



**COMMUNITY LIVING TRENT HIGHLANDS**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**COMMUNITY LIVING TRENT HIGHLANDS**  
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**TABLE OF CONTENTS**

	Page Number
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Changes in Fund Balances	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 11

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Directors of Community Living Trent Highlands**

#### *Opinion*

We have audited the financial statements of Community Living Trent Highlands (the Organization), which comprise the statement of financial position as at March 31, 2019, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Matter*

The financial statements of the Organization as at and for the year ended March 31, 2018 were audited by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## **ASSURANCE • TAX • ADVISORY**

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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 25, 2019

# COMMUNITY LIVING TRENT HIGHLANDS



## STATEMENT OF FINANCIAL POSITION As at March 31, 2019

	Operating fund 2019 \$	Capital asset fund 2019 \$	Internally restricted fund 2019 \$	Total 2019 \$	Total 2018 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	2,511,883	-	1,091,543	3,603,426	2,506,871
Investments (note 3)	51,610	-	-	51,610	39,936
Accounts receivable	1,128,444	-	-	1,128,444	826,086
Prepaid expenses	26,298	-	-	26,298	28,489
Due from (to) other funds	(444,116)	-	444,116	-	-
	3,274,119	-	1,535,659	4,809,778	3,401,382
<b>Other assets</b>					
Long term receivable	62,631	-	-	62,631	81,450
Investments (note 3)	21,222	-	-	21,222	11,080
Tangible capital assets (note 4)	-	5,736,002	-	5,736,002	5,271,991
	83,853	5,736,002	-	5,819,855	5,364,521
	3,357,972	5,736,002	1,535,659	10,629,633	8,765,903
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 5)	2,407,533	-	-	2,407,533	1,684,347
Deferred revenue (note 6)	803,155	-	-	803,155	463,605
Current portion of long-term debt (note 11)	-	640,517	-	640,517	40,279
	3,210,688	640,517	-	3,851,205	2,188,231
<b>Long term liabilities</b>					
Long term debt (note 11)	-	606,329	-	606,329	949,198
Deferred capital contributions (note 7)	-	1,978,604	-	1,978,604	1,707,112
	-	2,584,933	-	2,584,933	2,656,310
	3,210,688	3,225,450	-	6,436,138	4,844,541
<b>Fund balances</b>					
Internally restricted	-	-	1,535,659	1,535,659	1,352,320
Invested in capital assets	-	2,510,552	-	2,510,552	2,575,402
Unrestricted	147,284	-	-	147,284	(6,360)
	147,284	2,510,552	1,535,659	4,193,495	3,921,362
	3,357,972	5,736,002	1,535,659	10,629,633	8,765,903

The accompanying notes are an integral part of these financial statements

# COMMUNITY LIVING TRENT HIGHLANDS

# COMMUNITY LIVING TRENT HIGHLANDS



## STATEMENT OF CHANGES IN FUND BALANCES For the Year Ended March 31, 2019

	Operating fund \$	Capital asset fund \$	Internally restricted fund \$	Total \$
<b>Fund balances - beginning of year</b>	(6,360)	2,575,402	1,352,320	3,921,362
Excess of revenue over expenditure for the year	456,812	(184,679)	-	272,133
Transfer for long term debt repayments	(42,631)	42,631	-	-
Transfer for tangible capital assets	(77,198)	77,198	-	-
Transfer to internally restricted fund	(183,339)	-	183,339	-
<b>Fund balances - end of year</b>	<b>147,284</b>	<b>2,510,552</b>	<b>1,535,659</b>	<b>4,193,495</b>

