

**COMMUNITY LIVING HAMILTON
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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HGK & PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Community Living Hamilton

We have audited the accompanying financial statements of Community Living Hamilton which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions as prescribed by an agreement between Community Living Hamilton and the Ontario Ministry of Community and Social Services (the Ministry) as disclosed in *Note 1(a)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions as prescribed by an agreement between Community Living Hamilton and the Ministry, 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.

Auditors' 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Community Living Hamilton derives a portion of its revenue from the general public in the form of donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of Community Living Hamilton. Therefore, we were not able to determine whether, as at March 31, 2016 and for the years ended March 31, 2016 and March 31, 2015, any adjustments might be necessary to donations and fundraising revenue and excess revenue over expenditures reported on the statements of operations and changes in net assets, excess revenue over expenditures reported on the statement of cash flows, and current assets and net assets reported on the statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Community Living Hamilton as at March 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with the financial reporting provisions as prescribed by an agreement between Community Living Hamilton and the Ministry.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to *Note 1(a)* to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Community Living Hamilton to comply with the financial reporting provisions of the agreement between Community Living Hamilton and the Ministry. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the directors of Community Living Hamilton and the Ministry and should not be used by parties other than Community Living Hamilton or the Ministry.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Community Living Hamilton taken as a whole. The supplementary information included on the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



HAMILTON, ONTARIO
June 21, 2016

HGK & Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY LIVING HAMILTON
Statement of Financial Position
As at March 31, 2016

	Operating Fund	Capital Fund	2016 Total	2015 Total
ASSETS				
Current				
Cash (Note 2)	\$ 1,352,264	\$ 1,540,930	\$ 2,893,194	\$ 2,511,676
Investment (Note 3)	-	484,609	484,609	476,893
Accounts receivable (Note 4)	280,905	38	280,943	338,429
Inter-fund receivables (payables)	123,819	(123,819)	-	-
Prepaid expenditures	<u>9,491</u>	<u>1,000</u>	<u>10,491</u>	<u>9,464</u>
	1,766,479	1,902,758	3,669,237	3,336,462
Capital assets (Note 5)	<u>-</u>	<u>718,685</u>	<u>718,685</u>	<u>756,941</u>
	<u>\$ 1,766,479</u>	<u>\$ 2,621,443</u>	<u>\$ 4,387,922</u>	<u>\$ 4,093,403</u>
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 1,056,437	\$ 12,582	\$ 1,069,019	\$ 990,016
Government advances (Note 7)	291,161	-	291,161	261,742
Unearned revenue	16,265	-	16,265	16,265
Current portion of mortgages payable (Note 8)	<u>-</u>	<u>18,903</u>	<u>18,903</u>	<u>18,450</u>
	1,363,863	31,485	1,395,348	1,286,473
Mortgages payable (Note 8)	<u>-</u>	<u>255,223</u>	<u>255,223</u>	<u>274,163</u>
	<u>1,363,863</u>	<u>286,708</u>	<u>1,650,571</u>	<u>1,560,636</u>
NET ASSETS (Page 5)				
Internally restricted net assets (Note 13)	-	1,863,404	1,863,404	1,821,248
Internally restricted net assets invested in capital assets (Notes 13 and 14)	-	444,559	444,559	464,328
Externally restricted net assets (Note 13)	-	26,772	26,772	23,682
Unrestricted net assets	<u>402,616</u>	<u>-</u>	<u>402,616</u>	<u>223,509</u>
	<u>402,616</u>	<u>2,334,735</u>	<u>2,737,351</u>	<u>2,532,767</u>
	<u>\$ 1,766,479</u>	<u>\$ 2,621,443</u>	<u>\$ 4,387,922</u>	<u>\$ 4,093,403</u>

Commitments (Note 15)

On behalf of the Board:

Director

Director

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Statement of Operations
Year Ended March 31, 2016

