundation holds resources for the benefit of CLH. The purpose of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income, from time to time, to CLH. The Foundation is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act.

The Foundation contributed \$162,954 (2017 - \$116,607) to CLH during the year. This amount has been recognized in other income on the statement of operations.

CLH has signed a contract to provide certain administrative services to the Foundation for a total annual fee of \$22,100 (2017 - \$22,100). This contract may be terminated by either party at any time.

CLH has agreed to lease the land and building at 283 King Street, Midland from the Foundation for \$3,000 per month. The lease agreement expires May 2019. Rent payments to the Foundation during the year were \$36,000 (2017 - \$36,000).

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**15. COMMITMENTS**

CLH leases office space at a number of different locations.

Future minimum lease payments as at March 31, 2018 are as follows:

2019	\$	161,526
2020		103,745
2021		80,541

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**16. FINANCIAL INSTRUMENTS**

**Risk management**

CLH manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews these policies and procedures on an annual basis. CLH does not use derivative financial instruments to manage its risks.

CLH has exposure to the following risks associated with financial instruments:

**Credit risk**

CLH is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. CLH does not directly hold any collateral as security for financial obligations.

Credit risk at CLH is limited as rents are generally collectible as tenants are supported, and revenue is assured as majority of amounts are from government agencies with contracts negotiated in advance.

**Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. The significant market risk to which CLH is exposed is interest rate risk. Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The interest rate exposure of CLH arises from its interest bearing long term debt.

CLH manages its exposure to the interest rate risk of its long term debt by negotiating terms of at least 5 years in duration, thereby minimizing the short term fluctuations in interest rates and stabilizing cash flow requirements. The majority of long term debt is negotiated by the Ministry of Housing, in consultation with CLH.

**Liquidity risk**

Liquidity risk is the risk that CLH will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of CLH not being able to liquidate assets in a timely manner at a reasonable price.

CLH meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipated investing and financing activities and holding assets that can be readily converted into cash. CLH has a short term unsecured bank financing facility in place should it be required to meet temporary fluctuations in cash requirements.

Risk exposure has not changed from the prior year.

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