

INDEPENDENT LIVING CENTRE OF WATERLOO REGION
Financial Statements
For the Year Ended March 31, 2017

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

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For the Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Independent Living Centre of Waterloo Region

Report on the Financial Statements

We have audited the accompanying financial statements of Independent Living Centre of Waterloo Region, which comprise the statement of financial position as at March 31, 2017 and the statement of operations, changes in fund balances 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.

(Continues)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, current assets and fund balances for the year ended March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Independent Living Centre of Waterloo Region as at March 31, 2017 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 PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Waterloo, Ontario
June 26, 2017

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Statement of Financial Position


For the Year Ended March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 300,537	\$ 233,052
Accounts receivable (Note 3)	86,890	78,538
Prepaid expenses	<u>16,469</u>	<u>6,751</u>
	403,896	318,341
INVESTMENTS (Note 4)	111,719	109,646
CAPITAL (Note 5)	<u>82,730</u>	<u>98,678</u>
	<u>194,449</u>	<u>208,324</u>
	<u>\$ 598,345</u>	<u>\$ 526,665</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 359,179	\$ 304,479
Government remittances payable	49,172	48,145
Deferred contributions (Note 6)	3,000	3,801
Due to Ministry of Health and Long Term Care (Note 7)	<u>21,529</u>	<u>21,494</u>
	<u>432,880</u>	<u>377,919</u>
FUND BALANCES		
Unappropriated	123,276	109,101
Internally Appropriated	33,595	33,595
Externally Restricted Access Tournament of Hope Fund	6,413	4,359
Externally Restricted ILSM Network	<u>2,181</u>	<u>1,691</u>
	<u>165,465</u>	<u>148,746</u>
	<u>\$ 598,345</u>	<u>\$ 526,665</u>

ON BEHALF OF THE BOARD



Director



Director

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION
Statement of Changes in Fund Balances
For the Year Ended March 31, 2017

	Unappropriated	Appropriate	Access Tournament of Hope Fund	ILSM Network Fund	2017 Total	2016 Total
FUND BALANCE, OPENING	\$ 109,101	\$ 33,595	\$ 4,359	\$ 1,691	\$ 148,746	\$ 167,897
Excess (deficiency) of revenues over expenditures	14,175	-	-	-	14,175	(20,207)
Contributions	-	-	-	3,600	3,600	11,787
Donations to fund	-	-	52,459	-	52,459	52,602
Expenditures	-	-	(12,394)	(3,110)	(15,504)	(23,740)
Grants to recipients	<u>-</u>	<u>-</u>	<u>(38,011)</u>	<u>-</u>	<u>(38,011)</u>	<u>(39,593)</u>
FUND BALANCE, CLOSING	<u>\$ 123,276</u>	<u>\$ 33,595</u>	<u>\$ 6,413</u>	<u>\$ 2,181</u>	<u>\$ 165,465</u>	<u>\$ 148,746</u>

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Statement of Operations of the Unappropriated Fund

For the Year Ended March 31, 2017

	2017	2016
REVENUES		
Subsidy	\$ 6,555,650	\$ 6,488,662
Grants	312,212	239,791
Attendant service contracts	709,582	600,453
Other revenues	<u>75,125</u>	<u>68,016</u>
	<u>7,652,569</u>	<u>7,396,922</u>
EXPENDITURES		
Salaries, Wages and Benefits		
Salaries and wages	5,104,580	4,845,554
Benefit compensation (ie. vacation, sick time)	633,575	696,021
Employee benefits (Note 8)	<u>1,215,860</u>	<u>1,244,830</u>
	<u>6,954,015</u>	<u>6,786,405</u>
Operating Expenses		
Training costs	35,467	32,285
Recruitment	3,381	3,205
Memberships, dues, employee recognition	9,674	7,964
Travel	172,494	163,319
Health and safety supplies	13,943	16,890
Building occupancy	172,352	162,470
Stationery and office supplies	23,832	13,552
Communications and postage	29,578	33,573
Advertising and promotion	500	249
Insurance	25,525	25,648
Board and volunteer	1,777	113
Contract and professional fees	75,404	96,500
Repair and maintenance	2,537	2,671
Capital acquisition	46,955	10,068
Amortization	15,948	18,344
Miscellaneous	<u>55,012</u>	<u>43,873</u>
	<u>684,379</u>	<u>630,724</u>
	<u>7,638,394</u>	<u>7,417,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 14,175</u>	<u>\$ (20,207)</u>

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION**Statement of Cash Flows****For the Year Ended March 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 14,175	\$ (20,207)
Items not involving cash		
Amortization	<u>15,948</u>	<u>18,344</u>
	30,123	(1,863)
Net changes in non-cash working capital balances		
Accounts receivable	(8,352)	(5,648)
Prepaid expenses	(9,718)	1,265
Accounts payable and accrued liabilities	54,700	(103,478)
Government remittances payable	1,027	(36,263)
Due to Ministry of Health and Long Term Care	35	(15,391)
Deferred contributions	(801)	50
Access Tournament of Hope Fund	2,054	(573)
ILSM Network Fund	<u>490</u>	<u>1,629</u>
	<u>69,558</u>	<u>(160,272)</u>
INVESTING ACTIVITY		
Purchase of investments	<u>(2,073)</u>	<u>(2,250)</u>
	<u>(2,073)</u>	<u>(2,250)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67,485	(162,522)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>233,052</u>	<u>395,574</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 300,537</u>	<u>\$ 233,052</u>

The accompanying notes form an integral part of these financial statements

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2017

1. PURPOSE OF THE ORGANIZATION

The purpose of the organization is to support persons with disabilities in the Region of Waterloo by facilitating individual growth towards greater independence, creating opportunities to make informed choices and assisting in the removal of barriers to full participation. The organization is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

Fund accounting is used to ensure the observance of the purposes, limitations, and restriction on the use of resources. The organization has established the following funds:

The Unappropriated fund accounts for the revenue and expenditures related to providing the funded services.

