

COMMUNITY LIVING ELGIN

Consolidated Financial Statements

March 31, 2017

COMMUNITY LIVING ELGIN

Consolidated Financial Statements

For The Year Ended March 31, 2017

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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, 2017, 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, 2017, 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 21, 2017

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

COMMUNITY LIVING ELGIN

Consolidated Statement of Financial Position As At March 31, 2017

	Operating Fund \$	Capital Fund \$	Subtotal Community Living Elgin \$	Steamr Housing \$	Elgin Community Resource Services \$	2017 \$	2016 \$
ASSETS							
CURRENT ASSETS							
Cash	988,739	522,703	1,511,442	41,184	23,631	1,576,257	1,794,189
Replacement reserve fund cash	216,470	36,153	252,623	19,977	-	272,600	284,206
Accounts receivable (Note 5)	183,269	-	183,269	2,517	-	185,786	185,031
Prepaid expenses	5,078	747	5,825	-	-	5,825	5,428
Inter-fund receivables (payables)	195,414	(2,275)	193,139	(62,158)	(130,981)	-	-
	<u>1,588,970</u>	<u>557,328</u>	<u>2,146,298</u>	<u>1,520</u>	<u>(107,350)</u>	<u>2,040,468</u>	<u>2,268,854</u>
CAPITAL ASSETS (NOTE 2)	<u>-</u>	<u>3,831,565</u>	<u>3,831,565</u>	<u>56,010</u>	<u>247,632</u>	<u>4,135,207</u>	<u>4,080,860</u>
TOTAL ASSETS	<u>1,588,970</u>	<u>4,388,893</u>	<u>5,977,863</u>	<u>57,530</u>	<u>140,282</u>	<u>6,175,675</u>	<u>6,349,714</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	1,372,529	25,511	1,398,040	2,481	899	1,401,420	1,713,215
Deferred revenue (Note 3)	38,495	7,728	46,223	-	-	46,223	73,630
Current obligation under capital lease (Note 8)	-	40,473	40,473	-	-	40,473	40,473
Current portion of long-term debt (Note 7)	-	64,179	64,179	12,731	108,764	185,674	205,587
	<u>1,411,024</u>	<u>137,891</u>	<u>1,548,915</u>	<u>15,212</u>	<u>109,663</u>	<u>1,673,790</u>	<u>2,032,905</u>
OBLIGATION UNDER CAPITAL LEASE (NOTE 8)	-	82,759	82,759	-	-	82,759	124,827
LONG-TERM DEBT (NOTE 7)	-	491,969	491,969	22,631	-	514,600	589,537
DEFERRED CAPITAL CONTRIBUTIONS (NOTE 4)	-	1,596,728	1,596,728	-	-	1,596,728	1,448,895
	<u>1,411,024</u>	<u>2,309,347</u>	<u>3,720,371</u>	<u>37,843</u>	<u>109,663</u>	<u>3,867,877</u>	<u>4,196,164</u>
FUND BALANCES							
REPLACEMENT RESERVE FUND	216,471	49,592	266,063	19,979	-	286,042	286,805
CAPITAL FUND	-	2,029,954	2,029,954	-	-	2,029,954	1,944,872
UNRESTRICTED NET ASSETS (DEFICIT)	(38,525)	-	(38,525)	(292)	30,619	(8,198)	(78,127)
	<u>177,946</u>	<u>2,079,546</u>	<u>2,257,492</u>	<u>19,687</u>	<u>30,619</u>	<u>2,307,798</u>	<u>2,153,550</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>1,588,970</u>	<u>4,388,893</u>	<u>5,977,863</u>	<u>57,530</u>	<u>140,282</u>	<u>6,175,675</u>	<u>6,349,714</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, 2017

	Unrestricted Net Assets			Replacement Reserve Funds			Capital	2017
	Operating	Steamr Housing	Elgin Community Resource Services	Operating	Steamr Housing	Capital	Fund	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>

