

Community Living Mississauga

Financial Statements

March 31, 2011

June 22, 2011

Independent Auditor's Report

To the Members of Community Living Mississauga

We have audited the accompanying financial statements of Community Living Mississauga, which comprise the balance sheet as at March 31, 2011 and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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.



Basis of qualified opinion

In common with many charitable organizations, Community Living Mississauga derives part of its revenues from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Community Living Mississauga and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis of qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Community Living Mississauga as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Community Living Mississauga

Balance Sheet

As at March 31, 2011

	2011	2010
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,298,275	2,346,603
Accounts receivable	196,929	185,011
Prepaid expenses and other assets	256,478	244,143
Long-term receivable (note 4)	10,006	9,577
	<u>2,761,688</u>	<u>2,785,334</u>
Long-term receivable (note 4)	199,796	209,888
Capital assets (note 3)	<u>8,965,841</u>	<u>8,893,237</u>
	<u>11,927,325</u>	<u>11,888,459</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,056,990	1,730,731
Amounts payable to Community Living Mississauga Foundation (note 7)	29,851	7,574
Provincial government grants and subsidies repayable - net (note 6)	924,926	523,953
Long-term debt (note 5)	17,097	16,559
Deferred funding	156,260	203,642
	<u>2,185,124</u>	<u>2,482,459</u>
Long-term debt (note 5)	<u>327,064</u>	<u>344,293</u>
	<u>2,512,188</u>	<u>2,826,752</u>
Net Assets		
Investment in capital assets	8,831,482	8,751,850
Externally restricted		
Capital reserve	27,837	26,612
Day support reserve	254,346	254,346
Internally restricted		
Specified projects reserve	59,672	92,884
Unrestricted		
Operating reserve	<u>241,800</u>	<u>(63,985)</u>
	<u>9,415,137</u>	<u>9,061,707</u>
	<u>11,927,325</u>	<u>11,888,459</u>
Commitments and contingencies (note 10)		

Approved by the Board of Directors

 Director

 Director

Community Living Mississauga

Statement of Changes in Net Assets

For the year ended March 31, 2011

	2011		2010				
	Externally restricted	Internally restricted	Unrestricted	Total			
Investment in capital assets \$	Capital reserve \$	Day support reserve \$	Specified projects reserve \$	Operating reserve \$			
Net assets - Beginning of year	8,751,850	26,612	254,346	92,884	(63,985)	9,061,707	9,001,336
Excess of revenues over expenditures for the year	-	-	-	-	-	-	-
Amortization of capital assets	(469,201)	-	-	-	353,430	353,430	60,371
Additions to capital assets (note 3)	541,805	-	-	-	469,201	-	-
Transfer between funds (note 12)	7,028	1,225	-	(33,212)	(541,805)	-	-
					24,959	-	-
Net assets - End of year	8,831,482	27,837	254,346	59,672	241,800	9,415,137	9,061,707

Community Living Mississauga

Statement of Revenues and Expenditures

For the year ended March 31, 2011

	2011	2010
	\$	\$
Revenues		
Provincial government	23,991,997	23,902,257
Regional government	1,211,991	1,235,603
Federal government	19,988	17,954
Fees	98,620	130,814
Other revenue	57,250	86,386
Interest income	13,955	7,308
Donations	194,104	110,393
Grants (notes 7 and 9)	380,806	350,685
Recoveries	2,819,054	2,530,470
	<u>28,787,765</u>	<u>28,371,870</u>
Expenditures		
Salaries (note 7)	16,050,665	15,817,957
Benefits	2,969,579	3,009,938
Staff travel	228,151	325,680
Staff training	51,349	95,691
Vehicle	206,019	204,474
Administration	688,096	807,294
Occupancy	1,576,507	1,656,162
Purchased services	5,552,464	5,091,831
Program	642,304	877,379
Amortization	469,201	425,093
	<u>28,434,335</u>	<u>28,311,499</u>
Excess of revenues over expenditures for the year	<u>353,430</u>	<u>60,371</u>

