

**COMMUNITY LIVING  
QUINTE WEST**

**FINANCIAL STATEMENTS**

March 31, 2014

## INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2014 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, Community Living Quinte West derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Community Living Quinte West. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, net revenue (expenditures) and cash flows from operations for the years ended March 31, 2014 and 2013, current assets at March 31, 2014 and 2013 and fund balances (deficiency) at April 1 and March 31 for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

**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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Trenton, Ontario  
July 30, 2014

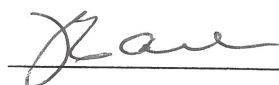
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**COMMUNITY LIVING QUINTE WEST**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2014**

	Operating Fund	Other Funds	2014 Total	2013 Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 9,340	\$ -	\$ 9,340	\$ 7,256
Accounts receivable	49,164	-	49,164	166,942
Prepaid expenses	665	-	665	3,994
	59,169	-	59,169	178,192
<b>CAPITAL ASSETS - note 3</b>	957,005	-	957,005	904,783
	<u>\$ 1,016,174</u>	<u>\$ -</u>	<u>\$ 1,016,174</u>	<u>\$ 1,082,975</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIENCY)</b>				
<b>CURRENT LIABILITIES</b>				
Bank indebtedness - note 4	\$ 179,521	\$ -	\$ 179,521	\$ 236,492
Accounts payable and accrued liabilities	250,492	-	250,492	293,434
Unearned revenue	7,900	-	7,900	22,000
Due to administered charity - note 16	858	-	858	-
Current portion of long-term debt	3,757	-	3,757	-
	442,528	-	442,528	551,926
<b>LONG-TERM DEBT - note 5</b>	13,881	-	13,881	-
<b>DEFERRED CONTRIBUTIONS - note 6</b>	667,311	-	667,311	630,633
<b>INTERFUND BALANCES- note 11</b>	19,670	(19,670)	-	-
<b>FUND BALANCES (DEFICIENCY)</b>				
Invested in capital assets	272,056	-	272,056	274,150
Externally restricted				
Joan Scott Memorial Fund - note 11	-	2,164	2,164	2,164
Internally restricted				
Kathryn Wilson Fund - note 11	-	17,506	17,506	16,843
Unrestricted	(399,272)	-	(399,272)	(392,741)
	(127,216)	19,670	(107,546)	(99,584)
	<u>\$ 1,016,174</u>	<u>\$ -</u>	<u>\$ 1,016,174</u>	<u>\$ 1,082,975</u>

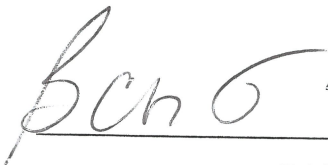
**CONTINGENT LIABILITIES - note 7**

**APPROVED ON BEHALF OF THE BOARD**



Director

(See accompanying notes)



Director

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**COMMUNITY LIVING QUINTE WEST**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2014**

	Operating Fund	Other Funds	2014 Total	2013 Total
<b>REVENUES</b>				
Province of Ontario				
- Subsidy operating	\$ 2,080,890	\$ -	\$ 2,080,890	\$ 2,018,475
Fees, Family Benefit Allowance	153,217	-	153,217	149,008
Fees, Compass program	35,669	-	35,669	34,788
Grant, Youth employment	10,069	-	10,069	7,785
Business	28,501	-	28,501	29,360
HELMS	20,600	-	20,600	37,314
Fundraising	30,834	-	30,834	25,928
Donations	830	-	830	1,158
Membership fees	145	-	145	448
Interest	46	-	46	15
Amortization of deferred contributions - note 6	47,436	-	47,436	38,636
Miscellaneous	4,828	-	4,828	3,398
Joan Scott Memorial Fund	-	-	-	200
Kathryn Wilson Fund	-	713	713	-
	<u>2,413,065</u>	<u>713</u>	<u>2,413,778</u>	<u>2,346,513</u>
<b>EXPENDITURES</b>				
Association	18,002	-	18,002	15,452
Administration	335,343	-	335,343	334,104
Day Supports	341,407	-	341,407	311,516
Bentinck St. Residence	417,047	-	417,047	433,360
Lafferty Rd. Residence	505,248	-	505,248	442,561
Fraser Glen Court Residence	452,906	-	452,906	458,379
Community Living Support	183,302	-	183,302	184,955
Associated Living	65,875	-	65,875	69,776
HELMS	24,318	-	24,318	41,521
Youth employment	7,476	-	7,476	7,774
Amortization	70,119	-	70,119	61,261
Loss on disposal of capital assets	647	-	647	-
Kathryn Wilson Fund	-	50	50	1,124
	<u>2,421,690</u>	<u>50</u>	<u>2,421,740</u>	<u>2,361,783</u>
<b>NET REVENUES (EXPENDITURES)</b>	<u>\$ (8,625)</u>	<u>\$ 663</u>	<u>\$ (7,962)</u>	<u>\$ (15,270)</u>
<i>(See accompanying notes)</i>				

