

**COMMUNITY LIVING HAMILTON
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Members of
Community Living Hamilton

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of operations and its 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 Ontario Ministry of Community and Social Services (the Ministry) as disclosed in *Note 1(a)*.

Basis for Qualified Opinion

In common with many charitable organizations, Community Living Hamilton derives revenue from the general public in the form of donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations or fundraising revenue, excess revenue over expenditures, and cash flows from operations for the years ended March 31, 2019 and March 31, 2018, current assets as at March 31, 2019 and March 31, 2018 and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 qualified audit opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to *Note 1(a)* to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization to comply with the financial reporting provisions of the agreement between the Organization and the Ministry. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the directors of the Organization and the Ministry and should not be used by parties other than the Organization 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 in the schedule 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.

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 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)*, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.



HAMILTON, ONTARIO
May 21, 2019

HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY LIVING HAMILTON
Statement of Financial Position
As at March 31, 2019

	Operating Fund	Capital Fund	2019 Total	2018 Total
ASSETS				
Current				
Cash (Note 2)	\$ 2,350,926	\$ 1,774,374	\$ 4,125,300	\$ 3,141,904
Investment (Note 3)	-	509,071	509,071	499,364
Accounts receivable (Note 4)	252,286	8	252,294	364,529
Inter-fund receivables (payables)	173,977	(173,977)	-	-
Prepaid expenditures	<u>15,340</u>	<u>1,000</u>	<u>16,340</u>	<u>52,836</u>
	2,792,529	2,110,476	4,903,005	4,058,633
Capital assets (Note 5)	<u>-</u>	<u>617,269</u>	<u>617,269</u>	<u>645,876</u>
	<u>\$ 2,792,529</u>	<u>\$ 2,727,745</u>	<u>\$ 5,520,274</u>	<u>\$ 4,704,509</u>
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 1,033,436	\$ 24,742	\$ 1,058,178	\$ 1,003,752
Government advances (Note 7)	488,094	-	488,094	106,501
Current portion of mortgages payable (Note 8)	<u>-</u>	<u>20,147</u>	<u>20,147</u>	<u>236,317</u>
	1,521,530	44,889	1,566,419	1,346,570
Mortgages payable (Note 8)	<u>-</u>	<u>196,048</u>	<u>196,048</u>	<u>-</u>
	<u>1,521,530</u>	<u>240,937</u>	<u>1,762,467</u>	<u>1,346,570</u>
NET ASSETS (Page 6)				
Internally restricted net assets (Note 13)	-	2,050,008	2,050,008	1,998,241
Internally restricted net assets invested in capital assets (Notes 13 and 14)	-	401,074	401,074	409,559
Externally restricted net assets (Note 13)	-	35,726	35,726	32,806
Unrestricted net assets	<u>1,270,999</u>	<u>-</u>	<u>1,270,999</u>	<u>917,333</u>
	<u>1,270,999</u>	<u>2,486,808</u>	<u>3,757,807</u>	<u>3,357,939</u>
	<u>\$ 2,792,529</u>	<u>\$ 2,727,745</u>	<u>\$ 5,520,274</u>	<u>\$ 4,704,509</u>

Commitments (Note 15)

On behalf of the Board:

Director

Director

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Statement of Operations
Year Ended March 31, 2019