Community Living Mississauga

Statement of Cash Flows

For the year ended March 31, 2011

	2011	2010
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	353,430	60,371
Item not affecting cash		
Amortization	469,201	425,093
	<hr/>	<hr/>
	822,631	485,464
Changes in non-cash working capital items		
Accounts receivable	(11,918)	(76,724)
Prepaid expenses and other assets	(12,335)	6,323
Accounts payable and accrued liabilities	(673,741)	(19,649)
Amounts payable to Community Living Mississauga Foundation	22,277	48,093
Provincial government grants and subsidies repayable - net	400,973	(165,146)
Deferred funding	(47,382)	(48,261)
	<hr/>	<hr/>
	500,505	230,100
Investing activities		
Purchase of capital assets	(541,805)	(703,248)
	<hr/>	<hr/>
Financing activities		
Long-term receivable	9,663	9,255
Long-term debt	(16,691)	(16,186)
Bank loan	-	(75,000)
	<hr/>	<hr/>
	(7,028)	(81,931)
Decrease in cash and cash equivalents during the year	(48,328)	(555,079)
Cash and cash equivalents - Beginning of year	2,346,603	2,901,682
	<hr/>	<hr/>
Cash and cash equivalents - End of year	2,298,275	2,346,603
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Community Living Mississauga

Notes to Financial Statements

March 31, 2011

1 The organization

Founded in 1955 and incorporated in July of 1959, Community Living Mississauga (the Association) provides support to individuals who have an intellectual disability by helping them identify and achieve their goals and interests and to fully participate in the life of the community. The Association is governed by a volunteer Board of Directors consisting of people the Association supports, family members and concerned members of the community.

The Association provides support and services in various areas, including residential living (group homes/family home/supported independent living), respite, day supports, employment supports, pre-school services, service co-ordination and other community programs.

2 Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less from the date of acquisition.

Funding

The Association follows the deferral method of accounting for contributions. Restricted funding is included in the statement of revenues and expenditures in the year in which the related expenditures are incurred. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred funding on the balance sheet represents restricted operating funding received or receivable in the current year that is related to a subsequent year.

Capital assets

Capital assets are recorded at cost. Amortization is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Furniture and equipment	8 years
Vehicles	5 years
Computer hardware	3 years

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

In accordance with The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3063, the Association reviews capital assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value. The impairment loss is measured as the extent to which the carrying value exceeds the fair value.

Community Living Mississauga

Notes to Financial Statements

March 31, 2011

Contributed services

Volunteers contribute time each year to assist the Association in carrying out its service delivery activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Reserves

The Association maintains the following reserves:

- Capital reserve

The capital reserve is an externally restricted fund for the Ontario non-profit housing project, Community Living P-3000, in respect of the Schomberg Avenue property. The Association has to adhere to policies set by the Ontario Ministry of Community and Social Services (the Ministry) to make use of the capital reserve.

- Day support reserve

In a prior year, the Association obtained permission from the Ministry to sell a day support property. The Ministry's concurrence with this disposition was conditional upon the Association funding all future lease payments for a similar facility from the proceeds of sale and the income earned by the investment. The use of these funds is subject to the approval of the Board of Directors or its designate (note 8).

- Specified projects reserve

The specified projects reserve is maintained separately for the purpose of making specific expenditures as approved by the Board of Directors or its designate or the funding organization.

- Operating reserve

The operating reserve has been established for the general operation of the Association.

Recoveries

The main source of recoveries the Association receives is from the individuals who are supported by the Association. The individuals usually receive funds from the Ontario Disability Support Program (ODSP), which are then given to the Association to help offset the costs to provide lodging, food, personal needs, other support costs and specific personal/medical costs. In addition, recoveries also include payments from supported individuals to attend programs and participate in activities provided by the Association, such as Base Site or Community Connect programs.

Income taxes

The Association is a registered charity under Section 149(1)(f) of the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue tax deductible receipts to donors.