*The accompanying notes are an integral part of these financial statements*

# COMMUNITY LIVING TRENT HIGHLANDS



## STATEMENT OF OPERATIONS For the Year Ended March 31, 2019

	Operating Fund	Capital Fund	Internally Restricted Fund	Total 2019	Total 2018
	2019	2019	2019	2019	2018
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Province of Ontario (note 13)	21,047,680	-	-	21,047,680	17,929,316
City of Kawartha Lakes	1,376,858	-	-	1,376,858	1,345,981
Program revenue	2,827,847	-	-	2,827,847	2,232,026
Rentals	1,343,029	-	-	1,343,029	1,342,766
Amortization of deferred capital contributions	-	150,255	-	150,255	131,955
Donations and fundraising	71,147	-	-	71,147	92,743
Interest and other	33,953	-	-	33,953	22,043
Gain on sale of capital assets	-	2,732	-	2,732	-
<b>Total revenue</b>	<b>26,700,514</b>	<b>152,987</b>	<b>-</b>	<b>26,853,501</b>	<b>23,096,830</b>
<b>Expenses</b>					
Salaries and benefits	15,996,893	-	-	15,996,893	14,109,943
Purchased services	7,377,739	-	-	7,377,739	6,369,477
Occupancy costs	1,039,035	-	-	1,039,035	1,004,457
Amortization	-	337,666	-	337,666	324,228
Advertising and promotion	801	-	-	801	-
Training costs	135,552	-	-	135,552	99,764
Insurance	114,181	-	-	114,181	107,954
Interest	42,747	-	-	42,747	33,663
Office	457,231	-	-	457,231	418,385
Repairs and maintenance	927,495	-	-	927,495	406,056
Travel	123,040	-	-	123,040	119,647
Donations	28,988	-	-	28,988	16,836
<b>Total expenses</b>	<b>26,243,702</b>	<b>337,666</b>	<b>-</b>	<b>26,581,368</b>	<b>23,010,410</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>456,812</b>	<b>(184,679)</b>	<b>-</b>	<b>272,133</b>	<b>86,420</b>

The accompanying notes are an integral part of these financial statements

# COMMUNITY LIVING TRENT HIGHLANDS



## STATEMENT OF CASH FLOWS For the Year Ended March 31, 2019

	2019	2018
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	272,133	86,420
Non-cash charges to operations		
Amortization of tangible capital assets	337,666	324,228
Amortization of deferred capital contributions	(150,255)	(131,955)
Gain on disposal of tangible capital assets	(2,732)	-
	<u>456,812</u>	<u>278,693</u>
Changes in non-cash working capital items		
Accounts receivable	(302,358)	(239,390)
Long-term receivable	18,819	18,550
Prepaid expenses	2,191	41,706
Accounts payable	723,186	(413,093)
Bank indebtedness	-	(145,000)
Deferred revenue	339,550	(135,344)
	<u>781,388</u>	<u>(872,571)</u>
<b>Net increase/(decrease) in cash from operating activities</b>	<u>1,238,200</u>	<u>(593,878)</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(819,795)	(303,430)
Disposal of investments	11,134	50,615
Purchase of investments	(32,951)	(51,016)
<b>Net decrease in cash from investing activities</b>	<u>(841,612)</u>	<u>(303,831)</u>
<b>Financing activities</b>		
Proceeds on disposition of tangible capital assets	20,850	-
Deferred capital contributions received	421,748	276,720
Repayment of long-term debt	(42,631)	(74,881)
Proceeds of long-term debt	300,000	-
<b>Net Increase in cash from financing activities</b>	<u>699,967</u>	<u>201,839</u>
<b>Increase/(decrease) in cash</b>	<u>1,096,555</u>	<u>(695,870)</u>
<b>Cash - beginning of year</b>	<u>2,506,871</u>	<u>3,202,741</u>
<b>Cash - end of year</b>	<u>3,603,426</u>	<u>2,506,871</u>

*The accompanying notes are an integral part of these financial statements*



### 1. NATURE OF OPERATIONS

Community Living Trent Highlands ("the Organization") is a not-for-profit organization that was established on April 1, 2017 through the amalgamation of Community Living Central Highlands and Community Living Peterborough. The Organization is incorporated without share capital, to provide support and services which promote the personal growth, community participation of people with intellectual disabilities and their families. The Organization serves the communities of Haliburton, City of Kawartha Lakes, and Peterborough.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) *Recognition of revenues and expenses*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

The organization follows the deferral method of accounting for contributions, which includes donations and government grants. Restricted contributions other than capital contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Program revenue and rental revenue are recognized as revenue when the related service is provided.