	Operating Fund	Capital Fund	2019 Total	2018 Total
Revenue				
Grants and Subsidies				
Provincial government subsidies	\$ 9,899,033	\$ -	\$ 9,899,033	\$ 9,955,350
City of Hamilton	3,124,197	-	3,124,197	3,004,311
Federal government subsidies	26,531	-	26,531	27,052
United Way grant	44,486	-	44,486	41,290
Other grants	48,150	-	48,150	50,272
	<u>13,142,397</u>	<u>-</u>	<u>13,142,397</u>	<u>13,078,275</u>
Association Generated				
Contract sales	816,620	-	816,620	907,389
Cafeteria sales	3,092	-	3,092	2,541
Accommodation charges	434,613	-	434,613	421,214
Rental revenue	173,000	-	173,000	180,445
Program fees	501,987	-	501,987	525,946
Investment revenue	-	85,184	85,184	39,675
Donations, fundraising and other revenue	163,838	14,947	178,785	345,985
	<u>2,093,150</u>	<u>100,131</u>	<u>2,193,281</u>	<u>2,423,195</u>
	<u>15,235,547</u>	<u>100,131</u>	<u>15,335,678</u>	<u>15,501,470</u>
Expenditures				
Staff salaries	10,248,331	-	10,248,331	10,346,511
Employee benefits <i>(Note 10)</i>	1,877,976	-	1,877,976	1,885,162
Staff travel and training	89,003	-	89,003	102,221
Training allowances and benefits	8,600	-	8,600	117,442
Purchased services	1,066,839	728	1,067,567	1,174,530
Supplies	183,617	-	183,617	168,983
Food costs	180,845	-	180,845	202,282
Premises rent, other rentals and insurance <i>(Note 15)</i>	364,100	-	364,100	339,216
Utilities and taxes	245,339	-	245,339	276,327
Repairs and maintenance	128,783	-	128,783	243,482
New equipment and replacements	348,512	-	348,512	142,983
Vehicle operations	65,796	-	65,796	60,582
Other service costs <i>(Note 11)</i>	45,743	30,945	76,688	116,110
Mortgage payments <i>(Note 8)</i>	25,477	-	25,477	25,371
Amortization	-	17,841	17,841	16,382
Employee recognition	-	7,335	7,335	13,588
	<u>14,878,961</u>	<u>56,849</u>	<u>14,935,810</u>	<u>15,231,172</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 356,586</u>	<u>\$ 43,282</u>	<u>\$ 399,868</u>	<u>\$ 270,298</u>

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Statement of Changes in Net Assets
Year Ended March 31, 2019

	Internally Restricted Net Assets	Internally Restricted Net Assets Invested in Capital Assets	Externally Restricted Net Assets	Unrestricted Net Assets	Total
<u>2019</u>					
Balance, beginning of year	\$ 1,998,241	\$ 409,559	\$ 32,806	\$ 917,333	\$ 3,357,939
Excess revenue over expenditures	43,282	-	-	356,586	399,868
Net acquisitions (disposals) of capital assets	(9,356)	9,356	-	-	-
Amortization of capital assets	17,841	(17,841)	-	-	-
Interfund transfers (Note 12)	-	-	2,920	(2,920)	-
Balance, end of year	<u>\$ 2,050,008</u>	<u>\$ 401,074</u>	<u>\$ 35,726</u>	<u>\$ 1,270,999</u>	<u>\$ 3,757,807</u>
<u>2018</u>					
Balance, beginning of year	\$ 1,901,258	\$ 426,498	\$ 29,886	\$ 729,999	\$ 3,087,641
Excess revenue over expenditures	80,044	-	-	190,254	270,298
Net acquisitions (disposals) of capital assets	557	(557)	-	-	-
Amortization of capital assets	16,382	(16,382)	-	-	-
Interfund transfers (Note 12)	-	-	2,920	(2,920)	-
Balance, end of year	<u>\$ 1,998,241</u>	<u>\$ 409,559</u>	<u>\$ 32,806</u>	<u>\$ 917,333</u>	<u>\$ 3,357,939</u>

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Statement of Cash Flows
Year Ended March 31, 2019