The Appropriated fund has been established to ensure funding is available for future programming support, accessibility needs in the community, quality improvement initiatives, and information technology enhancement.

The Access Tournament of Hope Fund issues available resources to persons with physical disabilities in the form of grants to assist with the purchase of equipment. The fund accounts for the activity of the Tournament of Hope event.

The organization administers the funds of the Independent Living Senior Manager's (ILSM) Network. The fund accounts for the revenue from annual membership and conference fees and the expenditures of the steering committee meetings and the conference.

Revenue Recognition

The organization follows the restricted fund method of accounting for its contributions. Unrestricted contributions are included as revenue of the Unappropriated fund in the year received. Restricted contributions, for which a fund has been established, are recorded as revenue in the year received. Restricted contributions, for which a fund has not been established, are recorded as revenue in the Unappropriated fund in the year in which the related expenses are incurred.

Grant and subsidy revenues are recognized as revenue in the period in which the funded services are provided.

Attendant service contracts are recognized as revenue in the period in which the service has been provided if the amount receivable can be reasonably estimated and collection is reasonably assured.

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INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in financial institutions and short term deposits with maturity dates of less than one year.

Improvements

Costs incurred to improve living accommodations of program recipients are expensed as incurred.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on the declining balance basis at the following rates:

Furniture and fixtures	20%
Computer equipment	30%
Computer software	50%
Leasehold improvements	20 years straight line

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs are expensed when incurred.

Contributed Services

Volunteers contribute a significant number of hours per year to assist Independent Living Centre of Waterloo Region in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Measurement Uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates. Examples of significant estimates include:

- the estimated useful lives of assets;
- the estimated allowance for doubtful accounts;
- the amount due to Ministry of Health and Long Term Care;
- the estimated accrued expenses.

3. ACCOUNTS RECEIVABLE

Included in accounts receivable is HST recoverable of \$23,806 (\$14,548 - 2016).

4. INVESTMENTS

The organization holds investments in guaranteed investment certificates totaling \$111,719. The certificates have maturity dates ranging between November 2017 to November 2019 and earn interest at rates between 1.6% and 1.9%. Liquidation of the certificates prior to their maturity dates bears a penalty.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2017

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Furniture and fixtures	\$ 281,903	\$ 263,748	\$ 18,155	\$ 22,693
Computer equipment	154,861	149,299	5,562	8,541
Leasehold improvements	<u>168,609</u>	<u>109,596</u>	<u>59,013</u>	<u>67,444</u>
	<u>\$ 605,373</u>	<u>\$ 522,643</u>	<u>\$ 82,730</u>	<u>\$ 98,678</u>

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding received in the current and prior period that is related to a subsequent period. Changes in the deferred contributions balance are as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 3,801	\$ 3,571
Less: Amount recognized as revenue in the year	(3,801)	(3,571)
Add: Amount received related to a following year	<u>3,000</u>	<u>3,801</u>
Ending balance	<u>\$ 3,000</u>	<u>\$ 3,801</u>

7. DUE TO MINISTRY OF HEALTH AND LONG TERM CARE

The amount of subsidies received from the Ministry of Health and Long Term Care for the fiscal year are subject to a number of factors, one of which is the organization's cost to deliver services in that year. Subsequent to each year end the cost to deliver services is compared to the subsidies received. A portion of amounts received may have to be repaid. Any such changes are recorded as adjustments to income based on management's best estimate, but are subject to change as a result of review and approval by the Ministry. Included in Due to Ministry of Health and Long Term Care is \$17,999 related to fiscal 2016 and \$3,530 related to fiscal 2017.

8. PENSION COSTS

The organization sponsors a defined contribution pension plan for its employees. The employees contribute 3% of their earnings and the organization matches the contribution. Pension benefits vest after two years of service. The total pension costs of the organization for the year were \$98,721 (2016 - \$71,947).

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2017

9. LEASE COMMITMENT

The organization entered into a 20 year lease to rent its premises, commencing August 1, 2004. On August 1, 2014 the lease premiums were renegotiated per the contract agreement with a graduating lease rate to bring the rental cost to market value. The minimum lease payments per annum are as follows:

2018	111,301
2019	112,487
2020	114,067
2021	114,858
2022	117,228

10. CAPITAL DISCLOSURE

The organization's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its customers.

The organization monitors and assesses its financial performance to ensure its capital structure is appropriately maintained. The capital structure is defined as the amount included in fund balances. The Board of Directors and management carefully consider subsidies, grants, attendant service contracts, sponsorship and other revenues to ensure that sufficient funds will be available to meet the organization's short and long term objectives.

A portion of the organization's capital structure is restricted and the organization has to meet certain requirements to utilize these restricted funds, as described in Note 2. The organization has been in compliance with these restrictions throughout the year.

11. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, long term investments, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant currency, interest rate or market risks arising from these financial instruments.

Credit risk arises from the potential that the organization will be unable to collect the balance of its outstanding receivable. The organization monitors its credit risk on an on-going basis to assess collectability of balances outstanding. There was no allowance for doubtful accounts recorded at March 31, 2017.

Liquidity risk is the risk that the organization will encounter difficulty in meeting a demand for cash or funding its obligations as they come due. The organization meets its liquidity requirements by monitoring the cash flow from operations and investment performance and the anticipated cash flows from investing activities. The organization is exposed to liquidity risk through its financial instruments, particularly those with stated maturities extending beyond 90 days.

The extent of the organization's exposure to the above risks did not change significantly during the year.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2017

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.