

**Financial Statements of**  
**Community Living Toronto**  
**For the year ended March 31, 2014**

**Community Living Toronto**  
**Financial Statement**  
**For the year ended March 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Members of Community Living Toronto

We have audited the accompanying financial statements of Community Living Toronto, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Living Toronto as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2014  
Toronto, Canada

# Community Living Toronto

## Statement of Financial Position

(expressed in thousands)

March 31, 2014, with comparative information for 2013

	March 31, 2014	March 31, 2013 Restated (note 18)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$3,828	\$5,228
Accounts receivable (note 17)	2,479	2,290
Capital funding receivable - current (note 5)	384	375
Prepaid expenses	805	469
	<u>7,496</u>	<u>8,362</u>
<b>Accrued pension assets (note 10)</b>		
Employee Plan	2,685	-
Executive Plan	1,469	875
<b>Capital funding receivable (note 5)</b>		
	4,172	4,557
<b>Capital assets (note 6)</b>		
	<u>24,668</u>	<u>24,950</u>
	<u>\$40,490</u>	<u>38,744</u>
<b>Liabilities, deferred contributions and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$10,420	\$10,852
Mortgages payable - current (note 7)	384	375
Deferred revenue	777	744
Equity line of credit (note 4)	2,538	2,688
	<u>14,119</u>	<u>14,659</u>
<b>Accrued pension liability (note 10)</b>		
Employee Plan	-	4,035
<b>Mortgages payable - long term (note 7)</b>		
	4,172	4,557
<b>Deferred contributions (note 8)</b>		
Expenses of future periods	5,147	4,268
Capital assets	2,036	2,525
	<u>7,183</u>	<u>6,793</u>
<b>Net assets</b>		
Invested in capital assets (note 9)	20,094	19,737
Endowments (note 12)	110	108
Internally restricted funds (note 13)	5,978	5,668
Unrestricted	(11,166)	(16,813)
	<u>15,016</u>	<u>8,700</u>
	<u>\$40,490</u>	<u>\$38,744</u>

### Commitments (note 11)

On behalf of the Board of Directors:

\_\_\_\_\_  
President

\_\_\_\_\_  
Treasurer

# Community Living Toronto

## Statement of Operations

(expressed in thousands)

Year ended March 31, 2014, with comparative information for 2013

	March 31, 2014	March 31, 2013 Restated (note 18)
<b>Revenue</b>		
Ministry of Community and Social Services	\$57,227	\$55,122
City of Toronto	2,388	2,526
United Way	878	888
Entrepreneurial ventures	1,683	1,739
Interest	34	4
Amortization of deferred contribution, operations	534	396
Other revenues	9,208	8,291
	<u>71,952</u>	<u>68,966</u>
<b>Expenses</b>		
Residential	46,806	44,193
Supports to employment	8,981	8,347
Adult development services	5,886	6,374
Community support services	6,323	6,390
Volunteer and member support services	479	526
Entrepreneurial ventures	1,442	1,418
Other expenses	2,513	1,964
Pension Adjustment	-	1,580
	<u>72,430</u>	<u>70,792</u>
Deficiency of revenue over expenses before amortization	<u>(478)</u>	<u>(1,826)</u>
Amortization of deferred capital contributions	(489)	(552)
Amortization of capital assets	1,021	1,051
Total amortization	532	499
<b>Deficiency of revenue over expenses</b>	<u>(\$1,010)</u>	<u>(\$2,325)</u>

See accompanying notes to financial statements.

## Community Living Toronto

### Statement of Changes in Net Assets

(expressed in thousands)

Year ended March 31, 2014, with comparative information for 2013

<b>March 31, 2013</b>	<b>Invested In Capital Assets</b>	<b>Endowments</b>	<b>Internally Restricted Funds</b>	<b>Unrestricted</b>	<b>Total 2014</b>	<b>Total 2013 Restated (note 18)</b>
<b>Net assets, beginning of year</b>	\$19,737	\$108	\$5,668	\$(16,813)	\$8,700	\$9,974
Excess (deficiency) of revenues over expense (note 9)	(532)	-	-	(478)	\$(1,010)	\$(2,325)
Net change in investments in capital assets (note 9)	889	-	-	(889)	\$ -	\$ -
Addition to endowments (note 12)	-	2	-	-	\$ 2	\$ 3
Addition to internally restricted funds- Endowments and Membership fees (note 13)	-	-	10	-	\$10	\$(3)
Addition to Internally restricted funds- Management Contingency fund (note 13)	-	-	300	(300)	\$ -	\$ -
Pension remeasurements and other items (note 18)	-	-	-	7,314	\$7,314	1,051
<b>Net assets, end of year</b>	<b>\$20,094</b>	<b>\$110</b>	<b>\$5,978</b>	<b>\$11,166</b>	<b>\$15,016</b>	<b>\$8,700</b>