	Operating Fund	Capital Fund	2016 Total	2015 Total
Revenue				
Grants and Subsidies				
Provincial government subsidies	\$ 10,077,449	\$ -	\$ 10,077,449	\$ 9,720,526
City of Hamilton (Note 10)	932,873	-	932,873	915,820
Federal government subsidies	72,378	-	72,378	168,455
United Way grant	46,092	-	46,092	52,013
Other grants	58,493	-	58,493	75,731
	<u>11,187,285</u>	<u>-</u>	<u>11,187,285</u>	<u>10,932,545</u>
Association Generated				
Contract sales	954,271	-	954,271	1,069,694
Cafeteria sales	2,884	-	2,884	3,150
Accommodation charges	411,725	-	411,725	407,954
Rental revenue	115,972	-	115,972	76,392
Program fees	604,727	-	604,727	509,388
Investment revenue	-	33,796	33,796	32,008
Donations, fundraising and other revenue	15,200	17,106	32,306	42,628
	<u>2,104,779</u>	<u>50,902</u>	<u>2,155,681</u>	<u>2,141,214</u>
	<u>13,292,064</u>	<u>50,902</u>	<u>13,342,966</u>	<u>13,073,759</u>
Expenditures				
Staff salaries	8,396,190	-	8,396,190	8,582,933
Employee benefits (Note 11)	1,367,758	-	1,367,758	1,379,209
Staff travel and training	61,691	-	61,691	80,567
Training allowances and benefits	136,950	-	136,950	141,881
Purchased services	1,290,519	-	1,290,519	1,096,056
Supplies	212,072	-	212,072	183,517
Food costs	187,259	-	187,259	171,316
Premises rent, other rentals and insurance (Note 15)	421,834	-	421,834	353,035
Utilities and taxes	205,612	-	205,612	211,303
Repairs and maintenance	336,984	-	336,984	224,059
New equipment and replacements	318,826	-	318,826	123,109
Advertising and promotion	1,257	-	1,257	1,182
Vehicle operations	57,619	-	57,619	51,653
Other service costs	77,065	4,828	81,893	67,382
Mortgage payments (Note 8)	25,371	-	25,371	25,371
Bad debts	13,030	-	13,030	108,302
Amortization	-	19,769	19,769	21,997
Employee recognition	-	3,748	3,748	1,198
	<u>13,110,037</u>	<u>28,345</u>	<u>13,138,382</u>	<u>12,824,070</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 182,027</u>	<u>\$ 22,557</u>	<u>\$ 204,584</u>	<u>\$ 249,689</u>

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Internally Restricted Net Assets	Internally Restricted Net Assets Invested in Capital Assets	Externally Restricted Net Assets	Unrestricted Net Assets	Total
<u>2016</u>					
Balance, beginning of year	\$ 1,821,248	\$ 464,328	\$ 23,682	\$ 223,509	\$ 2,532,767
Excess revenue over expenditures	22,387	-	170	182,027	204,584
Amortization of capital assets	19,769	(19,769)	-	-	-
Interfund transfers (Note 12)	<u>-</u>	<u>-</u>	<u>2,920</u>	<u>(2,920)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,863,404</u>	<u>\$ 444,559</u>	<u>\$ 26,772</u>	<u>\$ 402,616</u>	<u>\$ 2,737,351</u>
<u>2015</u>					
Balance, beginning of year	\$ 1,775,720	\$ 486,792	\$ 20,566	\$ -	\$ 2,283,078
Excess revenue over expenditures	23,064	-	196	226,429	249,689
Net acquisitions (disposals) of capital assets	467	(467)	-	-	-
Amortization of capital assets	21,997	(21,997)	-	-	-
Interfund transfers (Note 12)	<u>-</u>	<u>-</u>	<u>2,920</u>	<u>(2,920)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,821,248</u>	<u>\$ 464,328</u>	<u>\$ 23,682</u>	<u>\$ 223,509</u>	<u>\$ 2,532,767</u>

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Statement of Cash Flows
Year Ended March 31, 2016

	Operating Fund	Capital Fund	2016 Total	2015 Total
OPERATING ACTIVITIES				
Excess revenue over expenditures	\$ 182,027	\$ 22,557	\$ 204,584	\$ 249,689
Expenditures not requiring a cash outlay:				
Amortization	-	19,769	19,769	21,997
Accrued interest on investments		(551)	(551)	(248)
Gain on sale of capital assets	-	-	-	(532)
	<u>182,027</u>	<u>41,775</u>	<u>223,802</u>	<u>270,906</u>
(Increase) decrease in accounts receivable	57,523	(37)	57,486	(45,976)
(Increase) decrease in prepaid expenditures	(27)	(1,000)	(1,027)	6,758
Increase (decrease) in accounts payable and accrued liabilities	77,602	1,401	79,003	203,867
Increase (decrease) in government advances	29,419	-	29,419	(41,214)
Increase (decrease) in unearned revenue	-	-	-	(3,134)
	<u>164,517</u>	<u>364</u>	<u>164,881</u>	<u>120,301</u>
Net cash provided by (used for) operating activities	<u>346,544</u>	<u>42,139</u>	<u>388,683</u>	<u>391,207</u>
INVESTING ACTIVITIES				
Purchase of investment	-	(477,870)	(477,870)	(470,705)
Proceeds of disposition of investment	-	470,705	470,705	464,765
Proceeds on sale of capital assets	-	-	-	1,000
Net cash provided by (used for) investing activities	<u>-</u>	<u>(7,165)</u>	<u>(7,165)</u>	<u>(4,940)</u>
FINANCING ACTIVITIES				
Interfund transfers	(5,108)	5,108	-	-
Net cash provided by (used for) financing activities	<u>(5,108)</u>	<u>5,108</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash	341,436	40,082	381,518	386,267
Cash, beginning of year	<u>1,010,828</u>	<u>1,500,848</u>	<u>2,511,676</u>	<u>2,125,409</u>
Cash, end of year	<u>\$ 1,352,264</u>	<u>\$ 1,540,930</u>	<u>\$ 2,893,194</u>	<u>\$ 2,511,676</u>