	Operating Fund	Capital Fund	2019 Total	2018 Total
OPERATING ACTIVITIES				
Excess revenue over expenditures	\$ 356,586	\$ 43,282	\$ 399,868	\$ 270,298
Expenditures not requiring a cash outlay:				
Amortization	-	17,841	17,841	16,382
Accrued interest on investments	-	(1,883)	(1,883)	(92)
(Gain) loss on sale of capital assets	-	-	-	309
	<u>356,586</u>	<u>59,240</u>	<u>415,826</u>	<u>286,897</u>
(Increase) decrease in accounts receivable	112,214	21	112,235	(22,425)
(Increase) decrease in prepaid expenditures	11,496	25,000	36,496	9,814
Increase (decrease) in accounts payable and accrued liabilities	83,818	(29,392)	54,426	(99,818)
Increase (decrease) in government advances	381,593	-	381,593	24,005
Increase (decrease) in unearned revenue	-	-	-	(16,802)
	<u>589,121</u>	<u>(4,371)</u>	<u>584,750</u>	<u>(105,226)</u>
Net cash provided by (used for) operating activities	<u>945,707</u>	<u>54,869</u>	<u>1,000,576</u>	<u>181,671</u>
INVESTING ACTIVITIES				
Purchase of investment	-	(500,887)	(500,887)	(493,063)
Proceeds of disposition of investment	-	493,063	493,063	485,776
Purchase of capital assets	-	(9,356)	(9,356)	-
Proceeds on sale of capital assets	-	-	-	250
Net cash provided by (used for) investing activities	<u>-</u>	<u>(17,180)</u>	<u>(17,180)</u>	<u>(7,037)</u>
FINANCING ACTIVITIES				
Interfund transfers	<u>(17,973)</u>	<u>17,973</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) financing activities	<u>(17,973)</u>	<u>17,973</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash	927,734	55,662	983,396	174,634
Cash, beginning of year	<u>1,423,192</u>	<u>1,718,712</u>	<u>3,141,904</u>	<u>2,967,270</u>
Cash, end of year	<u>\$ 2,350,926</u>	<u>\$ 1,774,374</u>	<u>\$ 4,125,300</u>	<u>\$ 3,141,904</u>

(See Accompanying Notes)

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

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) Community Respite Centre Fund
- (iii) 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 internally restricted reserves. The Community Respite Centre Fund accounts for the Organization's internally restricted reserves for the construction of the new respite centre. Internally restricted 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 externally 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 and accounts receivable.

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 of capital assets.

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

2. CASH

	Operating Fund	Capital Fund	2019 Total	2018 Total
Unrestricted				
Cash on hand	\$ 841	\$ -	\$ 841	\$ 363
Equitable Life deposit account	195,464	-	195,464	195,016
Bank of Montreal accounts	<u>2,154,621</u>	<u>-</u>	<u>2,154,621</u>	<u>1,227,813</u>
	<u>2,350,926</u>	<u>-</u>	<u>2,350,926</u>	<u>1,423,192</u>
Restricted				
Bank of Montreal accounts	-	1,774,027	1,774,027	1,718,283
Meridian Credit Union accounts	<u>-</u>	<u>347</u>	<u>347</u>	<u>429</u>
	<u>-</u>	<u>1,774,374</u>	<u>1,774,374</u>	<u>1,718,712</u>
	<u>\$ 2,350,926</u>	<u>\$ 1,774,374</u>	<u>\$ 4,125,300</u>	<u>\$ 3,141,904</u>

Interest is earned on the Bank of Montreal accounts at bank prime (2018 - bank prime) and on the Meridian Credit Union accounts at an average rate of 1.00% (2018 - 1.00%).

3. INVESTMENT

The investment consists of a Guaranteed Investment Certificate (GIC), maturing June 21, 2019 (2018 - May 25, 2018). The fair value of the GIC includes accrued interest of approximately \$8,184 as at March 31, 2019 (2018 - \$6,302). The GIC has an average effective rate of interest of 2.10% (2018 - 1.50%).

4. ACCOUNTS RECEIVABLE

	Operating Fund		Capital Fund	
	2019	2018	2019	2018
Trade receivables	\$ 163,218	\$ 237,370	\$ 8	\$ 29
Harmonized sales tax receivable	52,740	39,490	-	-
Government grants	<u>36,328</u>	<u>87,640</u>	<u>-</u>	<u>-</u>
	<u>\$ 252,286</u>	<u>\$ 364,500</u>	<u>\$ 8</u>	<u>\$ 29</u>

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

5. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated Amortization	Net	Net
CLH Reserve Fund				
Land	\$ 128,839	\$ -	\$ 128,839	\$ 128,839
Buildings	1,839,921	1,379,796	460,125	493,084
Parking lots	33,381	16,591	16,790	17,490
Motor vehicles	75,510	67,545	7,965	2,025
Furniture and equipment	290,725	287,175	3,550	4,438
	<u>\$ 2,368,376</u>	<u>\$ 1,751,107</u>	<u>\$ 617,269</u>	<u>\$ 645,876</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund		Capital Fund	
	2019	2018	2019	2018
Accounts payable	\$ 295,956	\$ 175,019	\$ 24,742	\$ 54,134
Government remittances payable	226,345	235,415	-	-
Accrued liabilities	511,135	539,184	-	-
	<u>\$ 1,033,436</u>	<u>\$ 949,618</u>	<u>\$ 24,742</u>	<u>\$ 54,134</u>

