COMMUNITY LIVING
QUINTE WEST

FINANCIAL STATEMENTS

March 31, 2012

Welch LLP

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Community Living Quinte West

We have audited the accompanying financial statements of **Community Living Quinte West**, which comprise the statement of financial position as at March 31, 2012 and the statements of operations, changes in fund balances (deficiency) 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 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 qualified audit opinion.

Basis for Qualified Opinion
The Organization derives revenue from donations and fundraising revenues, 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 the Organization and we were not able to determine whether any adjustments might be necessary to donations, fundraising revenues, net revenues (expenditures), assets and fund balances.

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Community Living Quinte West** as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Welch LLP

Trenton, Ontario
July 25, 2012

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

COMMUNITY LIVING QUINTE WEST
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012

	Operating Fund	Other Funds	2012 Total	2011 Total
ASSETS				
CURRENT ASSETS				
Cash	$ 9,116	$ -	$ 9,116	$ 6,638
Accounts receivable	31,809	-	31,809	46,670
Prepaid expenses	5,251	-	5,251	4,612
	46,176	-	46,176	57,920
CAPITAL ASSETS - *note 3*	842,652	-	842,652	758,875
	$ 888,828	$ -	$ 888,828	$ 816,795
LIABILITIES AND FUND BALANCES (DEFICIENCY)				
CURRENT LIABILITIES				
Bank indebtedness - *note 4*	$ 165,654	$ -	$ 165,654	$ 135,117
Accounts payable and accrued liabilities	245,219	-	245,219	209,157
Unearned revenue	5,000	-	5,000	75,000
Current portion of long-term debt	-	-	-	4,412
	415,873	-	415,873	423,686
DEFERRED CONTRIBUTIONS - *note 5*	557,269	-	557,269	476,108
INTERFUND BALANCES- *note 10*	19,931	(19,931)	-	-
FUND BALANCES (DEFICIENCY)				
Invested in capital assets	285,383	-	285,383	278,355
Externally restricted				
Joan Scott Memorial Fund - *note 10*	-	1,964	1,964	1,964
Internally restricted				
Kathryn Wilson Fund - *note 10*	-	17,967	17,967	18,083
Unrestricted	(389,628)	-	(389,628)	(381,401)
	(104,245)	19,931	(84,314)	(82,999)
	$ 888,828	$ -	$ 888,828	$ 816,795

CONTINGENT LIABILITIES - *note 6*

APPROVED ON BEHALF OF THE BOARD

Earl _______________ Director

Beth Al _______________ Director

(See accompanying notes)

COMMUNITY LIVING QUINTE WEST

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2012

	Operating Fund	Other Funds	2012 Total	2011 Total
REVENUES				
Province of Ontario				
- Subsidy operating	$ 2,022,883	$ -	$ 2,022,883	$ 1,917,368
Fees, Family Benefit Allowance	143,152	-	143,152	144,218
Fees, Compass program	28,442	-	28,442	31,258
Grant, Youth employment	11,025	-	11,025	13,554
Business	25,528	-	25,528	16,105
HELMS	48,027	-	48,027	48,264
Fundraising	35,016	-	35,016	23,476
Donations	170	-	170	18,658
Membership fees	160	-	160	210
Interest	186	-	186	87
Amortization of deferred				
contributions - *note 5*	38,839	-	38,839	34,739
Miscellaneous	7,316	-	7,316	73,811
	2,360,744	-	2,360,744	2,321,748
EXPENDITURES				
Association	20,834	-	20,834	11,552
Administration	311,779	-	311,779	287,723
Day Supports	235,047	-	235,047	228,176
Bentinck St. Residence	441,416	-	441,416	519,692
Lafferty Rd. Residence	496,255	-	496,255	474,414
Fraser Glen Court Residence	394,573	-	394,573	442,831
Adult Assessment and Counselling	4,414	-	4,414	4,414
Community Living Support	185,660	-	185,660	141,505
Foundations	34,955	-	34,955	34,752
Passport to Community Living	34,955	-	34,955	34,749
Associated Living	76,355	-	76,355	5,474
HELMS	44,817	-	44,817	48,480
New Access Mechanism	-	-	-	3,000
Waterworks operations	11,664	-	11,664	11,693
Youth employment	11,452	-	11,452	14,930
Amortization	57,767	-	57,767	57,451
Kathryn Wilson Fund	-	116	116	-
	2,361,943	116	2,362,059	2,320,836
NET REVENUES (EXPENDITURES)	$ (1,199)	$ (116)	$ (1,315)	$ 912

