Financial Statements of

Community Living Toronto

For the year ended March 31, 2015

Community Living Toronto
Financial Statement
For the year ended March 31, 2015

Contents

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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, 2015, 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, 2015, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2015

Toronto, Canada

Community Living Toronto

Statement of Financial Position
(expressed in thousands)
March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$2,026	$3,828
Accounts receivable (note 5)	3,357	2,479
Capital funding receivable - current (note 6)	400	384
Prepaid expenses	517	805
	6,300	7,496
Accrued pension assets (note 11)		
Employee Plan	14,853	2,685
Executive Plan	1,894	1,469
Capital funding receivable (note 6)	3,767	4,172
Capital assets (note 7)	25,247	24,668
	$52,061	$40,490
Liabilities, deferred contributions and net assets		
Current liabilities		
Accounts payable and accrued liabilities	$11,802	$10,420
Mortgages payable - current (note 8)	400	384
Deferred revenue	243	777
Equity line of credit (note 4)	2,388	2,538
	14,833	14,119
Mortgages payable - long term (note 8)	3,767	4,172
Deferred contributions (note 9)		
Expenses of future periods	5,190	5,147
Capital assets	1,735	2,036
	6,925	7,183
Net assets		
Invested in capital assets (note 10)	21,124	20,094
Endowments (note 13)	112	110
Internally restricted funds (note 14)	5,989	5,978
Unrestricted	(689)	(11,166)
	26,536	15,016
	$52,061	$40,490

Commitments (note 12)

On behalf of the Board of Directors:

President

Victor Figueiredo.

Treasurer

Community Living Toronto

Statement of Operations

(expressed in thousands)

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue		
Ministry of Community and Social Services	**$58,634**	**$57,227**
City of Toronto	**2,531**	**2,388**
United Way	**874**	**878**
Entrepreneurial ventures	**1,652**	**1,683**
Interest	**19**	**34**
Amortization of deferred contribution, operations	**1,165**	**534**
Other revenues	**11,103**	**9,208**
	75,978	**71,952**
Expenses		
Residential	**$49,270**	**$46,806**
Supports to employment	**9,538**	**8,981**
Adult development services	**6,002**	**5,886**
Community support services	**6,363**	**6,323**
Volunteer and member support services	**495**	**479**
Entrepreneurial ventures	**1,411**	**1,442**
Other expenses	**3,659**	**2,513**
	76,738	**72,430**
Deficiency of revenue over expenses before amortization	**(760)**	**(478)**
Amortization of deferred capital contributions	**(301)**	**(489)**
Amortization of capital assets	**778**	**1,021**
Total amortization	**477**	**532**
Deficiency of revenue over expenses	**($1,237)**	**($1,010)**

See accompanying notes to financial statements.

Community Living Toronto

Statement of Changes in Net Assets
(expressed in thousands)
Year ended March 31, 2015, with comparative information for 2014

	Invested In Capital Assets	**Endowments**	**Internally Restricted Funds**	**Unrestricted**	**Total 2015**	**Total 2014**
Net assets, beginning of year	$20,094	$110	$5,978	$(11,166)	$15,016	$8,700
Deficiency of revenues over expense (note 10)	(474)	-	-	(763)	($1,237)	$(1,010)
Net change in investments in capital assets (note 10)	1,504	-	-	(1,504)	$ -	$ -
Addition to endowments (note 13)	-	2	-	-	$ 2	$ 2
Addition to internally restricted funds- Endowments and Membership fees (note 14)	-	-	10	-	$10	$10
Addition to Internally restricted funds- Management Contingency fund (note 14)	-	-	1	-	$ 1	$ -
Pension remeasurements and other items (note 11)				12,744	$12,744	7,314
Net assets, end of year	**$21,124**	**$112**	**$5,989**	**$(689)**	**$26,536**	**$15,016**

See accompanying notes to financial statements.