7. GOVERNMENT ADVANCES

	2019	2018
Ministry of Community and Social Services		
Dedicated Housing Support	\$ 17,537	\$ 7,349
Residential Services	59,394	-
Bill 148	-	991
Family Home Program	9,984	4,439
Family Support Program	34,500	-
Dedicated Housing Support Infrastructure	10,286	10,286
Employment Supports - DS	58,836	19,658
Community Participation Services	128,109	-
Special Services at Home	1,486	2,891
Supported Independent Living Program	31,599	8,305
Partner Facility Renewal	2,054	-
	<u>353,785</u>	<u>53,919</u>
City of Hamilton		
Integration Resources Hub Program	-	5,169
Special Needs Program	134,309	47,413
	<u>\$ 488,094</u>	<u>\$ 106,501</u>

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

8. MORTGAGES PAYABLE

	<u>2019</u>	<u>2018</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 \$122,748, fully paid and discharged on October 1, 2018	\$ -	\$ 122,748
Mortgage payable, bearing interest at 3.105%, repayable in blended monthly installments of \$1,128, secured by the Kensington building with a net book value of \$112,193, maturing October 1, 2023	112,193	-
Mortgage payable, bearing interest at 2.220% (2018 - 2.110%), repayable in blended monthly installments of \$1,010 (2018 - \$1,005), secured by the Appleford building with a net book value of \$104,002 (2018 - \$113,569), maturing January 1, 2024 (2018 - January 1, 2019)	<u>104,002</u>	<u>113,569</u>
	216,195	236,317
Principal payments due within one year	<u>20,147</u>	<u>236,317</u>
	<u>\$ 196,048</u>	<u>\$ -</u>

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

2020	-	\$ 20,147
2021	-	\$ 20,697
2022	-	\$ 21,249
2023	-	\$ 21,821
2024	-	\$ 132,281

Interest in the amount of \$5,894 (2018 - \$5,971) was paid during the year, which has been included in the mortgage payments expenditure on the statement of operations.

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

9. BANK OPERATING LINE

The Organization has a revolving demand credit line with an \$800,000 (2018 - \$800,000) limit of which \$800,000 (2018 - \$800,000) remained unused at March 31, 2019. Interest is calculated at bank prime per annum and is payable monthly. The credit line is secured by a general security agreement.

10. 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 \$232,794 (2018 - \$231,600).

11. HAMILTON COMMUNITY FOUNDATION - ENDOWMENT FUND

On March 16, 2016 Community Living Hamilton entered into an agreement with the Hamilton Community Foundation (the Foundation) to establish a permanent endowment fund known as the Community Living Hamilton Endowment Fund to provide an ongoing source of revenue to support and enhance services provided by the Organization. On April 4, 2016 the Organization transferred \$115,000 to the Foundation.

The net earnings of the endowment fund will be received annually from the Foundation at the request of the Organization. The Foundation will notify the Organization of available fund earnings within thirty days of the completion of their annual audit. No part of the capital of the endowment fund shall revert or be paid to, lent or applied to, or benefit the Organization, unless the Foundation ceases to exist. The Organization is independent of the Foundation and it is not in a position to significantly influence the Foundation's activities or operating decisions. As a result, the assets, liabilities and expenditures of the endowment fund are not reflected in these financial statements.

During the year the Organization was notified that undistributed income in the amount of \$5,123 (2018 - \$5,183) was earned during the fiscal year ended March 31, 2018. A balance of \$10,306 (2018 - \$Nil) was requested to be transferred to the Organization leaving a balance of \$Nil (2018 - \$5,183) available for distribution and cumulative undistributed income of \$Nil (2018 - \$5,183)

12. INTERFUND TRANSFERS AND INTERNAL RESTRICTIONS

The amount of \$2,920 (2018 - \$2,920) was transferred from the Operating Fund to the Capital Fund to reflect the budgeted allocation for the year. The Board of Directors has internally restricted net assets invested in capital assets of \$401,074 (2018 - \$409,559). These internally restricted amounts are not available for any other purpose without approval of the Board of Directors.

