

COMMUNITY LIVING ELGIN

Consolidated Financial Statements

March 31, 2018

COMMUNITY LIVING ELGIN

Consolidated Financial Statements

For The Year Ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of **Community Living Elgin**:

We have audited the accompanying consolidated financial statements of **Community Living Elgin**, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of changes in net assets, operations and cash flow 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 consolidated 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 consolidated 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 consolidated 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 whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of **Community Living Elgin** as at March 31, 2018, the consolidated statements of changes in net assets, operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. Thomas, Ontario

June 20, 2018

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

COMMUNITY LIVING ELGIN

Consolidated Statement of Financial Position As At March 31, 2018

	Operating Fund \$	Capital Fund \$	Subtotal Community Living Elgin \$	Steamr Housing \$	Elgin Community Resource Services \$	2018 \$	2017 \$
ASSETS							
CURRENT ASSETS							
Cash	1,362,019	471,180	1,833,199	13,331	14,577	1,861,107	1,576,257
Replacement reserve fund cash	184,627	29,439	214,066	16,796	-	230,862	272,600
Accounts receivable (Note 5)	159,964	-	159,964	2,372	-	162,336	185,786
Prepaid expenses	10,979	-	10,979	-	-	10,979	5,825
Inter-fund receivables (payables)	54,630	85,986	140,616	(29,974)	(110,642)	-	-
	<u>1,772,219</u>	<u>586,605</u>	<u>2,358,824</u>	<u>2,525</u>	<u>(96,065)</u>	<u>2,265,284</u>	<u>2,040,468</u>
TANGIBLE CAPITAL ASSETS (NOTE 2)	<u>-</u>	<u>4,167,655</u>	<u>4,167,655</u>	<u>56,010</u>	<u>237,004</u>	<u>4,460,669</u>	<u>4,135,207</u>
TOTAL ASSETS	<u>1,772,219</u>	<u>4,754,260</u>	<u>6,526,479</u>	<u>58,535</u>	<u>140,939</u>	<u>6,725,953</u>	<u>6,175,675</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	1,359,388	23,025	1,382,413	3,160	1,355	1,386,928	1,264,716
Government remittances payable	134,908	-	134,908	-	-	134,908	136,704
Deferred revenue (Note 3)	74,909	7,728	82,637	-	-	82,637	46,223
Current obligation under capital lease (Note 8)	-	40,473	40,473	-	-	40,473	40,473
Current portion of long-term debt (Note 7)	-	284,151	284,151	12,874	98,134	395,159	185,674
	<u>1,569,205</u>	<u>355,377</u>	<u>1,924,582</u>	<u>16,034</u>	<u>99,489</u>	<u>2,040,105</u>	<u>1,673,790</u>
OBLIGATION UNDER CAPITAL LEASE (NOTE 8)	-	40,691	40,691	-	-	40,691	82,759
LONG-TERM DEBT (NOTE 7)	-	346,463	346,463	9,757	-	356,220	514,600
DEFERRED CAPITAL CONTRIBUTIONS (NOTE 4)	-	1,876,259	1,876,259	-	-	1,876,259	1,596,728
	<u>1,569,205</u>	<u>2,618,790</u>	<u>4,187,995</u>	<u>25,791</u>	<u>99,489</u>	<u>4,313,275</u>	<u>3,867,877</u>
FUND BALANCES							
REPLACEMENT RESERVE FUND	186,517	42,879	229,396	16,796	-	246,192	286,042
CAPITAL FUND	-	2,092,591	2,092,591	-	-	2,092,591	2,029,954
UNRESTRICTED NET ASSETS (DEFICIT)	16,497	-	16,497	15,948	41,450	73,895	(8,198)
	<u>203,014</u>	<u>2,135,470</u>	<u>2,338,484</u>	<u>32,744</u>	<u>41,450</u>	<u>2,412,678</u>	<u>2,307,798</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>1,772,219</u>	<u>4,754,260</u>	<u>6,526,479</u>	<u>58,535</u>	<u>140,939</u>	<u>6,725,953</u>	<u>6,175,675</u>