Community Living Mississauga

Notes to Financial Statements

March 31, 2011

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect revenues and expenditures during the reporting period, in addition to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Financial assets and financial liabilities

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

The following is a summary of the accounting model the Association has elected to apply to each of its significant categories of financial instruments outstanding:

Assets/liabilities	Category	Measurement
Cash and cash equivalents	held-for-trading	fair value
Accounts receivable	loans and receivables	cost
Long-term receivable	loans and receivables	cost
Accounts payable and accrued liabilities	other liabilities	cost
Amounts payable to Community Living Mississauga Foundation	loans and receivables	cost
Provincial government grants and subsidies repayable	other liabilities	cost
Long-term debt	other liabilities	cost

• Held-for-trading

Financial assets that are acquired with the intention of generating profits in the near term are accounted for at fair value. Interest earned or accrued, gains and losses realized on disposal and unrealized gains and losses from changes in fair value are included in the statement of revenues and expenditures.

• Loans and receivables and other liabilities

Loans and receivables and other liabilities are accounted for at amortized cost.

Future accounting changes

• Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Association is currently considering the impact of the adoption of these standards.

Community Living Mississauga

Notes to Financial Statements

March 31, 2011

3 Capital assets

	2011		
	Cost \$	Accumulated amortization \$	Net \$
Land	3,395,208	-	3,395,208
Buildings	5,683,084	1,189,953	4,493,131
Furniture and equipment	921,319	643,052	278,267
Vehicles	875,722	432,504	443,218
Computer hardware	292,883	220,613	72,270
Leasehold improvements	530,358	246,611	283,747
	<u>11,698,574</u>	<u>2,732,733</u>	<u>8,965,841</u>
	2010		
	Cost \$	Accumulated amortization \$	Net \$
Land	3,395,208	-	3,395,208
Buildings	5,390,438	1,051,115	4,339,323
Furniture and equipment	879,410	559,199	320,211
Vehicles	767,017	303,921	463,096
Computer hardware	251,898	175,916	75,982
Leasehold improvements	501,751	202,334	299,417
	<u>11,185,722</u>	<u>2,292,485</u>	<u>8,893,237</u>

The Ministry provided major funding for the acquisition of certain land and buildings. The Association is therefore not free to dispose of these facilities nor to use the assets for other purposes without the consent of the Ministry.

During the year, the Association disposed of a vehicle with a total cost and accumulated amortization of \$28,952.

4 Long-term receivable

The Association has a long-term receivable in the amount of \$209,802 (2010 - \$219,465) from the Ontario non-profit housing project, Community Living P-3000, in respect of the Schomberg Avenue property. The mortgage, secured by the Schomberg Avenue property and interest payments, will be funded by the Ministry (note 5).

5 Long-term debt

The Association has a demand operating facility of \$250,000 of which \$nil (2010 - \$nil) was utilized at year end. The demand operating facility is to fund working capital, has no repayment term, is unsecured, and any amounts drawn are at the prime rate plus 1% per annum.

Community Living Mississauga

Notes to Financial Statements

March 31, 2011

Long-term debt comprises the following:

	2011 \$	2010 \$
First mortgage bearing interest at 8%, repayable monthly at \$335 including principal and interest, due December 1, 2024, secured by the Sugarbush Road property	33,669	34,977
First mortgage bearing interest at 3.067%, repayable monthly at \$1,448 including principal and interest, due April 1, 2016, secured by the Schomberg Avenue property (note 4)	209,802	219,465
First mortgage bearing interest at prime plus 1%, repayable monthly at \$477 principal plus interest, due December 28, 2031, secured by the Antigua Road property	100,690	106,410
	<u>344,161</u>	<u>360,852</u>
Less: Current portion	17,097	16,559
	<u>327,064</u>	<u>344,293</u>

Future principal repayments are as follows:

	\$
2012	17,097
2013	18,682
2014	19,159
2015	19,659
2016	20,181
Thereafter	249,383
	<u>344,161</u>

6 Provincial government grants and subsidies repayable

The Association has annual service contracts with the Ministry under which the Association receives Ontario government funding.