COMMUNITY LIVING HAMILTON
Notes to Financial Statements
Year Ended March 31, 2019

13. NET ASSETS - CAPITAL FUND

	<u>2019</u>	<u>2018</u>
Internally restricted net assets		
CLH Reserve Fund	\$ 2,031,893	\$ 1,932,322
Community Respite Centre Fund	<u>18,115</u>	<u>65,919</u>
	2,050,008	1,998,241
Internally restricted net assets invested in capital assets (Note 14)	401,074	409,559
Externally restricted net assets		
Ontario Ministry of Community and Social Services		
Capital Reserve Fund	<u>35,726</u>	<u>32,806</u>
	<u>\$ 2,486,808</u>	<u>\$ 2,440,606</u>

14. INTERNALLY RESTRICTED NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Capital assets, net	\$ 617,269	\$ 645,876
Mortgages payable	<u>(216,195)</u>	<u>(236,317)</u>
	<u>\$ 401,074</u>	<u>\$ 409,559</u>

15. COMMITMENTS

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

2020	-	\$ 31,630
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, 2019.

(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, 2019 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.

(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 significant changes to the risk exposures noted above from the prior year.

COMMUNITY LIVING HAMILTON
Schedule to the Statement of Operations - Capital Fund
Year Ended March 31, 2019

	<u>Internally Restricted Net Assets</u>		<u>Externally Restricted Net Assets</u>	2019 Total Capital Fund	2018 Total Capital Fund
	CLH Reserve Fund	Community Respite Centre Fund	Ontario M.C.S.S. Capital Reserve Fund		
Revenue					
Investment revenue	\$ 85,184	\$ -	\$ -	\$ 85,184	\$ 39,675
Donations, fundraising and other revenue	<u>14,947</u>	<u>-</u>	<u>-</u>	<u>14,947</u>	<u>153,591</u>
	<u>100,131</u>	<u>-</u>	<u>-</u>	<u>100,131</u>	<u>193,266</u>
Expenditures					
Purchased services	728	-	-	728	71,932
Other service costs	30,945	-	-	30,945	11,320
Amortization	17,841	-	-	17,841	16,382
Employee recognition	<u>7,335</u>	<u>-</u>	<u>-</u>	<u>7,335</u>	<u>13,588</u>
	<u>56,849</u>	<u>-</u>	<u>-</u>	<u>56,849</u>	<u>113,222</u>
EXCESS REVENUE OVER EXPENDITURES	43,282	-	-	43,282	80,044
Net assets, beginning of year	2,341,881	65,919	32,806	2,440,606	2,357,642
Inter-fund transfers	<u>47,804</u>	<u>(47,804)</u>	<u>2,920</u>	<u>2,920</u>	<u>2,920</u>
Net assets, end of year	<u>\$ 2,432,967</u>	<u>\$ 18,115</u>	<u>\$ 35,726</u>	<u>\$ 2,486,808</u>	<u>\$ 2,440,606</u>

COMMUNITY LIVING HAMILTON
Schedule to the Statement of Operations - Operating Fund
Year Ended March 31, 2019