(See accompanying notes)

COMMUNITY LIVING QUINTE WEST

STATEMENT OF CHANGES IN FUND BALANCES (DEFICIENCY)

YEAR ENDED MARCH 31, 2012

	Fund Balances (Deficiency) Beginning Year	Operating Surplus (Deficiency) for year (schedule 1)	Invested in capital assets (note 9)	Fund Balances (Deficiency) end of year
2012				
MCSS funded programs	$ (375,128)	$ 434	$ (1,098)	$ (375,792)
Other	(15,772)	2,783	-	(12,989)
Association private funds	9,499	14,512	(24,858)	(847)
TOTAL OPERATING FUND - Unrestricted	(381,401)	17,729	(25,956)	(389,628)
Invested in capital assets	278,355	(18,928)	25,956	285,383
Joan Scott Memorial Fund	1,964	-	-	1,964
Kathryn Wilson Fund	18,083	(116)	-	17,967
	$ (82,999)	$ (1,315)	$ -	$ (84,314)
2011				
MCSS funded programs	$ (361,636)	$ (5,576)	$ (7,916)	$ (375,128)
Other	(14,180)	(1,592)	-	(15,772)
Association private funds	6,940	12,709	(10,150)	9,499
TOTAL OPERATING FUND - Unrestricted	(368,876)	5,541	(18,066)	(381,401)
Invested in capital assets	283,001	(22,712)	18,066	278,355
Joan Scott Memorial Fund	1,964	-	-	1,964
Kathryn Wilson Fund	-	18,083	-	18,083
	$ (83,911)	$ 912	$ -	$ (82,999)

(See accompanying notes)

COMMUNITY LIVING QUINTE WEST

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2012

	Operating Fund	Other Funds	2012 Total	2011 Total
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net revenues (expenditures)	$ (1,199)	$ (116)	$ (1,315)	$ 912
Items not affecting cash:				
Amortization of capital assets	57,767	-	57,767	57,451
Amortization of deferred contributions	(38,839)	-	(38,839)	(34,739)
	17,729	(116)	17,613	23,624
Changes in the level of:				
Accounts receivable	14,861	-	14,861	(35,667)
Prepaid expenses	(639)	-	(639)	(2,242)
Accounts payable and accrued liabilities	36,062	-	36,062	(52,252)
Unearned revenue	(70,000)	-	(70,000)	64,602
	(1,987)	(116)	(2,103)	(1,935)
INVESTING ACTIVITIES				
Additions to capital assets	(141,544)	-	(141,544)	(97,229)
FINANCING ACTIVITIES				
Increase in bank loan	44,000	-	44,000	33,000
Deferred contributions received	120,000	-	120,000	85,000
Long-term debt repaid	(4,412)	-	(4,412)	(5,837)
	159,588	-	159,588	112,163
INCREASE (DECREASE) IN CASH	16,057	(116)	15,941	12,999
CASH (DEFICIENCY), beginning of year	(11,479)	-	(11,479)	(24,478)
INTERFUND ADJUSTMENTS	(116)	116	-	-
CASH (DEFICIENCY), end of year	$ 4,462	$ -	$ 4,462	$ (11,479)
Cash (deficiency) consist of:				
Cash	$ 9,116	$ -	$ 9,116	$ 6,638
Bank overdraft	(4,654)	-	(4,654)	(18,117)
	$ 4,462	$ -	$ 4,462	$ (11,479)

(See accompanying notes)

COMMUNITY LIVING QUINTE WEST
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2012

1. **PURPOSE OF ORGANIZATION**

The Organization is a not for profit registered charity which, as an advocate for people with intellectual disabilities in the Quinte West area, provides a variety of services and supports for/to people with intellectual disabilities and their families. It also strives to serve as a resource and focal point to assist the total community in the support of its citizens. The Organization is incorporated under the laws of Ontario without share capital. The Organization is exempt from income taxes.

2. **SIGNIFICANT ACCOUNTING POLICIES**

Fund Accounting

The Organization follows the restricted fund method of accounting for contributions. Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund. Revenue and expense related to other funds are reported in the appropriate fund.

