

Financial Statements of

**BRAMPTON CALEDON  
COMMUNITY LIVING**

Year ended March 31, 2018



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Brampton Caledon Community Living

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Brampton Caledon Community Living, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, including the Schedule - Ministry of Community and Social Services by Detail Code.

#### *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.

#### *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 an 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 our 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, we consider 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.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brampton Caledon Community Living as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Report on Other Legal and Regulatory Requirements**

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

September 27, 2018

Vaughan, Canada

# BRAMPTON CALEDON COMMUNITY LIVING

## Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 2,008,002	\$ 1,778,030
Accounts and grants receivable (note 9)	340,632	296,762
Inventory	5,659	3,790
Prepaid expenses	150,773	152,204
	<u>2,505,066</u>	<u>2,230,786</u>
Capital assets (note 3)	2,082,255	2,131,348
	<u>\$ 4,587,321</u>	<u>\$ 4,362,134</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,892,014	\$ 1,560,393
Accrued vacation pay (note 8)	1,017,311	1,019,767
Deferred revenue	86,853	175,462
	<u>2,996,178</u>	<u>2,755,622</u>
Deferred contributions related to capital assets (note 5)	328,273	431,098
Net assets:		
Invested in capital assets (note 6)	1,753,982	1,700,250
Internally restricted (note 7)	188,653	185,878
Unrestricted (note 8)	(679,765)	(710,714)
	<u>1,262,870</u>	<u>1,175,414</u>
Commitments (note 10)		
	<u>\$ 4,587,321</u>	<u>\$ 4,362,134</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# BRAMPTON CALEDON COMMUNITY LIVING

## Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Ministry of Community and Social Services	\$ 22,554,446	\$ 21,712,463
Resident fees	1,681,166	1,672,865
Region of Peel	1,158,777	1,088,849
Program fees	629,826	591,785
Amortization of deferred contributions related to capital assets (note 5)	211,125	23,535
Vocational programs support	203,590	127,371
Other grants, fees and rebates	102,077	86,983
Administrative fees (note 9)	59,700	61,200
United Way of Peel	58,874	57,355
Donations and fundraising	25,559	23,340
Gain (loss) on disposal of capital assets	2,780	(468)
	26,687,920	25,445,278
Expenses:		
Residential services	17,159,512	16,747,044
Community supports	4,936,904	4,875,909
Respite	1,353,161	1,338,904
Transfer payment flowthroughs	1,251,467	693,456
Early childhood education services	1,163,817	1,093,889
Amortization of capital assets	590,962	548,178
Other	85,767	4,271
United Way of Peel Initiative	58,874	57,355
	26,600,464	25,359,006
Excess of revenue over expenses	\$ 87,456	\$ 86,272

See accompanying notes to financial statements.

# BRAMPTON CALEDON COMMUNITY LIVING

## Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

				2018	2017
	Invested in capital assets (note 6)	Internally restricted (note 7)	Unrestricted (note 8)	Total	Total
Balance, beginning of year	\$ 1,700,250	\$ 185,878	\$ (710,714)	\$ 1,175,414	\$ 1,089,142
Excess (deficiency) of revenue over expenses	(377,057)	2,775	461,738	87,456	86,272
Net change in investment in capital assets	430,789	-	(430,789)	-	-
<b>Balance, end of year</b>	<b>\$ 1,753,982</b>	<b>\$ 188,653</b>	<b>\$ (679,765)</b>	<b>\$ 1,262,870</b>	<b>\$ 1,175,414</b>

See accompanying notes to financial statements.

# BRAMPTON CALEDON COMMUNITY LIVING

## Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 87,456	\$ 86,272
Items not involving cash:		
Amortization of capital assets	590,962	548,178
Loss (gain) on disposal of capital assets	(2,780)	468
Amortization of deferred contributions related to capital assets	(211,125)	(23,535)
Changes in non-cash operating working capital:		
Accounts and grants receivable	(43,870)	(54,887)
Inventory	(1,869)	1,658
Prepaid expenses	1,431	(2,604)
Accounts payable and accrued liabilities	331,621	97,803
Accrued vacation pay	(2,456)	80,663
Deferred revenue	(88,609)	57,446
	660,761	791,462
Financing activities:		
Deferred contributions related to capital assets	108,300	73,767
Investing activities:		
Additions to capital assets	(544,261)	(743,395)
Proceeds on disposal of capital assets	5,172	650
	(539,089)	(742,745)
Increase in cash	229,972	122,484
Cash, beginning of year	1,778,030	1,655,546
Cash, end of year	\$ 2,008,002	\$ 1,778,030

See accompanying notes to financial statements.

# BRAMPTON CALEDON COMMUNITY LIVING

## Notes to Financial Statements

Year ended March 31, 2018

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Brampton Caledon Community Living (the "Organization") is a non-profit organization, incorporated under the laws of Ontario without share capital by Letters Patent dated December 31, 1962. The Organization supports individuals with intellectual disabilities in Brampton and Caledon by providing residential, educational, recreational, employment, vocational and community support services. The Organization is a registered charity under registration number 10680 5880 RR0001 with Canada Revenue Agency, and accordingly, is exempt from taxes, provided certain requirements of the Income Tax Act (Canada) are met.

### 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

#### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Deferred contributions include subsidies and grants from governments which are restricted for the purchase of capital assets.

Under the Broader Public Sector Accountability Act, 2010 and Regulations thereto, the Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Community and Social Services and the Ministry of Children and Youth Services. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry of Community and Social Services and the Ministry of Children and Youth Services with respect to the year ended March 31, 2018.

Revenue from specified donations and fundraising activities is recognized in the year in which the activities occur and in the year of the related expenditures.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue related to client contributions, provincial government grants and subsidies, income from services rendered and investment income is recorded as it is earned.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.



# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (b) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments which extend the life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized over the estimated useful lives using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	4%
Furniture and equipment	Declining balance/straight line	5 - 20%
Vehicles	Declining balance	30%
Leasehold improvements	Straight line	Over the lease term plus one renewal period

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### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (d) Inventory:

Inventory consists of various production supplies. Inventory is valued at the lower of cost on a first-in, first-out basis, and net realizable value. Net realizable value refers to the amount the Organization expects to realize from the sale of the inventory in the ordinary course of business less direct costs to sell. Cost of sales includes all costs of inventory recognized and is included in vocational expense in the year.

### (e) Related entity:

The financial position and results of operations of an entity administered by the Organization's executive is not in the Organization's financial statements. Refer to note 9 for disclosure of this entity's financial information.

### (f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

## 2. Line of credit:

The Organization has a line of credit in the amount of \$500,000, which bears interest at bank prime plus 1.00%, is secured by a general security agreement and is due upon demand. As at March 31, 2018 and 2017, the line of credit had not been utilized.

## 3. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 132,548	\$ -	\$ 132,548	\$ 132,548
Buildings	614,054	322,650	291,404	304,121
Furniture and equipment	1,153,478	977,942	175,536	203,245
Vehicles	1,809,072	1,426,991	382,081	384,863
Leasehold improvements	4,181,354	3,080,668	1,100,686	1,106,571
	\$ 7,890,506	\$ 5,808,251	\$ 2,082,255	\$ 2,131,348

Major funding for the acquisition of certain properties was received in prior years from the Ministry of Community and Social Services ("MCSS"). The Organization is therefore not able to dispose of these properties or to use the assets for other purposes without the consent of the MCSS. If any such properties are sold and the proceeds of sale are not reinvested in another approved property within the fiscal year that the property is sold, a portion of the proceeds based on previous funding grants may be repayable to MCSS.

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$102,863 (2017 - \$77,575) for payroll related taxes.

# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 5. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations.

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	2018	2017
Balance, beginning of year	\$ 431,098	\$ 380,866
Contributions received	108,300	73,767
Less amounts amortized to revenue	(211,125)	(23,535)
Balance, end of year	\$ 328,273	\$ 431,098

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## 6. Invested in capital assets:

Invested in capital assets is calculated as follows:

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	2018	2017
Capital assets	\$ 2,082,255	\$ 2,131,348
Funded by:		
Deferred contributions related to capital assets	(328,273)	(431,098)
	\$ 1,753,982	\$ 1,700,250

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# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

## 6. Invested in capital assets (continued):

The change in this balance is calculated as follows:

	2018	2017
Excess (deficiency) of revenue over expenses:		
Gain (loss) on disposal of capital assets	\$ 2,780	\$ (468)
Amortization of deferred contributions related to capital assets	211,125	23,535
Amortization of capital assets	(590,962)	(548,178)
	(377,057)	(525,111)
Investment in capital assets:		
Additions to capital assets	544,261	743,395
Additions to deferred capital contributions	(108,300)	(73,767)
Proceeds on disposal of capital assets	(5,172)	(650)
	430,789	668,978
	\$ 53,732	\$ 143,867

## 7. Internally restricted net assets:

The internally restricted net assets represent amounts set aside by the Board of Directors for future operating requirements. The internally restricted net assets are not available for use without approval by the Board of Directors.

## 8. Unrestricted net assets:

Included in unrestricted net assets is an accrual of \$1,017,311 (2017 - \$1,019,767) relating to future obligations for vacation pay.

## 9. Related entity:

The Organization exercises significant influence over Brampton Caledon Community Housing Corporation ("BCCH") by virtue of its ability to appoint some of BCCH's Board of Directors. BCCH is a non-profit registered charity under registration number 13982 7752 RR0001, incorporated in 1993 without share capital under the Corporations Act (Ontario). It is administered by the executive of the Organization. BCCH, although not legally related, was formed to acquire, hold and lease land, and property to be used in connection with, for the benefit of, or to enhance the service or facilities of the Organization.

# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

## 9. Related entity (continued):

A financial summary of BCCH as at March 31, 2018 and March 31, 2017 is as follows:

	2018	2017
Financial position:		
Total assets	\$ 9,204,844	\$ 8,818,630
Total liabilities	2,763,335	3,280,878
<b>Net assets</b>	<b>\$ 6,441,509</b>	<b>\$ 5,537,752</b>
Results of operations:		
Total revenue	\$ 1,288,722	\$ 600,417
Total expenses	384,965	367,127
<b>Excess of revenue over expenses</b>	<b>\$ 903,757</b>	<b>\$ 233,290</b>
Cash provided by (used in):		
Operating activities	\$ 354,805	\$ 465,342
Financing activities	(454,194)	(389,732)
Investing activities	780,000	-
<b>Increase in cash</b>	<b>\$ 680,611</b>	<b>\$ 75,610</b>

The Organization leases properties for its program services from BCCH. The rent in the current year amounted to \$588,036 (2017 - \$568,665) based on market rates and are agreed to by the parties annually. The Organization also received an administrative fee of \$59,700 (2017 - \$61,200) during the year.

Included in accounts receivable are amounts due from BCCH in the amount of \$11,203 (2017 - \$50,000).

# BRAMPTON CALEDON COMMUNITY LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2018

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## 10. Commitments:

The Organization is committed to payments under various operating leases for property and equipment as follows:

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2019	\$	668,000
2020		256,000
2021		51,000
2022		51,000
2023		15,000

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## 11. Financial risks and concentration of credit risk:

Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

## 12. Indemnification of officers and directors:

The Organization has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments, and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of the Organization. The Organization has purchased directors' and officers' liability insurance with respect to this indemnification.

## 13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.