	Centrally Allocated Administration	MCSS Funded Services (Page 22)	MCSS Employment Support (Page 23)	MCSS Dedicated Housing Support	Community Support and Development Programs	Total
REVENUE						
Grants and Subsidies						
Ministry of Community and Social Services	\$ -	\$ 9,435,241	\$ 175,193	\$ -	\$ 138,356	\$ 9,748,790
Ministry of Children and Youth Services	-	150,243	-	-	-	150,243
City of Hamilton	-	-	-	-	3,124,197	3,124,197
Federal government	-	-	-	-	26,531	26,531
United Way	-	-	-	-	44,486	44,486
Other	-	-	-	48,150	-	48,150
	<u>-</u>	<u>9,585,484</u>	<u>175,193</u>	<u>48,150</u>	<u>3,333,570</u>	<u>13,142,397</u>
Association Generated						
Contract sales	-	1,428	-	-	815,192	816,620
Cafeteria sales	-	3,092	-	-	-	3,092
Accommodation charges	-	434,613	-	-	-	434,613
Rental revenue	-	159,008	-	13,992	-	173,000
Program fees	10,000	51,517	-	-	440,470	501,987
Other	14,747	141,206	-	-	7,885	163,838
	<u>24,747</u>	<u>790,864</u>	<u>-</u>	<u>13,992</u>	<u>1,263,547</u>	<u>2,093,150</u>
	<u>24,747</u>	<u>10,376,348</u>	<u>175,193</u>	<u>62,142</u>	<u>4,597,117</u>	<u>15,235,547</u>
EXPENDITURES						
Staff salaries	740,951	6,684,283	26,545	7,992	2,788,560	10,248,331
Employee benefits	129,671	1,222,117	6,337	936	518,915	1,877,976
Staff travel and training	8,617	26,169	474	-	53,743	89,003
Training allowances	-	8,600	-	-	-	8,600
Purchased services	285,630	346,317	1,821	618	432,453	1,066,839
Supplies	58,960	103,583	1,848	200	19,026	183,617
Food costs	2,711	166,088	266	-	11,780	180,845
Premises rent, other rentals and insurance	66,250	288,269	8	1,982	7,591	364,100
Utilities and taxes	6,862	158,889	-	11,200	68,388	245,339
Repairs and maintenance	-	120,729	-	2,981	5,073	128,783
New equipment and replacements	16,098	251,115	13,158	2,615	65,526	348,512
Vehicle operations	43	63,289	-	-	2,464	65,796
Other service costs	27,042	5,212	140	5,221	8,128	45,743
Mortgage payments	-	-	-	25,477	-	25,477
Centrally allocated administration	(1,261,204)	931,688	45,000	-	284,516	-
	<u>81,631</u>	<u>10,376,348</u>	<u>95,597</u>	<u>59,222</u>	<u>4,266,163</u>	<u>14,878,961</u>
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES	(56,884)	-	79,596	2,920	330,954	356,586
Transfer to MCSS Capital Reserve Fund	-	-	-	(2,920)	-	(2,920)
Program surplus (deficit)	<u>\$ (56,884)</u>	<u>\$ -</u>	<u>\$ 79,596</u>	<u>\$ -</u>	<u>\$ 330,954</u>	<u>\$ 353,666</u>

COMMUNITY LIVING HAMILTON
Schedule of Ministry of Community and Social Services Funded Services
Year Ended March 31, 2019

	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	\$ 3,580,076	\$ 22,471	\$ 385,119	\$ 3,920,737	\$ 682,327	\$ 127,147	\$ 8,717,877
Association Generated							
Cafeteria sales	-	-	-	3,092	-	-	3,092
Accommodation charges	434,613	-	-	-	-	-	434,613
Rental revenue	159,008	-	-	-	-	-	159,008
Program fees	-	-	-	217	12,180	-	12,397
Other	5,134	-	-	853	135,219	-	141,206
	<u>598,755</u>	<u>-</u>	<u>-</u>	<u>4,162</u>	<u>147,399</u>	<u>-</u>	<u>750,316</u>
	<u>4,178,831</u>	<u>22,471</u>	<u>385,119</u>	<u>3,924,899</u>	<u>829,726</u>	<u>127,147</u>	<u>9,468,193</u>
EXPENDITURES							
Staff salaries	2,883,254	-	269,262	2,586,421	377,062	100,022	6,216,021
Employee benefits	435,293	-	57,787	560,379	51,482	25,596	1,130,537
Staff travel and training	12,922	-	8,504	(1,762)	1,601	642	21,907
Purchased services	50,270	19,669	2,911	74,123	57,545	78	204,596
Supplies	48,252	-	395	44,585	8,070	-	101,302
Food costs	140,224	-	-	7,076	11,398	-	158,698
Premises rent, other rentals and insurance (Note 15)	140,153	-	1,257	71,560	323	-	213,293
Utilities and taxes	66,032	-	2,717	69,438	11,862	545	150,594
Repairs and maintenance	12,362	-	-	9,862	87,375	-	109,599
New equipment and replacements	22,588	-	1,445	72,260	148,822	-	245,115
Vehicle operations	19,168	-	-	44,121	-	-	63,289
Other service costs	2,935	-	-	1,579	(44)	264	4,734
Centrally allocated administration	345,378	2,802	40,841	385,257	74,230	-	848,508
	<u>4,178,831</u>	<u>22,471</u>	<u>385,119</u>	<u>3,924,899</u>	<u>829,726</u>	<u>127,147</u>	<u>9,468,193</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY LIVING HAMILTON
Schedule of Ministry of Community and Social Services Funded Services (Continued)
Year Ended March 31, 2019