**COMMUNITY LIVING QUINTE WEST**  
**STATEMENT OF CHANGES IN FUND BALANCES (DEFICIENCY)**  
**YEAR ENDED MARCH 31, 2014**

	<b>Fund Balances (Deficiency) Beginning Year</b>	<b>Operating Surplus (Deficiency) for year (schedule 1)</b>	<b>Invested in capital assets (note 10)</b>	<b>Fund Balances (Deficiency) end of year</b>
<b>2014</b>				
MCSS funded programs	\$ (376,303)	\$ 2	\$ (7,696)	\$ (383,997)
Other	(17,185)	93	-	(17,092)
Association private funds	<u>747</u>	<u>14,610</u>	<u>(13,540)</u>	<u>1,817</u>
<b>TOTAL OPERATING FUND -</b>				
Unrestricted	(392,741)	14,705	(21,236)	(399,272)
Invested in capital assets	274,150	(23,330)	21,236	272,056
Joan Scott Memorial Fund	2,164	-	-	2,164
Kathryn Wilson Fund	<u>16,843</u>	<u>663</u>	<u>-</u>	<u>17,506</u>
	<u>\$ (99,584)</u>	<u>\$ (7,962)</u>	<u>\$ -</u>	<u>\$ (107,546)</u>
<b>2013</b>				
MCSS funded programs	\$ (375,792)	\$ 393	\$ (904)	\$ (376,303)
Other	(12,989)	(4,196)	-	(17,185)
Association private funds	<u>(847)</u>	<u>12,082</u>	<u>(10,488)</u>	<u>747</u>
<b>TOTAL OPERATING FUND -</b>				
Unrestricted	(389,628)	8,279	(11,392)	(392,741)
Invested in capital assets	285,383	(22,625)	11,392	274,150
Joan Scott Memorial Fund	1,964	200	-	2,164
Kathryn Wilson Fund	<u>17,967</u>	<u>(1,124)</u>	<u>-</u>	<u>16,843</u>
	<u>\$ (84,314)</u>	<u>\$ (15,270)</u>	<u>\$ -</u>	<u>\$ (99,584)</u>

*(See accompanying notes)*

**COMMUNITY LIVING QUINTE WEST**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2014**

	Operating Fund	Other Funds	2014 Total	2013 Total
<b>CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Net revenues (expenditures)	\$ (8,625)	\$ 663	\$ (7,962)	\$ (15,270)
Items not affecting cash:				
Amortization of capital assets	70,119	-	70,119	61,261
Amortization of deferred contributions	(47,436)	-	(47,436)	(38,636)
Loss on disposal of capital assets	647	-	647	-
	14,705	663	15,368	7,355
Changes in the level of:				
Accounts receivable	117,778	-	117,778	(135,133)
Prepaid expenses	3,329	-	3,329	1,257
Accounts payable and accrued liabilities	(42,942)	-	(42,942)	48,215
Due to administered charity	858	-	858	-
Unearned revenue	(14,100)	-	(14,100)	17,000
	79,628	663	80,291	(61,306)
<b>INVESTING ACTIVITIES</b>				
Additions to capital assets	(124,988)	-	(124,988)	(123,392)
Proceeds on disposal of capital assets	2,000	-	2,000	-
	(122,988)	-	(122,988)	(123,392)
<b>FINANCING ACTIVITIES</b>				
Increase (decrease) in bank loan	(73,000)	-	(73,000)	61,000
Deferred contributions received	84,114	-	84,114	112,000
Repayment of long-term debt	(2,673)	-	(2,673)	-
Proceeds of long-term debt	20,311	-	20,311	-
	28,752	-	28,752	173,000
<b>INCREASE (DECREASE) IN CASH</b>	(14,608)	663	(13,945)	(11,698)
<b>CASH (DEFICIENCY), beginning of year</b>	(7,236)	-	(7,236)	4,462
<b>INTERFUND ADJUSTMENTS</b>	663	(663)	-	-
<b>CASH (DEFICIENCY), end of year</b>	<u>\$ (21,181)</u>	<u>\$ -</u>	<u>\$ (21,181)</u>	<u>\$ (7,236)</u>
Cash (deficiency) consist of:				
Cash	\$ 9,340	\$ -	\$ 9,340	\$ 7,256
Bank overdraft	(30,521)	-	(30,521)	(14,492)
	<u>\$ (21,181)</u>	<u>\$ -</u>	<u>\$ (21,181)</u>	<u>\$ (7,236)</u>