See accompanying notes to financial statements.

# Community Living Toronto

## Statement of Cash Flows

(expressed in thousands)

Year ended March 31, 2014, with comparative information for 2013

	March 31, 2014	March 31, 2013 Restated (note 18)
<b>Cash from operating activities</b>		
Deficiency of revenue over expenses	(\$1,010)	\$(2,325)
Adjusted for the following non-cash items:		
Amortization of deferred capital contributions	(489)	(552)
Amortization of capital assets	1,021	1,051
Pension expenses	2,858	2,782
Net change in non-cash working capital	(914)	487
Employer pension contributions	(2,858)	(2,435)
Increase in deferred contributions, operations	879	830
<b>Net cash generated through operating activities</b>	<b>(513)</b>	<b>(162)</b>
<b>Financing activities</b>		
Receipt of capital funding receivable	376	354
Payment of mortgages payable	(376)	(354)
Payments under equity line of credit	(150)	(150)
Receipt of deferred capital contributions	-	31
<b>Net cash generated through financing activities</b>	<b>(150)</b>	<b>(119)</b>
<b>Investing activities</b>		
Purchase of capital assets	(739)	(865)
Receipt of endowments - externally restricted	2	3
<b>Net cash used through investing activities</b>	<b>(737)</b>	<b>(862)</b>
Increase/(decrease) in cash and cash equivalents	(1,400)	(1,143)
Cash and cash equivalents beginning of year	5,228	6,371
<b>Cash and cash equivalents end of year</b>	<b>\$3,828</b>	<b>\$5,228</b>

### Supplemental cash flow information

Cash paid for interest	182	128
Interest received	34	8

See accompanying notes to financial statements.

## Community Living Toronto

### Notes to Financial Statements

Years ended March 31, 2014

(expressed in thousands, except on note 4 and 15)

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Community Living Toronto (CLT) is a not-for-profit organization, incorporated without share capital under the laws of Ontario. CLT is principally involved in serving people with developmental disabilities. CLT is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

#### 1) Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook.

a) Revenue recognition:

CLT follows the deferral method of accounting for contributions.

- i) Restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Purchases of land from restricted contributions are accounted for as direct increases to net assets.
- ii) Endowment contributions are recognized as direct increases in endowment net assets. Restricted income from endowments is shown as deferred contribution and recognized as revenue in the year in which related expenses are incurred. Unrestricted income from endowments is recognized as revenue in the year earned.
- iii) 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.

b) Cash and cash equivalents:

Cash and cash equivalents include operating accounts and Guaranteed Investment Certificates which are highly liquid with original maturities of less than three months.

c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CLT has elected to carry its investments and cash equivalents at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CLT determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CLT expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

d) Contributed materials and service:

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

e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of



contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to CLT's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

- Buildings: 15-25 years
- Equipment, Computer Hardware & Software: 5-10 years
- Leasehold improvements: term of the lease

f) Pension:

CLT sponsors defined benefit pension plans, which cover substantially all of its employees. These plans are both contributory and non-contributory plans and are final average plans.

CLT uses the immediate recognition approach to account for its defined benefit plans. CLT accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the plan assets and accrued benefit obligation coincides with the Organization's fiscal year. The most recent actuarial valuation of the benefit plans for funding purposes was as of June 30, 2011, and the next required valuation will be no later than June 30, 2014.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period are immediately recognized in the statement of changes in net assets. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are reported as pension remeasurements and other items in the statement of changes in net assets.

Past service costs arising from plan amendments immediately recognized as pension remeasurements in the statement of changes in net assets.