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

DESCRIPTION OF ORGANIZATION

Community Living Hamilton was incorporated in the Province of Ontario on May 8, 1953, as a corporation without share capital and is exempt from the payment of income taxes under one or more provisions of the Income Tax Act (Canada).

Community Living Hamilton, an agency supporting individuals with intellectual disabilities, is committed to the advancement of a community which assures that all individuals have equal opportunity to participate and contribute to community life, assures respect for all individuals, assures the right of all individuals to enjoy the benefits and responsibilities of independence and assures the dignity and worth of every individual.

To accomplish this vision, Community Living Hamilton functions in partnership with individuals having intellectual disabilities, families, staff, volunteers, and other individuals and organizations by providing leadership in advocacy, skill development and community education.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements are the representation of management prepared in accordance with accounting policies prescribed by the Ontario Ministry of Community and Social Services (the Ministry). Readers should be cautioned that the basis of accounting used in these financial statements materially differs from Canadian accounting standards for not for profit organizations because:

(i) Capital Assets

The funding model utilized by the Ministry in providing funds to the organization provides for the funding of capital expenditures. Capital expenditures of the Operating Fund, with the exception of land and building, are recorded as Operating Fund expenditures in the year incurred.

In addition, for capital assets funded by the Ministry with mortgages payable for which mortgage payments are funded by the Ministry, amortization is reported in an amount equal to the principal payments on the mortgage.

(ii) Accrued Liabilities

The modified accrual accounting method requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short term accruals are defined as payable or receivable within 30 days of the budget year end.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Accounting (Continued)

(iii) Vacation Pay Accrual

The Ministry funding model accounts for vacation pay on a cash basis. As a result, a vacation pay accrual is not recorded in these financial statements.

(iv) Long Term Debt

Principal repayments for non-forgivable loans made during the year, as well as interest costs incurred, are accounted for as an operating expenditure in the year rather than expensing only interest. The amount of principal repaid during the year is also charged to reduce the carrying value of the debt, and is added to fund balances.

(v) Revenue Recognition

Contributions received for capital assets are recognized in the year received as revenue instead of being deferred and amortized on the same basis as the related capital asset.

(b) Fund Accounting

The Operating Fund accounts for the organization's program delivery and administrative activities.

The Capital Fund reports the activities of the following funds:

- (i) CLH Reserve Fund
- (ii) Ontario Ministry of Community and Social Services Capital Reserve Fund - Dedicated Housing Support

The CLH Reserve Fund accounts for the organization's capital assets and unrestricted reserves. Unrestricted reserves are those over which the Board of Directors has discretionary control to use in carrying on the operations of the organization.

The Ontario Ministry of Community and Social Services Capital Reserve Fund - Dedicated Housing Support reports only restricted resources that are to be used to acquire/maintain capital assets funded by the Ministry.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments

(i) Measurement of Financial Instruments

Financial assets and liabilities are initially recognized at fair value except for certain non-arm's length transactions that are measured at the exchange amount or carrying value as appropriate, and their subsequent measurement is dependent on their classification as designated by the organization. Investments are subsequently measured at fair value with changes in fair value included on the statement of operations. Financial assets subsequently measured at amortized cost using the effective interest method include cash, accounts receivable and inter-fund receivables (payables).

Financial liabilities subsequently measured at amortized cost using the effective interest method include accounts payable and accrued liabilities, government advances and mortgages payable.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of a write down is recognized on the statement of operations. A 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 on the statement of operations.