(See accompanying notes)

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**COMMUNITY LIVING QUINTE WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**

**Basis of Accounting**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**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.

**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.

**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 accounting standards for not-for-profit organizations 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. Management estimates the useful life of capital assets. Actual results could differ from those estimates.

**Financial Instruments**

The Organization's cash and investments are initially recognized and subsequently measured at fair market value. All other financial instruments are subsequently measured at amortized cost.

**COMMUNITY LIVING QUINTE WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**3. CAPITAL ASSETS**

Capital assets consist of the following:

	<u>2014</u>			<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 118,000	\$ -	\$ 118,000	\$ 118,000
Buildings	1,516,437	770,880	745,557	730,904
Fencing	5,394	5,394	-	-
Computer equipment	65,970	60,832	5,138	3,638
Automotive equipment	272,787	184,477	88,310	52,241
Equipment	9,792	9,792	-	-
	<u>\$ 1,988,380</u>	<u>\$ 1,031,375</u>	<u>\$ 957,005</u>	<u>\$ 904,783</u>

**4. BANK INDEBTEDNESS**

Bank indebtedness consists of:

	<u>2014</u>	<u>2013</u>
Bank overdraft	\$ 30,521	\$ 14,492
Demand operating loan	149,000	222,000
	<u>\$ 179,521</u>	<u>\$ 236,492</u>

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. LONG-TERM DEBT**

Long-term debt consists of:

	<u>2014</u>	<u>2013</u>
Vehicle loan payable, 5.99% payable in blended monthly installments of \$393, due June, 2018	\$ 17,638	\$ -
Less current portion	(3,757)	-
	<u>\$ 13,881</u>	<u>\$ -</u>

Annual principal payments over the remaining term are as follows:

2015	\$3,757
2016	3,988
2017	4,233
2018	4,494
2019	1,166

Interest expense of \$860 (2013 - \$ Nil) is included in Association expenditures.

**COMMUNITY LIVING QUINTE WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**6. DEFERRED CONTRIBUTIONS**  
**Related to Capital Assets**

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 630,633	\$ 557,269
Contributions	84,114	112,000
Amount amortized to revenue	<u>(47,436)</u>	<u>(38,636)</u>
Balance, end of year	<u>\$ 667,311</u>	<u>\$ 630,633</u>

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.

**7. 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, 2014, the value of the accumulated sick days totalled approximately \$160,000. 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.

**8. REAL ESTATE PROPERTIES**

The Organization owns the land and buildings at the following locations:

- 11 Canal Street, Trenton, Ontario - Compass program and Administration offices
- 52 Lafferty Road, Trenton, Ontario - residence and business
- 59 Bentinck Street, Trenton, Ontario - residence
- 11 Fraser Glen Court, Trenton, Ontario - residence

**9. 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, 2014.

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**COMMUNITY LIVING QUINTE WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**10. INVESTED IN CAPITAL ASSETS**

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

<u>From Association to Invested in Capital Assets</u>	<u>2014</u>	<u>2013</u>
Used to purchase capital assets	\$ 33,178	\$ 10,488
Proceeds disposed of capital assets	(2,000)	-
Proceeds of loan to acquire capital assets	(20,311)	-
Principal repayment of long-term debt	2,673	-
	<u>\$ 13,540</u>	<u>\$ 10,488</u>

<u>From MCSS Funded Program to Invested in Capital Assets</u>	<u>2014</u>	<u>2013</u>
Used to purchase capital assets	\$ 91,810	\$ 112,904
Funds received that are restricted to capital asset purchases	(84,114)	(112,000)
	<u>\$ 7,696</u>	<u>\$ 904</u>

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

Building improvements - Canal and Admin Building	\$ 53,085
Computer equipment	3,615
Vehicles	35,110
	<u>\$ 91,810</u>

\$84,114 of these purchases were funded out of special funding.