(h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

## 2) Economic Dependence

The future viability of CLT is dependent upon continued support from the Ministry of Community and Social Services (MCSS).

CLT receives a substantial amount of funding from the MCSS, pursuant to a Service Contract entered into by both parties.

## 3) Support of government (Ministry of Community and Social Services and Ministry of Housing)

CLT's final amount to be received from or repayable to the Ministry for the year ended March 31, 2014 will not be determined until the Ministry has reviewed CLT's financial and statistical returns for that period. The management of CLT considers the amounts receivable from or repayable to the Ministry to include all proper adjustments for non-allowable costs.

#### 4) Equity line of credit

CLT has a demand credit facilities with Canadian chartered banks as below.

\$3,000,000 Operating line at bank prime plus 0.5%  
\$1,725,000 Operating line at bank prime plus 1.25%  
\$5,000,000 To finance property acquisitions at bank prime plus 1.0%

As at March 31, 2014, CLT has \$2,537,500 (2013 \$2,687,500) outstanding under the facility to finance property acquisitions and renovations. The credit facilities are secured by a general security agreement, collateral mortgage representing a first charge on certain property and an assignment of insurance and rents of certain property.

#### 5) Capital funding receivable

This balance represents amounts due from the Ministry of Community and Social Services to fund the purchases of various buildings and houses. These amounts are received annually when related mortgage payments are made.

#### 6) Capital assets

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2014 Net Book Value</b>	<b>2013 Net book Value</b>
Land	\$17,725	\$ -	\$17,725	\$17,725
Building	17,230	(11,780)	5,450	5,544
Equipment, Computer Hardware & Software	7,439	(5,949)	1,490	1,554
Leasehold Improvement	504	(501)	3	127
	<u>\$42,898</u>	<u>\$(18,230)</u>	<u>\$24,668</u>	<u>\$24,950</u>

#### 7) Mortgages payable

Mortgages payable consists of 25 mortgages, which bear interest at varying rates from 1.53% to 8.00%. These mortgages mature at various times from April 1, 2014 to June 1, 2025. These mortgages are expected to be renewed at negotiated rates at the respective maturity dates.

Future principal payments required on mortgages for the next five years are as follows:

year ended March 31, 2015	\$384
year ended March 31, 2016	399
year ended March 31, 2017	410
year ended March 31, 2018	420
year ended March 31, 2019	433
Thereafter	2,510
	<u>\$4,556</u>

Property	Particulars			Balance as of March 31, 2014 (in thousands)	Balance as of March 31, 2013 (in thousands)
	Interest rate	Maturity date	Monthly payment		
MA VETY	2.802%	April 1, 2014	\$ 1,980	208	226
EXFORD	3.182%	Nov. 1, 2014	\$ 2,602	290	311
ASPENWOOD	3.079%	Dec. 1, 2014	\$ 2,141	305	321
FAIRVIEW	2.650%	April 1, 2016	\$ 1,996	212	230
WELLESWORTH	2.650%	April 1, 2016	\$ 1,709	180	196
LAKESHORE	3.153%	June 1, 2016	\$ 1,258	119	130
QUARRY	3.153%	June 1, 2016	\$ 1,984	188	206
SHEPPARD	1.650%	June 1, 2017	\$ 1,651	183	199
ROYAL YORK	1.650%	June 1, 2017	\$ 1,634	182	199
BURNVIEW	1.650%	June 1, 2017	\$ 1,744	176	194
WHITEHORN	1.650%	June 1, 2017	\$ 1,349	122	137
MARYDON	1.650%	June 1, 2017	\$ 801	71	80
DALE	1.650%	June 1, 2017	\$ 1,253	115	128
KINGSTON	1.650%	June 1, 2017	\$ 982	91	101
FOLCROFT	2.270%	July 1, 2017	\$ 2,074	229	249
ROUNDWOOD	2.180%	Aug. 1, 2017	\$ 2,493	348	370
HEPSCOTT	1.7100%	Sept. 1, 2017	\$ 965	91	101
WILLARD	2.25%	Oct. 1, 2017	\$ 2,137	243	263
REIDMOUNT	1.530%	Dec. 1, 2017	\$ 1,782	175	194
RESOLUTION	1.53%	Dec. 1, 2017	\$ 1,131	111	123
ANNETTE	2.21%	July 1, 2018	\$ 1,707	252	266
EMPIRE	6.145%	Dec. 1, 2023	\$ 1,609	142	152
HOBDEN PLACE	5.755%	May 1, 2024	\$ 2,248	208	222
SIMPSON	5.755%	May 1, 2024	\$ 2,737	253	271
MARGARET	8.000%	June 1, 2025	\$ 698	62	65
<b>Total</b>			<b>\$ 42,666</b>	<b>\$ 4,556</b>	<b>\$ 4,932</b>