(iii) Transaction Costs

The organization recognizes its transaction costs on the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(d) Investments

Investments are recorded at fair value. Fair values are estimated using quoted market prices. Investment revenue includes interest and realized and unrealized gains and losses.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Capital Assets

Capital assets purchased by the Operating Fund are expensed in accordance with the accounting policy stated in *Note 1(a)*. Capital assets purchased by the Capital Fund are capitalized and amortized on the diminishing balance basis over the estimated useful life of the assets using rates as indicated. Capitalized assets acquired during the year are amortized at one-half of the indicated rate.

Buildings	-	5%
Parking lots	-	4%
Motor vehicles	-	30%
Furniture and equipment	-	20%

Leasehold improvements are amortized on a straight-line basis over the term remaining on the lease at the time the improvement is made.

A capital 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 on the statement of operations 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 capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(f) Government Advances

The majority of the organization's programs are funded by the Ministry, the City of Hamilton and the Government of Canada. At any given time, the total expenditures incurred may be less than the approved subsidy for the fiscal year. As a consequence, it is possible for a program to receive more support than that to which it is entitled. The organization records a liability for the excessive amounts received and shows them in the liability section on the statement of financial position as government advances. Any government advances not recovered after three years are recognized as revenue and shown in the revenue section of the statement of operations as advances forgiven.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program fees and rental revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Revenue from sales from ancillary operations is recognized when the services are provided or the goods are sold. Revenue from fundraising activities are recorded when received.

Investment revenue is recognized when earned.

(h) Donated Materials

Donated materials are recorded at fair value at the date of the donation when the fair value can be reasonably determined.

(i) Donated Services

The work of the organization is dependent on the voluntary services of members of the community. Due to the difficulty of determining the fair value to the organization, the value of these volunteer services is not provided for in these financial statements.

(j) Allocation of Expenditures

The organization records its expenditures by program.

Administration costs are allocated to programs based on budgeted amounts, not to exceed the administration charges permitted by program funders.

(k) 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 revenue and expenditures during the period reported. These estimates are reviewed periodically and as adjustments become necessary, are reported in the period in which they become known. Significant areas requiring the use of management estimates include amortization and impairment assessments.

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

2. CASH

	Operating Fund	Capital Fund	2016 Total	2015 Total
Unrestricted				
Cash on hand	\$ 5,327	\$ -	\$ 5,327	\$ 7,060
Bank of Montreal accounts	<u>1,346,937</u>	<u>-</u>	<u>1,346,937</u>	<u>1,003,768</u>
	<u>1,352,264</u>	<u>-</u>	<u>1,352,264</u>	<u>1,010,828</u>
Restricted				
Bank of Montreal accounts	-	1,425,356	1,425,356	1,386,390
Meridian Credit Union accounts	<u>-</u>	<u>115,574</u>	<u>115,574</u>	<u>114,458</u>
	<u>\$ -</u>	<u>\$ 1,540,930</u>	<u>\$ 1,540,930</u>	<u>\$ 1,500,848</u>
	<u>\$ 1,352,264</u>	<u>\$ 1,540,930</u>	<u>\$ 2,893,194</u>	<u>\$ 2,511,676</u>

Interest is earned on the Bank of Montreal accounts at bank prime (2015 - bank prime) and on the Meridian Credit Union accounts at an average rate of 1.00% (2015 - 1.40%).

3. INVESTMENT

The investment consists of a Guaranteed Investment Certificate (GIC), maturing May 25, 2016 (2015 - May 25, 2015). The fair value of the GIC includes accrued interest of approximately \$6,740 as at March 31, 2016 (2015 - \$5,622). The GIC has an average effective rate of interest of 1.65% (2015 - 1.40%).

4. ACCOUNTS RECEIVABLE

	Operating Fund		Capital Fund	
	2016	2015	2016	2015
Trade receivables	\$ 179,248	\$ 198,417	\$ -	\$ -
Harmonized sales tax receivable	77,358	138,299	38	1
Government grants	<u>24,299</u>	<u>1,712</u>	<u>-</u>	<u>-</u>
	<u>\$ 280,905</u>	<u>\$ 338,428</u>	<u>\$ 38</u>	<u>\$ 1</u>

