

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**  
**Financial Statements**  
**For the Year Ended March 31, 2011**

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Index to Financial Statements**

**For the Year Ended March 31, 2011**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

# Clarke Starke & Diegel LLP

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Independent Living Centre of Waterloo Region

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Independent Living Centre of Waterloo Region, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continues)

Independent Auditor's Report to the Members of Independent Living Centre of Waterloo Region Continued

*Basis for Qualified Opinion*

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

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements of Independent Living Centre of Waterloo Region for the year ended March 31, 2011 are prepared, in all material respects, in accordance with Canadian generally accepted accounting principles.

Kitchener, Ontario  
May 30, 2011

*Clair Starke + Dreyer LLP*

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS


**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Statement of Financial Position**

**For the Year Ended March 31, 2011**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 354,008	\$ 287,863
Accounts receivable	62,836	71,760
Prepaid expenses	<u>18,838</u>	<u>78,040</u>
	435,682	437,663
CAPITAL (Note 3)	<u>185,118</u>	<u>198,204</u>
	<u>\$ 620,800</u>	<u>\$ 635,867</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 350,755	\$ 328,803
Due to Ministry of Health and Long Term Care (Note 8)	<u>19,278</u>	<u>19,278</u>
	<u>370,033</u>	<u>348,081</u>
DEFERRED CONTRIBUTIONS (Note 4)	<u>4,945</u>	<u>27,337</u>
	<u>374,978</u>	<u>375,418</u>
<b>FUND BALANCES</b>		
Unappropriated	198,713	215,471
Appropriated	33,595	33,595
Access Fund	8,602	6,524
ILSM Network	<u>4,912</u>	<u>4,859</u>
	<u>245,822</u>	<u>260,449</u>
	<u>\$ 620,800</u>	<u>\$ 635,867</u>

**ON BEHALF OF THE BOARD**

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**  
**Statement of Changes in Fund Balances**  
**For the Year Ended March 31, 2011**

	Unappropriated	Appropriated	Access Fund	ILSM Network Fund	2011 Total	2010 Total
<b>FUND BALANCE, OPENING</b>	\$ 215,471	\$ 33,595	\$ 6,524	\$ 4,859	\$ 260,449	\$ 273,798
Excess (deficiency) of revenues over expenditures	(9,685)	-	-	-	(9,685)	(16,743)
Transfer during the year (Note 5)	(7,073)	-	7,073	-	-	-
Contributions	-	-	-	13,170	13,170	15,106
Donations to fund	-	-	6,157	-	6,157	13,170
Disbursements	<u>-</u>	<u>-</u>	<u>(11,152)</u>	<u>(13,117)</u>	<u>(24,269)</u>	<u>(24,882)</u>
<b>FUND BALANCE, CLOSING</b>	<u>\$ 198,713</u>	<u>\$ 33,595</u>	<u>\$ 8,602</u>	<u>\$ 4,912</u>	<u>\$ 245,822</u>	<u>\$ 260,449</u>

The accompanying notes form an integral part of these financial statements

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Statement of Operations**

**For the Year Ended March 31, 2011**

	2011	2010
<b>REVENUES</b>		
Subsidy	\$ 5,611,400	\$ 5,156,122
Grants	196,635	209,965
Attendant service contracts	274,247	260,333
Other revenues	<u>93,407</u>	<u>40,135</u>
	<u>6,175,689</u>	<u>5,666,555</u>
<b>EXPENDITURES</b>		
Salaries, Wages and Benefits		
Salaries and wages	4,034,175	3,699,376
Benefit compensation (ie. vacation, sick time)	532,711	511,790
Employee benefits (Note 6)	<u>1,066,357</u>	<u>978,940</u>
	<u>5,633,243</u>	<u>5,190,106</u>
Operating Expenses		
Training costs	36,334	36,210
Recruitment	7,309	6,789
Memberships, dues, employee recognition	10,018	4,285
Travel	110,226	87,187
Health and safety supplies	11,945	13,601
Building occupancy	132,751	131,116
Stationery and office supplies	29,608	32,132
Communications and postage	39,090	43,058
Advertising and promotion	6,436	5,694
Insurance	19,752	18,496
Board and volunteer	817	3,904
Contract and professional fees	66,649	37,354
Repair and maintenance	294	149
Capital acquisition	14,399	5,342
Amortization	32,848	34,392
Miscellaneous	<u>33,655</u>	<u>33,483</u>
	<u>552,131</u>	<u>493,192</u>
	<u>6,185,374</u>	<u>5,683,298</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (9,685)</u>	<u>\$ (16,743)</u>