Community Living Toronto

Statement of Cash Flows
(expressed in thousands)
Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash from operating activities		
Deficiency of revenue over expenses	($1,237)	($1,010)
Adjusted for the following non-cash items:		
Amortization of deferred capital contributions	(301)	(489)
Amortization of capital assets	778	1,021
Pension expenses	2,713	2,858
Net change in non-cash working capital	269	(914)
Gain on disposal of capital assets	(3)	
Employer pension contributions	(2,562)	(2,858)
Increase in deferred contributions, operations	43	879
Net cash generated through operating activities	**(300)**	**(513)**
Financing activities		
Receipt of capital funding receivable	389	376
Payment of mortgages payable	(389)	(376)
Payments under equity line of credit	(150)	(150)
Net cash generated through financing activities	**(150)**	**(150)**
Investing activities		
Purchase of capital assets	(1,377)	(739)
Proceeds from capital assets	23	
Receipt of endowments - externally restricted	2	2
Net cash used through investing activities	**(1,352)**	**(737)**
Decrease in cash and cash equivalents	(1,802)	(1,400)
Cash and cash equivalents beginning of year	3,828	5,228
Cash and cash equivalents end of year	**$2,026**	**$3,828**

Supplemental cash flow information

Cash paid for interest	205	182
Interest received	19	34

See accompanying notes to financial statements.

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 March 31, 2014, and the next required valuation will be no later than March 31, 2017.

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, 2015 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.

$1,725,000 Operating line at bank prime plus 1.25%
$2,450,000 To finance property acquisitions at bank prime plus 1.0%

As at March 31, 2015, CLT has $2,387,500 (2014 - $2,537,500) 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) Accounts receivable

	2015	2014
Accounts receivable	$3,456	$2,551
Less allowance for doubtful accounts	(99)	(72)
	$3,357	$2,479

6) 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.

7) Capital assets

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net book Value
Land	$17,725	$ -	$17,725	$17,725
Building	18,114	(12,112)	6,002	5,450
Equipment, Computer Hardware & Software	7,736	(6,366)	1,370	1,490
Leasehold Improvement	677	(527)	150	3
	$44,252	$(19,005)	$25,247	$24,668

8) 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, 2016 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	$400
year ended March 31, 2016	412
year ended March 31, 2017	423
year ended March 31, 2018	435
year ended March 31, 2019	447
Thereafter	2,050
	$4,167

Property	Particulars			Balance as of March 31, 2015 (in thousands)	Balance as of March 31, 2014 (in thousands)
	Interest rate	Maturity date	Monthly payment		
FAIRVIEW	2.650%	April 1, 2016	1,996	193	212
WELLESWORTH	2.650%	April 1, 2016	1,709	164	180
LAKESHORE	3.153%	June 1, 2016	1,258	107	119
QUARRY	3.153%	June 1, 2016	1,984	170	188
SHEPPARD	1.650%	June 1, 2017	1,651	166	183
ROYAL YORK	1.650%	June 1, 2017	1,634	165	182
BURNVIEW	1.650%	June 1, 2017	1,744	158	176
WHITEHORN	1.650%	June 1, 2017	1,349	108	122
MARYDON	1.650%	June 1, 2017	801	63	71
DALE	1.650%	June 1, 2017	1,253	102	115
KINGSTON	1.650%	June 1, 2017	982	81	91
FOLCROFT	2.270%	July 1, 2017	2,074	209	229
ROUNDWOOD	2.180%	August 1, 2017	2,493	325	348
HEPSCOTT	1.710%	September 1, 2017	965	81	91
WILLARD	2.245%	October 1, 2017	2,137	223	243
REIDMOUNT	1.530%	December 1, 2017	1,782	156	175
RESOLUTION	1.530%	December 1, 2017	1,131	99	111
ANNETTE	2.210%	July 1, 2018	1,707	237	252
MAVETY	2.435%	April 1, 2019	1,946	190	208
EXFORD	2.164%	November 1, 2019	2,475	267	290
ASPENWOOD	2.490%	December 1, 2019	2,061	288	305
EMPIRE	6.145%	December 1, 2023	1,609	131	142
HOBDEN PLACE	5.755%	May 1, 2024	2,248	192	208
SIMPSON	5.755%	May 1, 2024	2,737	234	253
MARGARET	8.000%	June 1, 2025	698	58	62
Total			**$ 42,425**	**$ 4,167**	**4,556**
Less current portion				**$ (400)**	**(384)**
Total excluding current portion				**$ 3,767**	**4,172**

9) Deferred contributions

a) Expenses of future periods:

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

	2015	2014
Balance, beginning of year	$5,147	$4,268
Amount received related to future periods	1,208	1,413
Amount recognized as revenue in the year	(1,165)	(534)
Balance, end of year	$5,190	$5,147

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.