Capital contributions are deferred and amortized on the same basis and rate as the amortization of the related tangible capital assets.

Investment income is recognized as revenue when earned in the appropriate fund.

(b) *Government grants*

The various programs are eligible for operating subsidies from the Ontario Ministry of Community and Social Services. The Ministry will pay the organization for admissible expenditures incurred up to the funding contracts. While the revenue from these funding contracts is recorded in the current period, the reimbursement of these amounts is ultimately dependent upon their acceptance by the Ministry of Community and Social Services.

(c) *Fund accounting*

Community Living Trent Hghlands uses the deferral method of accounting and reports on a fund accounting basis. The three funds maintained are the operating fund, capital asset fund and the internally restricted fund. The funds are classified as follows:

- (i) Operating fund - includes results of day-to-day operating transactions and all unrestricted contributions;
  - (ii) Capital asset fund - includes the organization's assets, liabilities, revenue and expenses related to the tangible capital assets; and
  - (iii) Internally restricted fund - includes revenues and expenses related to funds internally restricted by the Board for various projects.
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NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2019

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2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized, over the expected useful life of the asset, as follows:

Building and building improvements	40 years
Equipment and furnishings	5 years
Computer equipment	4 years
Vehicles	5 years
Leasehold improvements	Term of lease

(e) *Income taxes*

The Organization qualifies as a not-for-profit organization which is exempt from income taxes under the Income Tax Act.

(f) *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 year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, revenue recognition, accounts payable and accrued liabilities and useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

(g) *Financial instruments*

(i) *Measurement*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for those instruments that are quoted in an active market. Financial assets measured at amortized cost include cash, investments, accounts receivable, and long term receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long term debt. The Organization has no financial instruments measured at fair value.

(ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

# COMMUNITY LIVING TRENT HIGHLANDS



## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) *Volunteer services*

Volunteers contribute a significant amount of time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amounts and fair value cannot be made and, accordingly, these volunteer services are not recognized in the financial statements.

### 3. INVESTMENTS

	2019	2018
	\$	\$
<b>Short term</b>		
Renaissance savings account	40,475	39,936
RBC GIC, maturing September 9, 2019, bearing interest at 0.50% per annum	11,135	-
	51,610	39,936
<b>Long term</b>		
RBC GIC, maturing July 4, 2023, bearing interest at 1.60% per annum	21,222	-
RBC GIC, maturing September 9, 2019, bearing interest at 0.50% per annum	-	11,080
	21,222	11,080
	72,832	51,016

### 4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2019	2018
			\$	\$
Land	894,839	-	894,839	894,839
Building and building improvements	5,624,969	2,176,495	3,448,474	3,153,784
Vehicles	749,585	476,857	272,728	173,761
Equipment and furnishings	1,045,675	806,194	239,481	107,709
Leasehold improvements	1,365,566	485,958	879,608	939,628
Computer equipment	393,899	393,027	872	2,270
	10,074,533	4,338,531	5,736,002	5,271,991

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2019

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	2019	2018
	\$	\$
Accounts payable and accrued liabilities	1,359,793	803,306
Accrued vacation	976,856	828,161
Government remittances	70,884	52,880
	<b>2,407,533</b>	<b>1,684,347</b>

**6. DEFERRED REVENUE**

The following amounts are included in deferred contributions:

	2019	2018
	\$	\$
Province of Ontario	139,863	143,900
City of Kawartha Lakes	274,283	1,503
Other	389,009	318,202
	<b>803,155</b>	<b>463,605</b>

The continuity of deferred contributions are as follows:

	2019	2018
	\$	\$
Balance - beginning of year	463,605	997,451
Add amounts received:		
Province of Ontario	-	123,740
City of Kawartha Lakes	272,779	1,060,962
Other revenue	81,002	417,987
	<b>353,781</b>	<b>1,602,689</b>
Less transfer to operations:		
Province of Ontario	4,037	411,737
City of Kawartha Lakes	-	1,345,981
Other revenue	10,194	378,817
	<b>14,231</b>	<b>2,136,535</b>
Balance - end of year	<b>803,155</b>	<b>463,605</b>

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions relate to restricted funding received for purchases of tangible capital assets. Changes in deferred capital contribution balances are as follows

	2019	2018
	\$	\$
Balance, beginning of period	1,707,111	1,562,347
Less: amounts amortized to revenue	(150,255)	(131,955)
Add: amounts received	421,748	276,720
<b>Balance, end of period</b>	<b>1,978,604</b>	<b>1,707,111</b>

**8. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate price risk

Interest rate price risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. The Organization is subject to interest rate price risk related to its investments and its long term debt.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization has limited exposure to credit risk as tenant receivables are rare and all other receivables are due from municipal, provincial and federal levels of government.

The Organization is not exposed to any significant liquidity or currency risk.

**9. ECONOMIC DEPENDENCE**

The Organization's major source of revenue is in the form of subsidies from the Ontario Ministry of Community and Social Services. The nature and extent of this revenue is of such significance as to affect the viability of the Organization and, accordingly, it can be said that the Organization is economically dependent upon the Ontario government.

**10. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess (deficiency) of revenue over expenses.

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2019

**11. LONG TERM DEBT**

Long term debt consists of the following:

	2019 \$	2018 \$
Mortgage payable, 3.96%, repayable \$1,513 per month principal and interest, due April 12, 2019, secured by general security agreement and property.	194,878	205,089
Mortgage payable, 4.40%, repayable \$1,981 per month principal and interest, due October 23, 2023, secured by general security agreement and property.	311,616	321,423
Mortgage payable, 3.95%, repayable \$2,612 per month principal and interest, due June 26, 2019, secured by general security agreement and property.	420,617	435,049
Promissory note payable, interest-free, repayable \$417 per month, due October 22, 2023, secured by general security agreement.	22,916	27,916
Mortgage payable, 4.35%, repayable \$1,873 per month principal and interest, due June 26, 2023, secured by general security agreement and property.	296,819	-
Less principal payments due within one year	(640,517)	(40,279)
Due beyond one year	606,329	949,198

The principal payments due in each of the next five years, based on the current repayment terms, are as follows:

	\$
2020	640,517
2021	25,916
2022	26,850
2023	27,826
2024	525,737
	1,246,846

# COMMUNITY LIVING TRENT HIGHLANDS



## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2019

### 12. COMMITMENT

The Organization's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are as follows:

2020	\$342,264
2021	351,751
2022	351,778
2023	274,443
2024	274,471
	<u>1,594,707</u>

### 13. PROVINCE OF ONTARIO

Province of Ontario revenue consists of the following:

	2019	2018
	\$	\$
Ministry of Community and Social Services	21,008,177	17,853,911
Ministry of Children and Youth Services	-	51,302
Special Services at Home	39,503	24,102
	<u>21,047,680</u>	<u>17,929,315</u>

### 14. PENSION PLAN

All employees of the Organization are eligible to be members of the Community Living Trent Highlands Pension Plan, which is a registered pension plan in the Province of Ontario. The plan is a defined contribution pension plan. The Organization matches the employee contributions up to 3% of each member's annual earnings. For the year ended March 31, 2019, the Organization contributed \$283,146 (2018 - \$206,531) to the plan on behalf of its employees. As this is a defined contribution pension plan, these contributions are the Organization's pension benefit expenses, and no pension liability for this type of plan is in the Organization's financial statements.