## 8) Deferred contributions

### a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$4,268	\$3,438
Amount received related to future periods	1,413	1,226
Amount recognized as revenue in the year	(534)	(396)
Balance, end of year	<u>\$5,147</u>	<u>\$4,268</u>

### b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	<b><u>2014</u></b>	<b><u>2013</u></b>
Balance, beginning of year	\$2,525	\$3,046
Contribution received	-	31
Amounts amortized to revenue	(489)	(552)
Balance, end of year	<u>\$2,036</u>	<u>\$2,525</u>

#### 9) Invested in capital assets

Investment in capital assets is calculated as follows:

	<b><u>March 31, 2014</u></b>	<b><u>March 31, 2013</u></b>
Capital assets	\$ 24,668	\$ 24,950
Amounts financed by:		
Deferred contributions	(2,036)	(2,525)
Equity Line of Credit	(2,538)	(2,688)
Mortgage payable	(4,556)	(4,932)
Capital funding receivable	4,556	4,932
	<u>\$ 20,094</u>	<u>\$ 19,737</u>

Change in net assets invested in capital assets is calculated as follows:

Deficiency of revenues over expenses:	<b><u>2014</u></b>	<b><u>2013</u></b>
Amortization of deferred capital contributions	\$489	\$552
Amortization of capital assets	(1,021)	(1,051)
	<u>(\$532)</u>	<u>(\$499)</u>

Net change in investments in capital assets:

Purchase of capital assets	\$739	\$865
Receipt of deferred capital contributions	-	(31)
Payment under equity line of credit	150	150
Repayment of mortgage	376	354
Capital funding received	(376)	(354)
	<u>\$889</u>	<u>\$984</u>

#### 10) Pension plans

Information about CLT's defined benefit pension plans is as follows:

	<b>Employee Plan</b>		<b>Executive Plan</b>		<b>Total</b>	
	<b>March 31, 2014</b>	<b>March 31, 2013 [Re-Stated Per Note 18]</b>	<b>March 31, 2014</b>	<b>March 31, 2013 [Re-Stated Per Note 18]</b>	<b>March 31, 2014</b>	<b>March 31, 2013 [Re-Stated Per Note 18]</b>
Accrued benefit obligation	(\$65,077)	(\$59,212)	(\$5,476)	(\$5,096)	(\$70,553)	(\$64,308)*
Market value of assets	<u>67,762</u>	<u>55,177</u>	<u>6,945</u>	<u>5,971</u>	<u>74,707</u>	<u>61,148</u>
Accrued pension asset (liability)	2,685	(4,035)	1,469	875	4,154	(3,160)

\*The total accrued benefit obligation for March 31 2013 as presented in prior years financial statements was calculated as \$71,256 using the discount rate of 4.25%.

In transitioning to CICA 3463 from CICA 3461, the actuary was required to use the discount rate of 5.50% that was used at the most recent triennial actuarial valuation of June 30<sup>th</sup>, 2011. This resulted in a reduction of accrued benefit obligation from \$71,256 to \$64,308.

### 11) Commitments

The following is a schedule of future annual minimum lease payments required under operating leases for premises used as workshops and residences that have initial lease terms in excess of one year, as at March 31, 2014:

2015	\$1,154
2016	1,000
2017	609
2018	441
2019	398
Thereafter	576
	<u>\$4,178</u>

### 12) Endowments

Endowments consist of the following:

	<u>2014</u>	<u>2013</u>
Endowments, the income from which is restricted	\$52	\$51
Endowments, the income from which is unrestricted	58	56
Total	<u>\$110</u>	<u>\$108</u>

### 13) Internally restricted funds

	<u>2014</u>	<u>2013</u>
Contingency reserve	\$446	\$446
Capital reserve	2,627	2,627
Endowments, internally restricted, the income from which is unrestricted	1,406	1,405
Membership revenue	99	90
Reserve, management contingency fund	600	300
Reserve, general	800	800
	<u>\$5,978</u>	<u>\$5,668</u>

Set up of the internally restricted funds and expenditures from these funds require board approval. In 2012 Management created the Reserve, management contingency fund to accommodate the expenses that will be incurred due to timing differences as part of individualized funds (IF) and budgets.