On Behalf of the Board

Director 

Director 

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

**Consolidated Statement of Changes In Net Assets
For The Year Ended March 31, 2018**

	Unrestricted Net Assets			Replacement Reserve Funds			Capital Fund	2018
	Operating	Steamr Housing	Elgin Community Resource Services	Operating	Steamr Housing	Capital		Total
	\$	\$	\$	\$	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	(38,525)	(292)	30,619	216,471	19,979	49,592	2,029,954	2,307,798
Excess of revenues over expenditures	55,022	16,240	10,831	-	-	-	62,637	144,730
Interfund transactions	-	-	-	(29,954)	(3,183)	(6,713)	-	(39,850)
NET ASSETS, END OF YEAR	<u>16,497</u>	<u>15,948</u>	<u>41,450</u>	<u>186,517</u>	<u>16,796</u>	<u>42,879</u>	<u>2,092,591</u>	<u>2,412,678</u>

	Unrestricted Net Assets			Replacement Reserve Funds			Capital Fund	2017
	Operating	Steamr Housing	Elgin Community Resource Services	Operating	Steamr Housing	Capital		Total
	\$	\$	\$	\$	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	(84,344)	(15,050)	21,267	216,971	20,155	49,679	1,944,872	2,153,550
Excess of revenues over expenditures	45,819	14,758	9,352	-	-	-	85,082	155,011
Interfund transactions	-	-	-	(500)	(176)	(87)	-	(763)
NET ASSETS, END OF YEAR	<u>(38,525)</u>	<u>(292)</u>	<u>30,619</u>	<u>216,471</u>	<u>19,979</u>	<u>49,592</u>	<u>2,029,954</u>	<u>2,307,798</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Consolidated Statement of Operations For The Year Ended March 31, 2018

	Operating Fund (Page 17) \$	Capital Fund (Page 18) \$	Subtotal Community Living Elgin \$	Steamr Housing \$	Elgin Community Resource Services \$	Interfund transactions \$	2018 \$	2017 \$
REVENUES (Page 16)	<u>12,532,113</u>	<u>703,702</u>	<u>13,235,815</u>	<u>59,606</u>	<u>42,000</u>	<u>(474,789)</u>	<u>12,862,632</u>	<u>12,364,135</u>
EXPENDITURES								
Salaries and employee benefits	10,304,679	23,065	10,327,744	-	-	-	10,327,744	10,000,114
Purchased services	998,984	1,848	1,000,832	1,500	880	-	1,003,212	1,036,174
Repairs and maintenance	456,838	94,965	551,803	16,308	3,277	(216,433)	354,955	277,150
Amortization	-	346,809	346,809	-	10,628	-	357,437	291,061
Capital expenditures and leaseholds	141,858	18,409	160,267	-	-	(60,814)	99,453	22,987
Rent	252,254	-	252,254	-	-	(191,856)	60,398	66,871
Utilities and taxes	70,612	96,431	167,043	21,791	11,718	-	200,552	210,713
Supplies	117,798	635	118,433	-	-	-	118,433	110,327
Vehicle operation and repair	90,348	-	90,348	-	-	-	90,348	90,263
Staff training	78,288	-	78,288	-	-	-	78,288	68,317
Insurance	29,784	21,618	51,402	1,861	1,492	-	54,755	54,369
Staff travel	38,694	-	38,694	-	-	-	38,694	39,527
Interest on long-term debt	-	32,958	32,958	318	3,174	-	36,450	41,427
Other	18,190	8	18,198	-	-	-	18,198	11,650
Equipment rental	15,143	-	15,143	-	-	-	15,143	16,202
Advertising and promotion	14,179	-	14,179	-	-	-	14,179	4,946
Provision for replacement	-	4,200	4,200	1,968	-	(5,686)	482	-
Discretionary funds	1,126	-	1,126	-	-	-	1,126	1,713
Board conferences	-	208	208	-	-	-	208	2,180
Expenditure recoveries	(151,684)	(89)	(151,773)	(380)	-	-	(152,153)	(136,867)
	<u>12,477,091</u>	<u>641,065</u>	<u>13,118,156</u>	<u>43,366</u>	<u>31,169</u>	<u>(474,789)</u>	<u>12,717,902</u>	<u>12,209,124</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>55,022</u>	<u>62,637</u>	<u>117,659</u>	<u>16,240</u>	<u>10,831</u>	<u>-</u>	<u>144,730</u>	<u>155,011</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Consolidated Statement of Cash Flow For The Year Ended March 31, 2018