	Unrestricted Net Assets			Replacement Reserve Funds			Capital	2016
	Operating	Steamr Housing	Elgin Community Resource Services	Operating	Steamr Housing	Capital	Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	(86,081)	(31,904)	24,820	206,041	26,923	39,575	1,889,577	2,068,951
Excess (deficiency) of revenues over expenditures	1,737	16,854	(3,553)	-	-	-	55,295	70,333
Interfund transactions	-	-	-	10,930	(6,768)	10,104	-	14,266
NET ASSETS, END OF YEAR	<u>(84,344)</u>	<u>(15,050)</u>	<u>21,267</u>	<u>216,971</u>	<u>20,155</u>	<u>49,679</u>	<u>1,944,872</u>	<u>2,153,550</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Consolidated Statement of Operations For The Year Ended March 31, 2017

	Operating Fund (Page 17) \$	Capital Fund (Page 18) \$	Subtotal Community Living Elgin \$	Steamr Housing \$	Elgin Community Resource Services \$	Interfund transactions \$	2017 \$	2016 \$
PROGRAM REVENUES (Page 16)	<u>12,135,424</u>	<u>642,907</u>	<u>12,778,331</u>	<u>60,558</u>	<u>42,000</u>	<u>(516,754)</u>	<u>12,364,135</u>	<u>12,775,631</u>
PROGRAM EXPENDITURES								
Salaries and employee benefits	9,975,606	24,508	10,000,114	-	-	-	10,000,114	10,845,805
Purchased services	1,028,132	1,848	1,029,980	3,659	2,535	-	1,036,174	1,056,291
Amortization	-	282,260	282,260	-	8,801	-	291,061	279,791
Repairs and maintenance	344,389	71,752	416,141	18,869	3,703	(161,563)	277,150	244,306
Utilities and taxes	76,425	102,783	179,208	19,096	12,409	-	210,713	195,441
Supplies	109,692	635	110,327	-	-	-	110,327	122,159
Vehicle operation and repair	90,263	-	90,263	-	-	-	90,263	94,344
Staff training	68,317	-	68,317	-	-	-	68,317	83,236
Rent	278,364	-	278,364	-	-	(211,493)	66,871	71,353
Insurance	29,798	21,218	51,016	1,861	1,492	-	54,369	61,670
Interest on long-term debt	-	37,260	37,260	459	3,708	-	41,427	46,806
Staff travel	39,527	-	39,527	-	-	-	39,527	42,946
Capital expenditures and leaseholds	144,472	16,035	160,507	-	-	(137,520)	22,987	30,845
Equipment rental	16,202	-	16,202	-	-	-	16,202	14,929
Other	11,650	-	11,650	-	-	-	11,650	5,396
Advertising and promotion	4,946	-	4,946	-	-	-	4,946	8,337
Board conferences	-	2,180	2,180	-	-	-	2,180	2,137
Discretionary funds	1,713	-	1,713	-	-	-	1,713	583
Provision for replacement	-	4,210	4,210	1,968	-	(6,178)	-	-
Expenditure recoveries	<u>(129,891)</u>	<u>(6,864)</u>	<u>(136,755)</u>	<u>(112)</u>	<u>-</u>	<u>-</u>	<u>(136,867)</u>	<u>(515,343)</u>
	<u>12,089,605</u>	<u>557,825</u>	<u>12,647,430</u>	<u>45,800</u>	<u>32,648</u>	<u>(516,754)</u>	<u>12,209,124</u>	<u>12,691,032</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>45,819</u>	<u>85,082</u>	<u>130,901</u>	<u>14,758</u>	<u>9,352</u>	<u>-</u>	<u>155,011</u>	<u>84,599</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Consolidated Statement of Cash Flow For The Year Ended March 31, 2017