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

5. CAPITAL ASSETS

	2016			2015
	Cost	Accumulated Amortization	Net	Net
CLH Reserve Fund				
Land	\$ 128,839	\$ -	\$ 128,839	\$ 128,839
Buildings	1,839,919	1,281,288	558,631	592,092
Parking lots	33,381	14,403	18,978	19,769
Motor vehicles	108,327	103,024	5,303	7,573
Furniture and equipment	290,725	283,791	6,934	8,668
	<u>\$ 2,401,191</u>	<u>\$ 1,682,506</u>	<u>\$ 718,685</u>	<u>\$ 756,941</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund		Capital Fund	
	2016	2015	2016	2015
Accounts payable	\$ 418,611	\$ 244,258	\$ 12,582	\$ 11,181
Government remittances payable	134,915	89,578	-	-
Accrued liabilities	502,911	644,999	-	-
	<u>\$ 1,056,437</u>	<u>\$ 978,835</u>	<u>\$ 12,582</u>	<u>\$ 11,181</u>

7. GOVERNMENT ADVANCES

	2016	2015
Ministry of Community and Social Services		
ASD Respite Services	\$ -	\$ 28,484
Family Home Program	28,225	64
Family Support Program	5,452	74,243
Employment Supports - DS	-	2,144
Employment Supports - ODSP	25,000	-
Life Skills	-	5,690
Special Services at Home	11,879	-
Supported Independent Living Program	-	2,365
Other	-	(4)
Repairs and maintenance	93,658	3,917
	<u>164,214</u>	<u>116,903</u>
City of Hamilton		
Integration Resources Hub Program	126,947	126,227
Government of Canada		
Taking Aim Program	-	18,612
	<u>\$ 291,161</u>	<u>\$ 261,742</u>

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

8. MORTGAGES PAYABLE

	<u>2016</u>	<u>2015</u>
Mortgage payable, bearing interest at 2.740%, repayable in blended monthly installments of \$1,109, secured by the Kensington building with a net book value of \$141,621 (2015 - \$150,933), maturing October 1, 2018	\$ 141,621	\$ 150,933
Mortgage payable, bearing interest at 2.110%, repayable in blended monthly installments of \$1,005, secured by the Appleford building with a net book value of \$132,505 (2015 - \$141,680), maturing January 1, 2019	<u>132,505</u>	<u>141,680</u>
	<u>274,126</u>	<u>292,613</u>
Principal payments due within one year	<u>18,903</u>	<u>18,450</u>
	<u>\$ 255,223</u>	<u>\$ 274,163</u>

Principal amounts due within the next three years are as follows:

2017	-	\$ 18,903
2018	-	\$ 19,367
2019	-	\$ 235,856

Interest in the amount of \$7,864 (2015 - \$7,326) was paid during the year, which has been included in the mortgage payments expenditure on the statement of operations.

9. BANK OPERATING LINE

The organization has a revolving demand credit line with an \$800,000 (2015 - \$800,000) limit of which \$800,000 (2015 - \$800,000) remained unused at March 31, 2016. Interest is calculated at bank prime per annum and is payable monthly. The credit line is secured by a general security agreement.

10. CITY OF HAMILTON

	<u>2016</u>	<u>2015</u>
Integration Resources Hub funding received	\$ 3,329,123	\$ 4,130,992
Payments to Hub Partners	<u>2,396,250</u>	<u>3,215,172</u>
	<u>\$ 932,873</u>	<u>\$ 915,820</u>

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

11. EMPLOYEE BENEFIT PLAN

Community Living Hamilton participates in a defined contribution pension plan with eligible employees. Community Living Hamilton matches contributions at 4% of individual employee gross earnings. A financial institution administers the pension assets. During the year, Community Living Hamilton incurred pension expenditures totalling \$158,159 (2015 - \$159,792).

12. INTERFUND TRANSFERS AND INTERNAL RESTRICTIONS

The amount of \$2,920 was transferred from the Operating Fund to the Capital Fund (2015 - \$2,920 from the Capital Fund to the Operating Fund) to reflect the budgeted allocation for the year. The Board of Directors has internally restricted net assets invested in capital assets of \$444,559 (2015 - \$464,328). These internally restricted amounts are not available for any other purpose without approval of the Board of Directors.

13. NET ASSETS - CAPITAL FUND

	<u>2016</u>	<u>2015</u>
Internally restricted net assets		
CLH Reserve Fund	\$ 1,863,404	\$ 1,821,248
Internally restricted net assets invested in capital assets (Note 14)	444,559	464,328
Externally restricted net assets		
Ontario Ministry of Community and Social Services		
Capital Reserve Fund	<u>26,772</u>	<u>23,682</u>
	<u>\$ 2,334,735</u>	<u>\$ 2,309,258</u>

14. INTERNALLY RESTRICTED NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Capital assets, net	\$ 718,685	\$ 756,941
Mortgages payable	<u>(274,126)</u>	<u>(292,613)</u>
	<u>\$ 444,559</u>	<u>\$ 464,328</u>

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

15. COMMITMENTS

Future minimum lease payments for premises and equipment operating leases for the next five years are as follows:

2017	-	\$ 50,276
2018	-	\$ 31,714
2019	-	\$ 31,714
2020	-	\$ 21,469
2021	-	\$ 15,382

16. ECONOMIC DEPENDENCE

The organization receives the majority of its funding for operating activities during the year from subsidies from the Ontario Ministry of Community and Social Services.

17. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2016.

(a) Credit Risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

The organization's cash balance is in excess of federally insured limits, however it is maintained with a financial institution of reputable credit and therefore bears minimal credit risk.

(b) 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 organization is exposed to interest rate risk.

(c) Interest Rate Risk

The organization is exposed to interest rate risk on its fixed rate financial instruments. At March 31, 2016 the organization had a fixed interest GIC as described in *Note 3* and fixed interest mortgages as described in *Note 8*. Fixed rate instruments subject the organization to a fair value risk while the floating rate instruments subject it to a cash flow risk. Fluctuations in interest rates will impact the cost of financing incurred currently and in the future.

16. FINANCIAL INSTRUMENTS (Continued)

(d) Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its accounts payable and accrued liabilities, government advances and mortgages payable. The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities. The organization has a short term revolving demand credit line of up to \$800,000 in place should it be required to meet temporary fluctuations in cash requirements.

There has been no change to the risk exposures noted above from the prior year.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

19. SUBSEQUENT EVENTS

Subsequent to year end, the organization transferred \$115,000 from the Capital Fund to the Hamilton Community Foundation to be held permanently as an endowment fund.

COMMUNITY LIVING HAMILTON
Schedule to the Statement of Operations - Capital Fund
Year Ended March 31, 2016

	<u>Internally Restricted Net Assets</u>	<u>Externally Restricted Net Assets</u>	2016 Total Capital Fund	2015 Total Capital Fund
	CLH Reserve Fund	Ontario M.C.S.S. Capital Reserve Fund		
Revenue				
Investment revenue	\$ 33,626	\$ 170	\$ 33,796	\$ 32,008
Donations, fundraising and other revenue	<u>17,106</u>	<u>-</u>	<u>17,106</u>	<u>25,796</u>
	<u>50,732</u>	<u>170</u>	<u>50,902</u>	<u>57,804</u>
Expenditures				
Other service costs	4,828	-	4,828	11,349
Amortization	19,769	-	19,769	21,997
Employee recognition	<u>3,748</u>	<u>-</u>	<u>3,748</u>	<u>1,198</u>
	<u>28,345</u>	<u>-</u>	<u>28,345</u>	<u>34,544</u>
EXCESS REVENUE OVER EXPENDITURES	22,387	170	22,557	23,260
Net assets, beginning of year	2,285,576	23,682	2,309,258	2,283,078
Inter-fund transfers	<u>-</u>	<u>2,920</u>	<u>2,920</u>	<u>2,920</u>
Net assets, end of year	<u>\$ 2,307,963</u>	<u>\$ 26,772</u>	<u>\$ 2,334,735</u>	<u>\$ 2,309,258</u>

COMMUNITY LIVING HAMILTON
Schedule to the Statement of Operations - Operating Fund
Year Ended March 31, 2016