	2018	2017
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	144,730	155,011
Amortization of tangible capital assets	357,437	291,061
Amortization of deferred capital contributions	(212,964)	(158,994)
Capital gain on sale of tangible capital assets	<u>(21,408)</u>	<u>-</u>
	267,795	287,078
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	23,450	(755)
Increase in prepaid expenses	(5,154)	(397)
Increase (decrease) in accounts payable and accrued liabilities	122,212	(271,855)
Decrease in government remittances payable	(1,796)	(39,939)
Increase (decrease) in deferred revenue	<u>36,414</u>	<u>(27,407)</u>
	<u>442,921</u>	<u>(53,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds on disposal of tangible capital assets	153,169	-
Change in Replacement Reserve Fund - Cash	41,738	11,606
Change in Replacement Reserve Fund - Fund Balance	(39,850)	(763)
Decrease in deferred capital contributions net of capital asset additions	<u>(322,165)</u>	<u>(38,582)</u>
	<u>(167,108)</u>	<u>(27,739)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advances (repayments) of long-term debt	51,105	(94,850)
Repayments of capital lease obligations	<u>(42,068)</u>	<u>(42,068)</u>
	<u>9,037</u>	<u>(136,918)</u>
NET DECREASE IN CASH DURING THE YEAR	284,850	(217,932)
CASH, BEGINNING OF YEAR	<u>1,576,257</u>	<u>1,794,189</u>
CASH, END OF YEAR	<u><u>1,861,107</u></u>	<u><u>1,576,257</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest received	<u><u>20,398</u></u>	<u><u>14,788</u></u>
Interest paid	<u><u>38,580</u></u>	<u><u>42,429</u></u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

NATURE OF THE ORGANIZATION

Community Living Elgin (the "organization"):

- Provides supports and services, primarily to people with developmental disabilities and their families to enable them to participate in our community.
- Educates the public on the values of an inclusive community.

The organization envisions an inclusive community where all people can achieve their full potential.

The organization is a registered charity under the Canadian Income Tax Act and is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Consolidation

The organization's consolidated financial statements include the Operating and Capital funds of Community Living Elgin, as well as Steamr Housing Corporation and Elgin Community Resource Services, both organizations that are controlled by Community Living Elgin.

Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The organization uses the following funds:

Operating Fund

The operating fund includes the normal day to day operation of the organization including delivery of services to clients.

Capital Fund

The capital fund includes the fundraising activities of the organization, the operation of Project 3000 Homes and holds all tangible capital assets of the organization.

Steamr Housing

Steamr Housing Corporation is operated under the control of Community Living Elgin and operates government assisted housing projects under the Canada Mortgage and Housing Corporation.

Elgin Community Resource Services

Elgin Community Resource Services is operated under the control of Community Living Elgin and operates property used by Community Living Elgin.

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

In particular, the organization uses estimates when accounting for certain items, including:

- Allowance for doubtful accounts
- Useful lives of tangible capital assets
- Asset impairments
- Employee compensation plans

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts and the gain or loss is recognized in earnings. Amortization is calculated using the following annual rates:

- Buildings - straight line over 30 years
- Building additions - straight line over the greater of 10 years or the remaining useful life of the building
- Vehicles - straight line over 5 years
- Equipment under capital lease - straight line over 20 years
- Furniture and fixtures - straight line over 5 years
- Computers - straight line over 3 years

Impairment

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Donations-In-Kind and Contributed Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services and donations in kind are not recognized in the financial statements.