Capital Assets and Amortization

Capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis, generally using amortization periods of 25 years for buildings, 10 years for fencing, 4 years for computer equipment and 5 years for automotive equipment and other equipment.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue of the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2012 Cost	2012 Accumulated Amortization	2012 Net	2011 Net
Land	$ 118,000	$ -	$ 118,000	$ 118,000
Buildings	1,357,143	677,596	679,547	600,748
Fencing	5,394	5,317	77	238
Computer equipment	61,663	56,499	5,164	7,571
Automotive equipment	205,662	165,798	39,864	32,318
Equipment	9,792	9,792	-	-
	$ 1,757,654	$ 915,002	$ 842,652	$ 758,875

4. BANK INDEBTEDNESS

Bank indebtedness consists of:

	2012	2011
Bank overdraft	$ 4,654	$ 18,117
Demand operating loan	161,000	117,000
	$ 165,654	$ 135,117

The demand operating loan bears interest at bank prime. The demand loan is available up to a maximum of $300,000. Security for the loan is a General Security Agreement.

5. DEFERRED CONTRIBUTIONS
Related to Capital Assets

	2012	2011
Balance, beginning of year	$ 476,108	$ 425,847
Contributions	120,000	85,000
Amount amortized to revenue	(38,839)	(34,739)
Balance, end of year	$ 557,269	$ 476,108

Deferred contributions include the unamortized portion of restricted contributions related to capital asset purchases. These contributions are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

6. CONTINGENT LIABILITIES

Until the Ministry of Community and Social Services reviews the Transfer Payment Annual Reconciliation (TPAR), which occurs after the release of the financial statements, the Organization has a potential liability. If the ministry determines a repayment of funding is required, it would be recorded as an expense of the period in which that determination was made.

The Organization allows employees to accumulate sick days to a maximum of 760 hours. At March 31, 2012, the value of the accumulated sick days totalled approximately $170,000. These funds are payable only when the employee is away due to illness and are not payable on termination. In the situation where an employee may be off for a long period of time, the Organization would be required to hire a temporary replacement employee. The Organization has accrued $11,627 (included in accrued liabilities) as an estimate to cover the amount of the expense for temporary employees that would not be covered by current budget funds.

7. REAL ESTATE PROPERTIES

The Organization owns the land and buildings at the following locations:
- 11 Canal Street, Trenton, Ontario - Day Supports
- 52 Lafferty Road, Trenton, Ontario - Administration offices and residence
- 59 Bentinck Street, Trenton, Ontario - residence
- 11 Fraser Glen Court, Trenton, Ontario - residence

8. CONTRACT WITH MINISTRY OF COMMUNITY AND SOCIAL SERVICES

The Organization has a service contract with the Ministry of Community and Social Services. One requirement of the contract is the production by management of a Transfer Payment Annual Reconciliation which shows a summary by service of annual revenues and expenditures and any resulting surplus or deficit that relate to the contract. A review of these reports shows all services to be in deficit position as at March 31, 2012.

9. INVESTED IN CAPITAL ASSETS

Amounts invested in capital assets for the year are as follows:

From Association to Invested in Capital Assets	2012	2011
Used to purchase capital assets	$ 95,446	$ 4,313
Funds received not in restricted to capital asset purchases	(75,000)	-
Principal payments on financing	4,412	5,837
	$ 24,858	$ 10,150

From MCSS Funded Program to Invested in Capital Assets	2012	2011
Used to purchase capital assets	$ 46,098	$ 92,916
Funds received that are restricted to capital asset purchases	(45,000)	(85,000)
	$ 1,098	$ 7,916

Capital assets purchased in the year in MCSS funded programs were:

Building improvements - Lafferty and Admin Building	$ 25,365
Computer equipment	695
Vehicles	20,038
	$ 46,098

$45,000 of these purchases were funded out of special funding.

10. RESTRICTED FUNDS

Joan Scott Memorial Fund

The Joan Scott Memorial Fund was set up from donations received in memory of Joan Scott and is to be used to fund activities for the Organization's clients.

Kathryn Wilson Fund

The Kathryn Wilson Fund was established by the Board from a bequest and is to be used to fund activities for the Organization's clients.

Amounts due from the operating fund to the restricted funds are as follows:

	2012	2011
Joan Scott Memorial Fund	$ 1,964	$ 1,964
Kathryn Wilson Fund	17,967	18,083
	$ 19,931	$ 20,047

The balances payable to the restricted funds are non-interest bearing and have no fixed terms of repayment.