Expenditures not incurred at the year-end date under an annual service contract are repayable and are included in provincial government grants and subsidies repayable - net on the balance sheet. The payable (receivable) position of the current year and prior years contracts as at March 31, 2011 is as follows:

	2011 \$	Prior years \$	Total \$
017 - PCCN	70,692	-	70,692
078 - C&FI Non-resident	42,801	-	42,801
080 - Respite Child In Home Support	49,176	-	49,176
220 - Adult Community Support - Lifeskills	46,880	-	46,880
225 - Special Services at Home	47,708	-	47,708

Community Living Mississauga

Notes to Financial Statements

March 31, 2011

	2011 \$	Prior years \$	Total \$
321 - Adult Accommodation	180,382	418,011	598,393
700 - Dedicated Supportive Housing	(2,723)	-	(2,723)
800-835 - PCCN - Ministry of Health	34,553	-	34,553
223 - Labour Market Initiative	36,640	-	36,640
467 - Partner Facility Renewal	3,777	-	3,777
675 - Out-of-Home Respite Services	(6,463)	-	(6,463)
278 - Adult's Community Support - other	3,492	-	3,492
	<u>506,915</u>	<u>418,011</u>	<u>924,926</u>

Funding and expenditures under these annual service contracts for current and prior years are subject to review and possible funding adjustment by the Ministry.

7 Community Living Mississauga Foundation

All members of the Community Living Mississauga Foundation's (the Foundation) Board of Directors are also directors of the Association. The principal activities of the Foundation are to manage the Foundation's funds, conduct fundraising activities through a fundraising council and to recommend to the Association expenditure proposals for the use of the Foundation's funds. Foundation funding committed to the Association, but not received, is recognized as a receivable from the Foundation, as the amounts to be received are reasonably estimated and ultimate collection is reasonably assured. In the current fiscal year, \$8,537 (2010 - \$15,003) was donated to the Foundation and is included in administration expenditures.

In addition, the Foundation provided a grant of \$172,073 (2010 - \$164,541) to the Association and reimbursed the Association \$28,721 (2010 - \$35,695) for fundraising salaries and benefits. The Foundation also donated \$nil (2010 - \$7,103) to the Association as a result of third party fundraising.

The Foundation's resources are available at the discretion of the Board of Directors, to be used only to support the Association's activities.

The following is a summary of the Foundation's financial position and operations for the year ended March 31:

	2011 \$	2010 \$
Other assets	1,224,592	1,246,856
Due from Community Living Mississauga	29,851	7,574
Total fund balance	<u>1,254,443</u>	<u>1,254,430</u>
Deferred revenue	<u>1,000</u>	<u>-</u>
Revenues	<u>281,632</u>	<u>343,110</u>
Expenditures	<u>282,619</u>	<u>302,150</u>

Community Living Mississauga

Notes to Financial Statements

March 31, 2011

10 Commitments and contingencies

- a) The Association has entered into operating leases for the head office, base sites, office equipment and automobiles. Future lease commitments are approximately as follows:

	\$
2012	576,624
2013	469,791
2014	457,811
2015	455,220
2016	455,220
Thereafter	<u>2,117,219</u>
	<u>4,531,885</u>

- b) From time to time, the Association is subject to litigation related to its activities. These claims are at various stages and therefore, it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to the Association. Accordingly, no provision has been made for loss in these financial statements, but in management's view, these claims should not have a material adverse effect on the financial position of the Association.

11 Capital disclosures

The Association defines its capital as the amounts included in its net assets.

The Association's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to beneficiaries and stakeholders.

A portion of the Association's capital, the day support reserve and the capital reserve, are restricted in that the Association is required to meet certain requirements in order to utilize these externally restricted net asset balances. The Association has internal control processes to ensure the restrictions are met prior to the utilization of these resources and that the Association has been in compliance with these restrictions throughout the year.

The Association sets the amount of net assets in proportion to risk, manages the net assets and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

12 Interfund transfers

All interfund transfers have been approved by the Board of Directors.