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Replacement Reserves

Funds for replacements have been included in the fund from which allocations are made, rather than in a separate replacement reserve fund.

Revenue Recognition

The organization follows the deferral method of accounting for contributions.

Rental revenues are recognized at the time that the properties are provided to the tenant. Government assistance revenues are recognized in the period to which the funds have been allocated by the Ministry of Community and Social Services. Other revenues are accrued at the time the service is provided.

Unrestricted contributions are recognized as revenue when received since pledges are not legally enforceable claims. Restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted contributions for tangible capital assets are deferred and recognized as revenue on the same basis as amortization is recorded.

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market (if any), which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, capital leases and long-term debt.

Financial assets measured at fair value include cash.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

2. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2018 \$	2017 \$
<u>Capital Fund</u>				
Land	956,382	-	956,382	907,608
Buildings	4,090,925	2,571,914	1,519,011	1,400,552
Vehicles	362,801	135,844	226,957	113,791
Computer Equipment	288,931	181,426	107,505	133,700
Sprinklers	213,921	50,819	163,102	181,238
Infrastructure	1,251,348	316,684	934,664	851,981
Furniture	101,039	53,489	47,550	16,045
Equipment under capital lease	<u>283,312</u>	<u>70,828</u>	<u>212,484</u>	<u>226,650</u>
	<u>7,548,659</u>	<u>3,381,004</u>	<u>4,167,655</u>	<u>3,831,565</u>
<u>Steamr Housing Corporation</u>				
Land	56,010	-	56,010	56,010
Buildings	<u>236,354</u>	<u>236,354</u>	<u>-</u>	<u>-</u>
	<u>292,364</u>	<u>236,354</u>	<u>56,010</u>	<u>56,010</u>
<u>Elgin Community Resource Services</u>				
Land	35,000	-	35,000	35,000
Building	<u>264,032</u>	<u>62,028</u>	<u>202,004</u>	<u>212,632</u>
	<u>299,032</u>	<u>62,028</u>	<u>237,004</u>	<u>247,632</u>
Total Tangible Capital Assets	<u>8,140,055</u>	<u>3,679,386</u>	<u>4,460,669</u>	<u>4,135,207</u>

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

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

3. DEFERRED REVENUE

	2018	2017
	<u>\$</u>	<u>\$</u>
<u>Operating Fund</u>		
Social housing improvement program	57,256	-
Family respite project	-	5,247
City of St. Thomas	10,492	-
Other funding	7,161	938
Trillium funding	<u>-</u>	<u>32,310</u>
	74,909	38,495
<u>Capital Fund</u>		
Ministry of Community and Social Services	<u>7,728</u>	<u>7,728</u>
	<u>82,637</u>	<u>46,223</u>

4. DEFERRED CAPITAL CONTRIBUTIONS

	2018	2017
	<u>\$</u>	<u>\$</u>
Infrastructure	934,664	851,981
Buildings	496,014	405,582
Sprinklers	163,102	181,238
Vans	127,424	8,183
Computer Equipment	107,504	133,700
Furniture	<u>47,550</u>	<u>16,044</u>
	<u>1,876,258</u>	<u>1,596,728</u>

Deferred capital contributions represent the unamortized amount of funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

5. GOVERNMENT REMITTANCES RECEIVABLE

Included in accounts receivable is an amount of \$122,280 (2017 - \$115,080) in government remittances receivable relating to harmonized sales tax rebates.