	Centrally Allocated Administration	MCSS Funded Services (Page 20)	MCSS Employment Support (Page 22)	MCSS Dedicated Housing Support	Community Support and Development Programs	Total
REVENUE						
Grants and Subsidies						
Ministry of Community and Social Services	\$ -	\$ 9,777,344	\$ 149,498	\$ -	\$ -	\$ 9,926,842
Ministry of Children and Youth Services	-	150,607	-	-	-	150,607
City of Hamilton	-	-	-	-	932,873	932,873
Federal government	-	-	-	-	72,378	72,378
United Way	-	-	-	-	46,092	46,092
Other	-	-	-	54,072	4,421	58,493
	<u>-</u>	<u>9,927,951</u>	<u>149,498</u>	<u>54,072</u>	<u>1,055,764</u>	<u>11,187,285</u>
Association Generated						
Contract sales	-	86,564	-	-	867,707	954,271
Cafeteria sales	-	2,884	-	-	-	2,884
Accommodation charges	-	411,725	-	-	-	411,725
Rental revenue	-	101,980	-	13,992	-	115,972
Program fees	10,000	194,827	-	-	399,900	604,727
Other	12,016	3,184	-	-	-	15,200
	<u>22,016</u>	<u>801,164</u>	<u>-</u>	<u>13,992</u>	<u>1,267,607</u>	<u>2,104,779</u>
	<u>22,016</u>	<u>10,729,115</u>	<u>149,498</u>	<u>68,064</u>	<u>2,323,371</u>	<u>13,292,064</u>
EXPENDITURES						
Staff salaries	555,654	6,611,330	51,884	10,000	1,167,322	8,396,190
Employee benefits	93,922	1,104,934	21,366	2,000	145,536	1,367,758
Staff travel and training	9,392	43,635	1,440	-	7,224	61,691
Training allowances	-	136,950	-	-	-	136,950
Purchased services	182,148	543,536	1,466	173	563,196	1,290,519
Supplies	56,052	126,388	11,157	47	18,428	212,072
Food costs	2,859	171,339	33	-	13,028	187,259
Premises rent, other rentals and insurance	114,266	290,399	524	2,586	14,059	421,834
Utilities and taxes	(2,160)	160,730	-	9,535	37,507	205,612
Repairs and maintenance	231	327,454	-	874	8,425	336,984
New equipment and replacements	17,937	275,043	11,830	6,274	7,742	318,826
Advertising and promotion	-	-	1,257	-	-	1,257
Vehicle operations	95	52,332	-	-	5,192	57,619
Other service costs	33,238	4,361	28,541	4,450	6,475	77,065
Bad debt	-	(125)	-	-	13,155	13,030
Mortgage payments	-	-	-	25,371	-	25,371
Centrally allocated administration	(1,041,618)	887,691	-	-	153,927	-
	<u>22,016</u>	<u>10,735,997</u>	<u>129,498</u>	<u>61,310</u>	<u>2,161,216</u>	<u>13,110,037</u>
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES	-	(6,882)	20,000	6,754	162,155	182,027
Transfer to MCSS Capital Reserve Fund	-	-	-	(2,920)	-	(2,920)
Program surplus (deficiency)	<u>\$ -</u>	<u>\$ (6,882)</u>	<u>\$ 20,000</u>	<u>\$ 3,834</u>	<u>\$ 162,155</u>	<u>\$ 179,107</u>

COMMUNITY LIVING HAMILTON
Schedule of Ministry of Community and Social Services Funded Services
Year Ended March 31, 2016

	Group Living Support	Associate Living Support	Adult Individual Living Support	Adult Community Access Support	Respite Support Children	Special Services At Home Children	Sub-Total
REVENUE							
Grants and Subsidies							
Ministry of Community and Social Services	\$ 3,405,609	\$ 54,974	\$ 350,913	\$ 4,015,936	\$ 726,300	\$ 288,303	\$ 8,842,035
Association Generated							
Contract sales	-	-	-	50,861	-	-	50,861
Cafeteria sales	-	-	-	2,884	-	-	2,884
Accommodation charges	411,725	-	-	-	-	-	411,725
Rental revenue	101,980	-	-	-	-	-	101,980
Program fees	15,909	-	-	260	136,768	-	152,937
Other	36	-	-	3,148	-	-	3,184
	<u>529,650</u>	<u>-</u>	<u>-</u>	<u>57,153</u>	<u>136,768</u>	<u>-</u>	<u>723,571</u>
	<u>3,935,259</u>	<u>54,974</u>	<u>350,913</u>	<u>4,073,089</u>	<u>863,068</u>	<u>288,303</u>	<u>9,565,606</u>
EXPENDITURES							
Staff salaries	2,709,029	21,242	241,338	2,623,431	428,406	129,438	6,152,884
Employee benefits	403,342	4,183	50,803	480,879	61,212	24,094	1,024,513
Staff travel and training	13,991	-	6,143	11,042	6,726	2,071	39,973
Training allowances and benefits	-	-	-	86,097	-	-	86,097
Purchased services	32,799	20,872	5,913	88,761	114,993	138,939	402,277
Supplies	34,514	-	10,051	72,700	5,136	92	122,493
Food costs	141,291	-	-	10,113	12,920	-	164,324
Premises rent, other rentals and insurance	131,969	-	-	69,674	66	-	201,709
Utilities and taxes	58,823	274	1,812	82,070	10,744	551	154,274
Repairs and maintenance	38,729	-	-	35,549	11,598	-	85,876
New equipment and replacements	53,812	-	1,445	86,263	133,523	-	275,043
Vehicle operations	1,691	-	145	46,876	3,620	-	52,332
Other service costs	722	(33)	130	3,140	19	-	3,978
Bad debts	-	-	-	-	(125)	-	(125)
Centrally allocated administration	314,547	8,436	33,133	376,494	74,230	-	806,840
	<u>3,935,259</u>	<u>54,974</u>	<u>350,913</u>	<u>4,073,089</u>	<u>863,068</u>	<u>295,185</u>	<u>9,572,488</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,882)</u>	<u>\$ (6,882)</u>