**11. 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:

	<u>2014</u>	<u>2013</u>
Joan Scott Memorial Fund	\$ 2,164	\$ 2,164
Kathryn Wilson Fund	17,506	16,843
	<u>\$ 19,670</u>	<u>\$ 19,007</u>

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

**COMMUNITY LIVING QUINTE WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**12. FINANCIAL INSTRUMENTS**

**Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and accounts receivable. Concentration of credit risk with respect to receivables are limited to the government. The Organization reviews outstanding accounts on a regular basis and follows a predetermined process to collect balances based on internal policies.

**Liquidity Risk**

Liquidity risk is the risk that the Organization cannot meet its debts when they become due. The Organization's management manages this risk by reviewing future cash flow requirements.

**Currency Risk**

Substantially all of the Organization's transactions are in Canadian dollars and as a result the Organization is not subject to significant currency risk.

**Interest Rate Risk**

The Organization is exposed to interest rate risk as its bank loans bear interest at a variable interest rate.

**13. ECONOMIC DEPENDENCE**

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

**14. COMMITMENTS**

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

2015	\$ 4,719
2016	4,719
2017	3,279

**15. GOVERNMENT REMITTANCES PAYABLE**

The accounts payable and accrued liabilities include \$3,082 (2013 - \$4,734) of government remittances payable.

**16. DUE TO ADMINISTERED CHARITY**

During the year, the Organization became the administrator of the Quinte West Community Greenhouse and Gardens (QWCG), an independent registered charity. At year end, the Organization owed \$858 to QWCG. QWCG has its own bank account and its assets, liabilities, fund balances, revenue and expenses are not reflected in these statements.

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COMMUNITY LIVING QUINTE WEST  
SCHEDULE OF DEPARTMENTAL (SURPLUS) DEFICIT  
YEAR ENDED MARCH 31, 2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residences:									
Bentick Street	366,525	50,522	417,047	57,527	359,520	441,116	-	87,067	5,471
Lafferty Road	434,988	70,260	505,248	45,276	459,972	539,717	-	87,067	7,322
Fraser Glen Court	391,138	61,768	452,906	45,276	407,630	497,493	-	87,068	(2,795)
Partner Facility Renewal	-	-	-	-	-	10,000	-	-	(10,000)
	1,192,651	182,550	1,375,201	148,079	1,227,122	1,488,326	-	261,202	(2)
Administration	211,463	123,880	335,343	46	335,297	-	-	(335,297)	-
Day Supports	250,027	91,380	341,407	66,977	274,430	294,542	-	20,112	-
Community Living Support	172,532	10,770	183,302	-	183,302	212,245	-	28,943	-
Associated Living	33,181	32,694	65,875	5,138	60,737	82,777	-	22,040	-
Access Mechanism	-	-	-	-	-	3,000	-	3,000	-
TOTAL-MCSS FUNDED PROGRAMS	1,859,854	441,274	2,301,128	220,240	2,080,888	2,080,890	-	-	(2)
Association	-	18,002	18,002	32,612	(14,610)	-	-	-	(14,610)
Invested in capital assets	-	70,766	70,766	-	70,766	-	47,436	-	23,330
Kathryn Wilson Fund	-	50	50	713	(663)	-	-	-	(663)
Joan Scott Memorial Fund	-	-	-	-	-	-	-	-	-
Youth employment	7,476	-	7,476	7,569	(93)	-	-	-	(93)
HELMS	-	24,318	24,318	24,318	-	-	-	-	-
2013/2014 TOTALS	1,867,330	554,410	2,421,740	285,452	2,136,288	2,080,890	47,436	-	7,962
2012/2013 TOTALS	1,845,879	515,904	2,361,783	289,402	2,072,381	2,018,475	38,636	-	15,270

(See accompanying notes)