### 14) Program Support and Central Administration

Program supports include regional offices' administrative and indirect program expenses. Central administration expenses include corporate services such as human resource, finance and general administration. Such expenses are allocated directly to programs.

Program support expenses relate to those that support program delivery while administration expenses relate to those in the administration of the overall agency.

Program support and central administration expenses have been allocated as follows:

	<u>2014</u>	<u>2013</u>
Residential	\$5,832	\$6,076
Support to employment	1,152	1,169
Adult development services	892	992
Community support services	472	535
Other expenses	120	45
<b>Total</b>	<b>\$8,468</b>	<b>\$8,817</b>

#### 15) Service Contract Approval with Ontario Disability Support Program – Employment Supports

CLT has a Service Contract Approval with the Ministry of Community and Social Services. This \$776,000 base contract is measured against performance targets set by the Ministry. The performance targets were achieved for the year ending March 31, 2014.

#### 16) City of Toronto Funding

The contract with the City of Toronto Children's Services Division requires that CLT provide a breakdown of revenues recognized and expenses incurred for the Special Needs Resource funding. The following is the breakdown for the 12 months ended March 31, 2014:

##### Revenue

Special Needs Resource Funding	\$2,359
Wage Subsidy	\$66
Prior years' adjustment	3
<b>Total Revenue</b>	<b>\$2,428</b>

##### Expenses-Salary and Benefits

Salaries and wages	\$1,509
Staff benefits	333
Administration	210
<b>Total Expenses-Salary and Benefits</b>	<b>\$2,052</b>

##### Expenses-Other

Program related	\$25
Occupancy	122
Office related	39
Professional fees	17
Training and development	9
Staff mileage	34
Other	150
<b>Total Expenses-Other</b>	<b>\$396</b>
<b>Total Expenses</b>	<b>\$2,448</b>
<b>Surplus/(Deficit)</b>	<b>\$(20)</b>

#### **Toronto Children's Services Wage Subsidies**

Wage Subsidies deferred from prior years	\$ -
Wage Subsidies received for the period ending March 31, 2014	66
Wage Subsidies expensed for the period ending March 31, 2014	(66)
Wage Subsidies deferred for future periods	-
	<b>\$ -</b>

#### 17) Accounts receivable

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Accounts receivable	\$2,551	\$2,360
Less allowance for doubtful accounts	(72)	(70)
	<u>\$2,479</u>	<u>\$2,290</u>

**18) Change in accounting policy:**

On April 1, 2013, CLT adopted Sections 3462 in Part II and 3463 in Part III of the Chartered Professional Accountants of Canada Handbook. In accordance with the transitional provisions, the Association adopted the changes on the employee benefit plans retrospectively.

Under Sections 3462 and 3463, the defined benefit asset (liability) is recognized on the consolidated statement of financial position. This amount is the defined benefit obligation less the fair value of assets, if any, adjusted for any valuation allowance. Deferral of a portion of actuarial gains and losses and past service costs and their amortization in future periods is not permitted. Consequently, all changes from remeasuring the defined benefit asset (liability) are recognized immediately in net assets.

Upon transitioning to Sections 3462 and 3463, all unamortized gains or losses and past service costs at April 1, 2012 are immediately recognized as a transition adjustment to consolidated net assets, as summarized below:

(a) Statement of financial position:

At March 31, 2013, the accrued pension asset for the employee plan decreased by \$11,722, the accrued pension asset for the executive plan decreased by \$1,134 and net assets decreased by \$12,856.

(b) Statement of operations:

For the year ended March 31, 2013, excess of revenue over expenses increased by \$1,028.

(c) Statement of changes in net assets:

At April 1, 2012, net assets decreased by \$14,935.