	Sub-Total	ASD Respite Services	DS Employment Supports	Partner Facility Renewal - Fire Code Retrofit	Adult Respite	Total
REVENUE						
Grants and Subsidies						
Ministry of Community and Social Services	\$ 8,717,877	\$ -	\$ 583,710	\$ 10,446	\$ 123,208	\$ 9,435,241
Ministry of Children and Youth Services	-	150,243	-	-	-	150,243
	<u>8,717,877</u>	<u>150,243</u>	<u>583,710</u>	<u>10,446</u>	<u>123,208</u>	<u>9,585,484</u>
Association Generated						
Contract sales	-	-	1,428	-	-	1,428
Cafeteria sales	3,092	-	-	-	-	3,092
Accommodation charges	434,613	-	-	-	-	434,613
Rental revenue	159,008	-	-	-	-	159,008
Program fees	12,397	-	-	-	39,120	51,517
Other	141,206	-	-	-	-	141,206
	<u>750,316</u>	<u>-</u>	<u>1,428</u>	<u>-</u>	<u>39,120</u>	<u>790,864</u>
	<u>9,468,193</u>	<u>150,243</u>	<u>585,138</u>	<u>10,446</u>	<u>162,328</u>	<u>10,376,348</u>
EXPENDITURES						
Staff salaries	6,216,021	-	375,063	-	93,199	6,684,283
Employee benefits	1,130,537	-	84,852	-	6,728	1,222,117
Staff travel and training	21,907	-	4,083	-	179	26,169
Training allowances and benefits	-	-	8,600	-	-	8,600
Purchased services	204,596	131,219	4,979	-	5,523	346,317
Supplies	101,302	-	654	-	1,627	103,583
Food costs	158,698	2,000	471	-	4,919	166,088
Premises rent, other rentals and insurance	213,293	2,000	46,374	-	26,602	288,269
Utilities and taxes	150,594	-	545	-	7,750	158,889
Repairs and maintenance	109,599	-	-	10,446	684	120,729
New equipment and replacements	245,115	-	(4)	-	6,004	251,115
Vehicle operations	63,289	-	-	-	-	63,289
Other service costs	4,734	-	55	-	423	5,212
Centrally allocated administration	848,508	15,024	59,466	-	8,690	931,688
	<u>9,468,193</u>	<u>150,243</u>	<u>585,138</u>	<u>10,446</u>	<u>162,328</u>	<u>10,376,348</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY LIVING HAMILTON
Schedule of Ministry of Community and Social Services Employment Support
Year Ended March 31, 2019

	Job Placement	Job Retention and Advancement	Total
REVENUE			
Grants and Subsidies			
Ministry of Community and Social Services	\$ 96,374	\$ 78,819	\$ 175,193
EXPENDITURES			
Staff salaries	14,602	11,943	26,545
Employee benefits	3,486	2,851	6,337
Staff travel	261	213	474
Purchased services	1,002	819	1,821
Supplies	1,017	831	1,848
Food costs	146	120	266
Premises rent, other rentals and insurance	4	4	8
New equipment and replacements	7,238	5,920	13,158
Other service costs	77	63	140
Centrally allocated administration	24,755	20,245	45,000
	<u>52,588</u>	<u>43,009</u>	<u>95,597</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 43,786</u>	<u>\$ 35,810</u>	<u>\$ 79,596</u>