COMMUNITY LIVING HAMILTON
Schedule of Ministry of Community and Social Services Funded Services (Continued)
Year Ended March 31, 2016

	Sub-Total	ASD Respite Services	DS Employment Supports	Partner Facility Renewal - Capital	Partner Facility Renewal - Fire Code Retrofit	Adult Respite	Total
REVENUE							
Grants and Subsidies							
Ministry of Community and Social Services	\$ 8,842,035	\$ -	\$ 594,661	\$ 91,406	\$ 146,342	\$ 102,900	\$ 9,777,344
Ministry of Children and Youth Services	-	150,607	-	-	-	-	150,607
	<u>8,842,035</u>	<u>150,607</u>	<u>594,661</u>	<u>91,406</u>	<u>146,342</u>	<u>102,900</u>	<u>9,927,951</u>
Association Generated							
Contract sales	50,861	-	35,703	-	-	-	86,564
Cafeteria sales	2,884	-	-	-	-	-	2,884
Accommodation charges	411,725	-	-	-	-	-	411,725
Rental revenue	101,980	-	-	-	-	-	101,980
Program fees	152,937	-	-	-	-	41,890	194,827
Other	3,184	-	-	-	-	-	3,184
	<u>723,571</u>	<u>-</u>	<u>35,703</u>	<u>-</u>	<u>-</u>	<u>41,890</u>	<u>801,164</u>
	<u>9,565,606</u>	<u>150,607</u>	<u>630,364</u>	<u>91,406</u>	<u>146,342</u>	<u>144,790</u>	<u>10,729,115</u>
EXPENDITURES							
Staff salaries	6,152,884	-	374,067	-	-	84,379	6,611,330
Employee benefits	1,024,513	-	73,809	-	-	6,612	1,104,934
Staff travel and training	39,973	-	3,446	-	-	216	43,635
Training allowances and benefits	86,097	-	50,853	-	-	-	136,950
Purchased services	402,277	131,583	5,678	826	-	3,172	543,536
Supplies	122,493	-	2,831	-	-	1,064	126,388
Food costs	164,324	2,000	482	-	-	4,533	171,339
Premises rent, other rentals and insurance	201,709	2,000	61,490	-	-	25,200	290,399
Utilities and taxes	154,274	-	250	-	-	6,206	160,730
Repairs and maintenance	85,876	-	-	90,580	146,342	4,656	327,454
New equipment and replacements	275,043	-	-	-	-	-	275,043
Vehicle operations	52,332	-	-	-	-	-	52,332
Other service costs	3,978	-	321	-	-	62	4,361
Bad debts	(125)	-	-	-	-	-	(125)
Centrally allocated administration	806,840	15,024	57,137	-	-	8,690	887,691
	<u>9,572,488</u>	<u>150,607</u>	<u>630,364</u>	<u>91,406</u>	<u>146,342</u>	<u>144,790</u>	<u>10,735,997</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	<u>\$ (6,882)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,882)</u>

COMMUNITY LIVING HAMILTON
Schedule of Ministry of Community and Social Services Employment Support
Year Ended March 31, 2016

	Job Placement	Job Retention and Advancement	Job Maintenance	Total
REVENUE				
Grants and Subsidies				
Ministry of Community and Social Services	<u>\$ 65,000</u>	<u>\$ 59,000</u>	<u>\$ 25,498</u>	<u>\$ 149,498</u>
EXPENDITURES				
Staff salaries	22,558	20,477	8,849	51,884
Employee benefits	9,290	8,432	3,644	21,366
Staff travel	626	568	246	1,440
Purchased services	638	578	250	1,466
Supplies	4,851	4,403	1,903	11,157
Food costs	14	13	6	33
Premises rent, other rentals and insurance	228	207	89	524
New equipment and replacements	5,143	4,669	2,018	11,830
Advertising and promotion	547	496	214	1,257
Other service costs	<u>12,409</u>	<u>11,264</u>	<u>4,868</u>	<u>28,541</u>
	<u>56,304</u>	<u>51,107</u>	<u>22,087</u>	<u>129,498</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 8,696</u>	<u>\$ 7,893</u>	<u>\$ 3,411</u>	<u>\$ 20,000</u>