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

6. BANK INDEBTEDNESS

The organization has a revolving line of credit to a maximum of \$200,000 that bears interest at the RBC prime rate. The balance drawn on the line of credit at year end was \$nil (2017 - \$nil). The following has been pledged as security for bank advances and other long-term debt with the Royal Bank of Canada:

- General security agreement covering all personal property of the organization;
- Security agreement covering all accounts receivable;
- Collateral mortgage in the amount of \$900,000 on the lands and improvements located at 400 and 406-408 Talbot Street, St. Thomas, Ontario;
- Collateral mortgage in the amount of \$150,000 on the lands and improvements located at 21 Kains Street, St. Thomas, Ontario;
- Collateral mortgage in the amount of \$75,000 on the lands and improvements located at 41 Horton Street, St. Thomas, Ontario;
- Collateral mortgage in the amount of \$200,000 on the lands and improvements located at 24 John Street, Aylmer, Ontario;
- Collateral mortgage in the amount of \$140,000 on the lands and improvements located at 86 Fath Avenue, Aylmer, Ontario.

7. LONG-TERM DEBT

<u>Community Living Elgin</u>	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
Variable Rate Term Loan, Royal Bank of Canada, prime plus 5.00%, blended monthly instalments of \$848, due December 2022 (secured by land and buildings with a carrying value of \$292,373)	138,850	-
Fixed Rate Term Loan, Royal Bank of Canada, interest at 4.29%, blended monthly instalments of \$591, due May, 2018 (secured by land and buildings with a carrying value of \$72,214)	14,277	20,550
Mortgage payable, Great West Life Assurance, interest at 5.755%, blended monthly instalments of \$3,924, due May, 2024 (secured by land and buildings with a carrying value of \$152,541)	246,033	278,224
Fixed Rate Term Loan, Royal Bank of Canada, interest at 4.37%, blended monthly instalments of \$3,063, due October 2018 (secured by land and buildings with a carrying value of \$559,153)	<u>231,454</u>	<u>257,374</u>
	630,614	556,148
Less: current portion	<u>284,151</u>	<u>64,179</u>
	<u>346,463</u>	<u>491,969</u>

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

7. LONG-TERM DEBT (CONTINUED)

Steamr Housing Corporation

	2018	2017
	<u>\$</u>	<u>\$</u>
Mortgage payable, 1.12%, repayable in blended monthly instalments of \$1,088, due December 1, 2019 (secured by land and building included in capital assets with a carrying value of \$40,382)	22,631	35,362
Less: current portion	<u>12,874</u>	<u>12,731</u>
	<u><u>9,757</u></u>	<u><u>22,631</u></u>

Elgin Community Resource Services

	2018	2017
	<u>\$</u>	<u>\$</u>
Mortgage payable, 2.96%, repayable in blended monthly instalments of \$1,143, due April, 2018 (secured by land and building included in capital assets with a carrying value of \$246,399)	98,134	108,764
Less: current portion	<u>98,134</u>	<u>108,764</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Subsequent to the year end, Elgin Community Resource Services renewed the mortgage payable for a five-year, fixed rate term loan mortgage. It is repayable in blended monthly instalments of \$1,205, with interest at 4.32% per annum, due April 2023.

The aggregate amount of principal payments required in each of the next five years to meet debt retirement provisions is as follows:

	<u>\$</u>
2019	395,159
2020	50,362
2021	42,912
2022	45,354
2023	161,204
Thereafter	56,388

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

8. OBLIGATION UNDER CAPITAL LEASE

	2018	2017
	<u>\$</u>	<u>\$</u>
Capital lease, 2.47%, repayable in blended monthly payments of \$2,601, due May 2020 (secured by solar panels with a carrying value of \$139,734)	65,030	96,244
Capital lease, 2.42%, repayable in blended monthly payments of \$1,351, due July 2020 (secured by solar panels with a carrying value of \$72,750)	<u>37,820</u>	<u>54,029</u>
	102,850	150,273
Less: interest component	<u>21,686</u>	<u>27,041</u>
	81,164	123,232
Less: current portion	<u>40,473</u>	<u>40,473</u>
	<u>40,691</u>	<u>82,759</u>

Future minimum lease payments under capital leases are as follows:

	<u>\$</u>
2019	40,473
2020	40,473
2021	218

9. OPERATING LEASES

The organization leases a building at \$4,000 per month on an ongoing monthly basis, with no set term. The previous lease term ended in August 2017 and no formal lease agreement has been signed as of the report date.