11. FINANCIAL INSTRUMENTS

In accordance with Section 3855, Financial Instruments - Recognition and Measurement, financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatments of the instrument. The classification of the instrument is determined by the Organization when the financial instrument is initially recorded, based on the underlying purpose of the investment.

The financial assets and financial liabilities of the Organization are classified and measured as follows:

Financial Assets/Liabilities	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs. Changes in fair value of financial instruments classified as held for trading are recorded in the statement of operations.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation.

Unless disclosed elsewhere in the notes to the financial statements, it is management's opinion that the Organization is not exposed to significant currency or credit risks arising from these financial instruments. The Organization is subject to interest rate risk as its bank loan bears a variable interest rate.

12. ECONOMIC DEPENDENCE

The Organization is primarily funded by annual subsidies from the Province of Ontario.

13. CAPITAL DISCLOSURES

CICA Handbook Section 1535 requires that the Organization disclose information about its capital and how it is managed.

The Organization defines capital as its unrestricted net assets and its externally restricted contributions which are classified as deferred contributions in the statement of financial position. The Organization's objectives with respect to managing capital are to comply with externally imposed restrictions and hold sufficient unrestricted net assets to fund ongoing operations. The Organization monitors its capital requirements and objectives through its budgeting process, its financial statement review process and reviews of the terms and conditions contained in its funding agreements. The external restrictions imposed on these contributions are disclosed in Notes 2, 5, 8 and 10. Management believes that the Organization has adhered to all externally imposed restrictions.

14. COMMITTMENTS

The Organization leases office equipment. Future minimum annual payments are as follows:

2013	$4,719
2014	4,719
2015	4,719
2016	4,719
2017	3,279

COMMUNITY LIVING QUINTE WEST
SCHEDULE OF DEPARTMENTAL (SURPLUS) DEFICIT
YEAR ENDED MARCH 31, 2012

	EMPLOYEE SALARIES & BENEFITS	GENERAL EXPENSES	TOTAL EXPENSES	NON-SUBSIDY REVENUE	(SURPLUS) DEFICIT BEFORE SUBSIDY	PROVINCE OF ONTARIO SUBSIDY	AMORTIZATION OF DEFERRED CONTRIBUTIONS	ALLOCATION OF ADMINI-STRATIVE COSTS	(SURPLUS) DEFICIT FOR YEAR
	$	$	$	$	$	$	$	$	$
Administration	203,374	108,405	311,779	186	311,593	-	-	(311,593)	-
Day Supports	130,502	104,545	235,047	60,391	174,656	205,815	-	31,159	-
Bentinck Street residence	380,797	60,619	441,416	49,250	392,166	464,766	-	76,699	4,099
Lafferty Road residence	456,078	40,177	496,255	45,214	451,041	517,428	-	76,699	10,312
Fraser Glen Court residence	361,262	33,311	394,573	44,459	350,114	441,664	-	76,699	(14,851)
Adult Assessment and Counselling	4,380	34	4,414	-	4,414	4,414	-	-	-
Community Living Support	174,147	11,513	185,660	-	185,660	212,245	-	26,586	1
Foundations	31,867	3,088	34,955	-	34,955	37,686	-	2,731	-
Passport to Community Living	31,867	3,088	34,955	-	34,955	41,427	-	6,473	1
Associated Living	38,940	37,415	76,355	5,124	71,231	82,777	-	11,547	1
Waterworks Operations	4,079	7,585	11,664	-	11,664	11,661	-	-	3
New Access Mechanism	-	-	-	-	-	3,000	-	3,000	-
TOTAL-MCSS FUNDED PROGRAMS	1,817,293	409,780	2,227,073	204,624	2,022,449	2,022,883	-	-	(434)
Association	-	20,834	20,834	35,346	(14,512)	-	-	-	(14,512)
Invested in capital assets	-	57,767	57,767	-	57,767	-	38,839	-	18,928
Kathryn Wilson Fund	-	116	116	-	116	-	-	-	116
Youth employment	11,452	-	11,452	11,025	427	-	-	-	427
HELMS	-	44,817	44,817	48,027	(3,210)	-	-	-	(3,210)
2011/2012 TOTALS	1,828,745	533,314	2,362,059	299,022	2,063,037	2,022,883	38,839	-	1,315
2010/2011 TOTALS	1,879,056	441,780	2,320,836	369,641	1,951,195	1,917,368	34,739	-	(912)

(See accompanying notes)