	2017	2016
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	155,011	84,599
Amortization of capital assets	291,061	279,791
Amortization of deferred capital contributions	<u>(158,994)</u>	<u>(171,658)</u>
	287,078	192,732
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(755)	12,009
(Increase) decrease in prepaid expenses	(397)	34,211
Decrease in accounts payable	(311,794)	(131,414)
Decrease in deferred revenue	<u>(27,407)</u>	<u>(54,984)</u>
	<u>(53,275)</u>	<u>52,554</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Replacement Reserve Fund - Cash	(763)	(11,667)
Change in Replacement Reserve Fund - Fund Balance	11,606	-
Increase in deferred capital contributions net of capital asset additions	<u>(38,582)</u>	<u>(66,715)</u>
	<u>(27,739)</u>	<u>(78,382)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term debt	(94,850)	(137,456)
Repayments of capital lease obligations	<u>(42,068)</u>	<u>(42,067)</u>
	<u>(136,918)</u>	<u>(179,523)</u>
NET DECREASE IN CASH DURING THE YEAR	(217,932)	(205,351)
CASH, BEGINNING OF YEAR	<u>1,794,189</u>	<u>1,999,540</u>
CASH, END OF YEAR	<u><u>1,576,257</u></u>	<u><u>1,794,189</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest received	<u>14,788</u>	<u>15,544</u>
Interest paid	<u>42,429</u>	<u>54,887</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2017

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 organization, which follows the deferral method of accounting for contributions, uses two funds to record its transactions, the Operating Fund and the Capital Fund.

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, 2017

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 assets
- Asset impairments
- Revenues
- 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 of Long-Lived Assets

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, 2017

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

Rental revenues are recognized at the time that the properties are provided to the tenant. Government assistance revenues are recognized at the time 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.

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, 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, 2017

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2017	2016
	\$	\$	\$	\$
<u>Capital Fund</u>				
Land	907,608	-	907,608	907,608
Buildings	3,890,824	2,490,272	1,400,552	1,516,466
Vehicles	233,076	119,285	113,791	104,127
Computer Equipment	268,557	134,857	133,700	3,062
Sprinklers	213,921	32,683	181,238	199,374
Infrastructure	1,085,157	233,176	851,981	779,089
Furniture	60,412	44,367	16,045	17,876
Equipment under capital lease	<u>283,312</u>	<u>56,662</u>	<u>226,650</u>	<u>240,815</u>
	<u>6,942,867</u>	<u>3,111,302</u>	<u>3,831,565</u>	<u>3,768,417</u>
 <u>Steamr Housing Corporation</u>				
Land	56,010	-	56,010	56,010
Buildings	236,354	236,354	-	-
Equipment and furnishings	<u>3,504</u>	<u>3,504</u>	<u>-</u>	<u>-</u>
	<u>295,868</u>	<u>239,858</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>51,400</u>	<u>212,632</u>	<u>221,433</u>
	<u>299,032</u>	<u>51,400</u>	<u>247,632</u>	<u>256,433</u>
 Total Tangible Capital Assets	 <u>7,537,767</u>	 <u>3,402,560</u>	 <u>4,135,207</u>	 <u>4,080,860</u>

The Ministry provided major 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, 2017

3. DEFERRED REVENUE

	2017	2016
	<u>\$</u>	<u>\$</u>
<u>Operating Fund</u>		
Family respite project	5,247	18,458
City of St. Thomas	-	2,665
Trillium funding	32,310	44,779
Other funding	<u>938</u>	<u>-</u>
	38,495	65,902
<u>Capital Fund</u>		
Ministry of Community and Social Services	<u>7,728</u>	<u>7,728</u>
	<u>46,223</u>	<u>73,630</u>

4. DEFERRED CAPITAL CONTRIBUTIONS

	2017	2016
	<u>\$</u>	<u>\$</u>
Infrastructure	851,982	779,088
Buildings	405,581	436,323
Sprinklers	181,238	199,374
Furniture	16,044	17,877
Vans	8,183	13,171
Computer Equipment	<u>133,700</u>	<u>3,062</u>
	<u>1,596,728</u>	<u>1,448,895</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

Includes in accounts receivable is an amount of \$115,080 (2016 - \$136,030) in government remittances receivable

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2017

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 (2016 - \$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;