The organization leases a vehicle for use in operations. The lease term is for five years ending December 2022.

The minimum annual lease payments required in each of the next five years in respect of operating leases are as follows:

	<u>\$</u>
2019	6,375
2020	6,375
2021	6,375
2022	6,375
2023	4,250

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

10. EMPLOYEE RETIREMENT BENEFITS

The organization has a defined contribution plan (registered retirement savings plan) where the employer matches employee contributions depending on employment classification and years of service. In the year the organization contributed \$247,327 (2017 - \$260,529). These contributions are included in salaries and benefits on the statement of operations.

11. PAY EQUITY

The organization has met its Pay Equity obligation for the fiscal year ended March 31, 2018. Future pay equity obligations are not funded by the Ministry of Community and Social Services, Ministry of Children and Youth Services, or the Ministry of Education.

12. GOVERNMENT ASSISTANCE

The organization is eligible for yearly Federal Supportive Housing funding towards operating expenditures as long as it continues to satisfy requirements determined in its operating agreement signed with the Canada Mortgage and Housing Corporation. The Ministry of Community and Social Services administers the program on behalf of the Canada Mortgage and Housing Corporation.

13. ECONOMIC DEPENDENCE

The majority of the organization's revenues are derived from the Ontario Ministry of Community and Social Services, Ministry of Children and Youth Services, and the Ministry of Education. These contracts are reviewed annually and the organization is dependant on this funding to continue operations. The organization is required to file various reports to ensure compliance with the funding agreements. If the organization doesn't spend funding according to the agreements or is not in compliance with the agreements the organization may be required to repay some of the funding. At year end the organization was in compliance with these agreements. The organization's management does not foresee any issues that would cause this funding to be discontinued.

14. FINANCIAL INSTRUMENT RISKS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of organization's exposure and concentrations at the statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, long-term debt and obligations under capital leases.

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

14. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization does not have any significant exposure to any individual customer other than the Ontario Ministry of Community and Social Services and Ministry of Children and Youth Services.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The corporation is mainly exposed to interest rate risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its long-term debt where there are variable interest rates, since these rates are affected by changes in the prime rate. It is management's opinion that this exposure is not significant.

It is management's opinion that the entity is not exposed to any significant foreign currency or other price risk.

No financial liabilities of the organization were in default during the period.

The organization was not subject to any covenants during the period.

There were no changes in these assessments from the prior year.

15. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

COMMUNITY LIVING ELGIN

Schedule of Revenues For The Year Ended March 31, 2018

	Operating Fund (Page 17) \$	Capital Fund (Page 18) \$	Subtotal Community Living Elgin \$	Steamr Housing \$	Elgin Community Resource Services \$	Interfund transactions \$	2018 \$	2017 \$
REVENUES								
Government funding	12,307,455	93,580	12,401,035	3,438	-	(282,933)	12,121,540	11,734,416
Rental income	164,344	292,764	457,108	56,168	42,000	(191,856)	363,420	350,513
Amortization of deferred capital contributions	-	212,964	212,964	-	-	-	212,964	158,994
Solar panel rental	-	37,119	37,119	-	-	-	37,119	42,670
Fee for service	27,792	-	27,792	-	-	-	27,792	11,975
Gain on sale of tangible capital assets	-	21,408	21,408	-	-	-	21,408	-
Donations and bequests	-	20,386	20,386	-	-	-	20,386	33,225
Fundraising	-	18,206	18,206	-	-	-	18,206	17,706
Other	32,522	-	32,522	-	-	-	32,522	10,482
Interest	-	7,275	7,275	-	-	-	7,275	4,154
	<u>12,532,113</u>	<u>703,702</u>	<u>13,235,815</u>	<u>59,606</u>	<u>42,000</u>	<u>(474,789)</u>	<u>12,862,632</u>	<u>12,364,135</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Schedule of Operating Fund As At March 31, 2018