	2015	2014
Balance, beginning of year	$2,036	$2,525
Amounts amortized to revenue	(301)	(489)
Balance, end of year	$1,735	$2,036

10) Invested in capital assets

Investment in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 25,247	$ 24,668
Amounts financed by:		
Deferred contributions	(1,735)	(2,036)
Equity Line of Credit	(2,388)	(2,538)
Mortgage payable	(4,167)	(4,556)
Capital funding receivable	4,167	4,556
	$ 21,124	$ 20,094

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

Deficiency of revenues over expenses:	2015	2014
Amortization of deferred capital contributions	$301	$489
Amortization of capital assets	(778)	(1,021)
Gain on disposal of capital assets	3	-
	($474)	($532)

Net change in investments in capital assets:		
Purchase of capital assets	$1,377	$739
Proceeds on disposal of capital assets	23	-
Payment under equity line of credit	150	150
Repayment of mortgage	389	376
Capital funding received	(389)	(376)
	$1,504	$889

11) Pension plans

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

	Employee Plan		Executive Plan		Total	
	2015	2014	2015	2014	2015	2014
Accrued benefit obligation	($64,165)	($65,077)	($5,698)	($5,476)	($69,863)	($70,553)
Market value of assets	79,018	67,762	7,592	6,945	86,610	74,707
Accrued pension asset	$14,853	$2,685	$1,894	$1,469	$16,747	$4,154

Continuity of the accrued benefit asset (liability) as follows

	Employee Plan		Executive Plan		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Balance, beginning of year	$2,685	$(4,035)	$1,469	$875	$4,154	$(3,160)
Benefit expense	(2,473)	(2,601)	(240)	(257)	(2,713)	(2,858)
Employer contributions	2,215	2,564	347	294	2,562	2,858
Remeasurements and other items	12,426	6,757	318	557	12,744	7,314
Balance, end of year	$14,853	$2,685	$1,894	$1,469	$16,747	$4,154

12) 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, 2015:

2016	$1,230
2017	759
2018	580
2019	547
2020	399
Thereafter	434
	$3,949

13) Endowments

Endowments consist of the following:

	2015	2014
Endowments, the income from which is restricted	$53	$52
Endowments, the income from which is unrestricted	59	58
Total	$112	$110

14) Internally restricted funds

	2015	2014
Contingency reserve	$446	$446
Capital reserve	2,628	2,627
Endowments, internally restricted, the income from which is unrestricted	1,406	1,406
Membership revenue	109	99
Reserve, management contingency fund	600	600
Reserve, general	800	800
	$5,989	$5,978

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.

15) 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:

	2015	2014
Residential	$6,058	$5,832
Support to employment	1,238	1,152
Adult development services	851	892
Community support services	447	472
Other expenses	118	120
Total	$8,712	$8,468

16) 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 $744,000 base contract is measured against performance targets set by the Ministry. The performance targets were achieved for the year ending March 31, 2015.

17) 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, 2015 with comparative figures for the 12 months ended March 31, 2014:

Revenue	**2015**	**2014**
Special Needs Resource Funding	$2,505	$2,359
Wage Subsidy	66	66
Prior years' adjustment	37	3
Deferred revenue	(77)	-
Total Revenue	$2,531	$2,428
Expenses-Salary and Benefits		
Salaries and wages	$1,505	$1,509
Staff benefits	335	333
Administration	210	210
Total Expenses-Salary and Benefits	$2,050	$2,052
Expenses-Other		
Program related	$57	$25
Occupancy	121	122
Office related	53	39
Professional fees	16	17
Training and development	13	9
Staff mileage	29	34
Other	126	150
Total Expenses-Other	$415	$396
Total Expenses	$2,465	$2,448
Surplus/(Deficit)	$66	($20)

Toronto Children's Services Wage Subsidies		
Wage Subsidies deferred from prior years	$ -	$ -
Wage Subsidies received for the period ending March 31, 2014	66	66
Wage Subsidies expensed for the period ending March 31, 2014	(66)	(66)
Wage Subsidies deferred for future periods	$ -	$ -