7. LONG-TERM DEBT

Community Living Elgin

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Fixed Rate Term Loan, Royal Bank of Canada, prime plus 1.25%, blended monthly instalments of \$1,300, due September, 2016 (secured by land and buildings with a carrying value of \$311,079)	-	12,958
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 \$74,880)	20,550	26,561
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 \$169,636)	278,224	308,640
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 \$581,633)	<u>257,374</u>	<u>280,019</u>
	556,148	628,178
Less: current portion	<u>64,179</u>	<u>73,995</u>
	<u>491,969</u>	<u>554,183</u>

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2017

7. LONG-TERM DEBT (CONTINUED)

Steamr Housing Corporation

	2017	2016
	<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)	35,362	47,953
Less: current portion	<u>12,731</u>	<u>12,599</u>
	<u>22,631</u>	<u>35,354</u>

Elgin Community Resource Services

	2017	2016
	<u>\$</u>	<u>\$</u>
Mortgage payable, 2.96%, repayable in blended monthly instalments of \$1,143, due April, 2017 (secured by land and building included in capital assets with a carrying value of \$246,399)	108,764	118,993
Less: current portion	<u>108,764</u>	<u>118,993</u>
	<u>-</u>	<u>-</u>

The Elgin Community Resource Services mortgage payable was renewed in April 2017. It is repayable in blended monthly instalments of \$1,143, due April 2018. The interest rate is 2.96% per annum.

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

	<u>\$</u>
2018	185,674
2019	292,145
2020	45,452
2021	37,804
2022	40,949
Thereafter	98,250

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2017

8. OBLIGATION UNDER CAPITAL LEASE

	2017	2016
	<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 \$149,050)	96,244	127,458
Capital lease, 2.42%, repayable in blended monthly payments of \$1,351, due July 2020 (secured by solar panels with a carrying value of \$77,600)	<u>54,029</u>	<u>70,238</u>
	150,273	197,696
Less: interest component	<u>27,041</u>	<u>32,396</u>
	123,232	165,300
Less: current portion	<u>40,473</u>	<u>40,473</u>
	<u>82,759</u>	<u>124,827</u>

Future minimum lease payments under capital leases are as follows:

	<u>\$</u>
2018	40,473
2019	40,473
2020	40,473
2021	<u>1,813</u>
	<u>123,232</u>

9. OPERATING LEASES

The organization leases a building at \$4,000 per month for the period of August 2014 to August 2017. The minimum annual lease payments required in each of the next year in respect of this operating lease is as follows:

	<u>\$</u>
2018	20,000

COMMUNITY LIVING ELGIN

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2017

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 \$260,529 (2016 - \$301,193). 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, 2017. 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 management doesn't foresee any issues that this funding will not be continuing.

14. FINANCIAL INSTRUMENTS

The organization is exposed to the following significant risks. There were no changes in these assessment from the prior year.

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, 2017

14. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The organization is exposed to interest rate risk as the interest cost on its long-term debt varies with the change in the prime rate. It is management's opinion that this exposure is not significant.

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.

Credit risk

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. At year end, the organization was not in default of any of it's financial liabilities.

It is management's opinion that the entity is not exposed to any significant market, foreign currency or 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.

COMMUNITY LIVING ELGIN

Schedule of Program Revenues For The Year Ended March 31, 2017

	Operating Fund (Page 17) \$	Capital Fund (Page 18) \$	Subtotal Community Living Elgin \$	Steamr Housing \$	Elgin Community Resource Services \$	Interfund transactions \$	2017 \$	2016 \$
PROGRAM REVENUES								
Government funding	11,942,031	94,208	12,036,239	3,438	-	(305,261)	11,734,416	12,080,288
Rental income	170,936	291,950	462,886	57,120	42,000	(211,493)	350,513	360,322
Amortization of deferred capital contributions	-	158,994	158,994	-	-	-	158,994	171,658
Solar panel rental	-	42,670	42,670	-	-	-	42,670	37,591
Donations and bequests	-	33,225	33,225	-	-	-	33,225	9,826
Fundraising	-	17,706	17,706	-	-	-	17,706	10,022
Fee for service	11,975	-	11,975	-	-	-	11,975	68,718
Other	10,482	-	10,482	-	-	-	10,482	12,319
Interest	-	4,154	4,154	-	-	-	4,154	7,419
Contract sales	-	-	-	-	-	-	-	17,468
	<u>12,135,424</u>	<u>642,907</u>	<u>12,778,331</u>	<u>60,558</u>	<u>42,000</u>	<u>(516,754)</u>	<u>12,364,135</u>	<u>12,775,631</u>