	Government Funded Programs \$	Other Programs \$	2018 Total \$	2017 Total \$
REVENUES				
Government funding	12,307,455	-	12,307,455	11,935,991
Rental income	-	164,344	164,344	170,936
Fee for service	27,792	-	27,792	11,975
Other	<u>12,703</u>	<u>19,819</u>	<u>32,522</u>	<u>16,523</u>
	<u>12,347,950</u>	<u>184,163</u>	<u>12,532,113</u>	<u>12,135,425</u>
PROGRAM EXPENDITURES				
Salaries	8,678,538	35,498	8,714,036	8,443,031
Employee benefits	1,581,089	9,554	1,590,643	1,532,575
Purchased services	998,584	400	998,984	1,028,132
Repairs and maintenance	397,008	59,830	456,838	344,389
Capital expenditures and leaseholds	141,858	-	141,858	144,472
Rent	252,254	-	252,254	278,364
Supplies	102,475	15,323	117,798	109,692
Vehicle operation and repair	39,045	51,303	90,348	90,263
Staff training	78,288	-	78,288	68,317
Utilities and taxes	22,663	47,949	70,612	76,425
Staff travel	38,694	-	38,694	39,527
Insurance	21,437	8,347	29,784	29,798
Other	15,976	2,214	18,190	11,650
Equipment rental	15,143	-	15,143	16,202
Advertising and promotion	14,179	-	14,179	4,946
Discretionary funds	1,126	-	1,126	1,713
Expenditure recoveries	<u>(47,226)</u>	<u>(104,458)</u>	<u>(151,684)</u>	<u>(129,891)</u>
	<u>12,351,131</u>	<u>125,960</u>	<u>12,477,091</u>	<u>12,089,605</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,181)</u>	<u>58,203</u>	<u>55,022</u>	<u>45,820</u>

COMMUNITY LIVING ELGIN

Schedule of Capital Fund As At March 31, 2018

	Capital Fund	Project 3000	2018 Total	2017 Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
REVENUES				
Rental income	280,747	33,425	314,172	291,950
Amortization of deferred capital contributions	212,964	-	212,964	158,994
Government funding	-	93,580	93,580	94,208
Solar panel rental	37,119	-	37,119	42,670
Donations and bequests	20,386	-	20,386	33,225
Fundraising and other	18,206	-	18,206	17,706
Interest	<u>7,052</u>	<u>223</u>	<u>7,275</u>	<u>4,154</u>
	<u>576,474</u>	<u>127,228</u>	<u>703,702</u>	<u>642,907</u>
EXPENDITURES				
Amortization	328,832	17,977	346,809	282,260
Utilities and taxes	77,428	19,003	96,431	102,783
Repairs and maintenance	66,779	28,186	94,965	71,752
Interest on long-term debt	18,061	14,897	32,958	37,260
Wages and benefits	-	23,065	23,065	24,508
Insurance	16,698	4,920	21,618	21,218
Capital fund expenditures	18,409	-	18,409	16,035
Provision for replacement	-	4,200	4,200	4,210
Purchased services	-	1,848	1,848	1,848
Supplies	-	635	635	635
Board conferences	208	-	208	2,180
Other	-	8	8	-
Expenditure recoveries	<u>(89)</u>	<u>-</u>	<u>(89)</u>	<u>(6,864)</u>
	<u>526,326</u>	<u>114,739</u>	<u>641,065</u>	<u>557,825</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>50,148</u></u>	<u><u>12,489</u></u>	<u><u>62,637</u></u>	<u><u>85,082</u></u>