See accompanying notes to the consolidated financial statements

COMMUNITY LIVING ELGIN

Schedule of Operating Fund As At March 31, 2017

	Government Funded Programs \$	Other Programs \$	2017 Total \$	2016 Total \$
PROGRAM REVENUES				
Government funding	11,942,031	-	11,942,031	12,442,961
Rental income	-	170,936	170,936	165,233
Fee for service	11,975	-	11,975	68,718
Other	10,482	-	10,482	12,319
Contract sales	-	-	-	17,468
	<u>11,964,488</u>	<u>170,936</u>	<u>12,135,424</u>	<u>12,706,699</u>
PROGRAM EXPENDITURES				
Salaries	8,411,081	31,950	8,443,031	9,127,806
Employee benefits	1,525,440	7,135	1,532,575	1,685,719
Purchased services	1,027,332	800	1,028,132	1,050,851
Repairs and maintenance	277,823	66,566	344,389	583,640
Rent	278,364	-	278,364	260,806
Capital expenditures and leaseholds	144,472	-	144,472	14,407
Supplies	108,475	1,217	109,692	115,002
Vehicle operation and repair	29,076	61,187	90,263	94,449
Utilities and taxes	22,443	53,982	76,425	67,622
Staff training	68,317	-	68,317	83,236
Staff travel	39,527	-	39,527	42,946
Insurance	21,451	8,347	29,798	33,462
Equipment rental	16,202	-	16,202	14,929
Other	10,566	1,084	11,650	12,136
Advertising and promotion	4,946	-	4,946	8,337
Discretionary funds	1,713	-	1,713	583
Provision for replacement	-	-	-	14,375
Expenditure recoveries	(22,668)	(107,223)	(129,891)	(505,344)
	<u>11,964,560</u>	<u>125,045</u>	<u>12,089,605</u>	<u>12,704,962</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>(72)</u></u>	<u><u>45,891</u></u>	<u><u>45,819</u></u>	<u><u>1,737</u></u>

COMMUNITY LIVING ELGIN

Schedule of Capital Fund As At March 31, 2017

	Capital Fund	Project 3000	2017 Total	2016 Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
REVENUES				
Rental income	260,801	31,149	291,950	294,817
Amortization of deferred capital contributions	158,994	-	158,994	171,658
Government funding	-	94,208	94,208	92,740
Solar panel rental	42,670	-	42,670	37,591
Donations and bequests	33,225	-	33,225	9,826
Fundraising and other	17,706	-	17,706	10,022
Interest	<u>3,991</u>	<u>163</u>	<u>4,154</u>	<u>4,836</u>
	<u>517,387</u>	<u>125,520</u>	<u>642,907</u>	<u>621,490</u>
EXPENDITURES				
Amortization	264,283	17,977	282,260	271,067
Utilities and taxes	81,558	21,225	102,783	96,984
Repairs and maintenance	46,413	25,339	71,752	86,945
Interest on long-term debt	20,732	16,528	37,260	39,454
Wages and benefits	-	24,508	24,508	32,280
Insurance	16,698	4,520	21,218	23,655
Capital fund expenditures	16,035	-	16,035	16,438
Provision for replacement	-	4,210	4,210	4,210
Board conferences	2,180	-	2,180	2,137
Purchased services	-	1,848	1,848	2,239
Supplies	-	635	635	417
Expenditure recoveries	<u>(6,864)</u>	<u>-</u>	<u>(6,864)</u>	<u>(9,631)</u>
	<u>441,035</u>	<u>116,790</u>	<u>557,825</u>	<u>566,195</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>76,352</u></u>	<u><u>8,730</u></u>	<u><u>85,082</u></u>	<u><u>55,295</u></u>