The accompanying notes form an integral part of these financial statements

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Statement of Cash Flows**

**For the Year Ended March 31, 2011**

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (9,685)	\$ (16,743)
Items not involving cash		
Amortization	32,848	34,392
Transfer to access fund	<u>(7,073)</u>	<u>-</u>
	16,090	17,649
Net changes in non-cash working capital balances		
Accounts receivable	8,924	(17,700)
Prepaid expenses	59,202	(24,063)
Accounts payable and accrued liabilities	21,952	57,142
Due to Ministry of Health and Long Term Care	-	19,278
Deferred contributions	(22,392)	25,292
Access Fund	2,078	2,974
ILSM Network Fund	<u>53</u>	<u>420</u>
	<u>85,907</u>	<u>80,992</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(19,762)</u>	<u>(18,788)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	66,145	62,204
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>287,863</u>	<u>225,659</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 354,008</u>	<u>\$ 287,863</u>

The accompanying notes form an integral part of these financial statements



# INDEPENDENT LIVING CENTRE OF WATERLOO REGION

## Notes to Financial Statements

For the Year Ended March 31, 2011

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### 1. PURPOSE OF THE ORGANIZATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Fund Accounting

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

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

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

The Access fund is resources available to persons with physical disabilities in the form of grants to assist with the purchase of equipment. The Access fund was started in 2002 - 2003 with an allocation of \$10,000, as approved by the Board of Directors. Additional contributions are received through a fundraising activities.

In 2009, the organization began to administer the funds of the Independent Living Senior Manager's (ILSM) Network. The Independent Living Senior Manager's (ILSM) Network fund accounts for the revenue from annual membership and conference fees and the expenditures of the steering committee meetings and the conference.

#### Revenue Recognition

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

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

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

# INDEPENDENT LIVING CENTRE OF WATERLOO REGION

## Notes to Financial Statements

For the Year Ended March 31, 2011

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Cash Equivalent

Cash and cash equivalents include cash deposited in financial institutions and short term deposits with maturities of less than 90 days.

#### Improvements

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

#### Capital Assets

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

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

#### Financial Instruments

The organization has adopted the following classifications for its financial assets and financial liabilities:

Cash and cash equivalents are classified as held-for-trading. These assets are measured at fair value and changes in fair value during the year, if any, are recorded in other revenues in the statement of operations. Transaction costs are expensed as incurred.

Accounts receivable is classified as loans and receivables. This asset is initially recorded at fair value and subsequently measured at amortized cost less any provision for impairment.

Accounts payable and accrued liabilities and amounts due to Ministry of Health and Long Term Care are classified as other financial liabilities. These liabilities are initially recorded at fair value and subsequently measured at amortized cost.

#### Contributed Services

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

#### Measurement Uncertainty

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

Examples of significant estimates include:

- the estimated useful lives of assets;
- the estimated allowance for doubtful accounts;
- the estimated accrued expenses.

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Notes to Financial Statements**

**For the Year Ended March 31, 2011**

**3. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011 Net Book Value</u>	<u>2010 Net Book Value</u>
Furniture and fixtures	\$ 271,981	\$ 220,169	\$ 51,812	\$ 64,765
Computer equipment	173,719	150,009	23,710	9,876
Computer software	29,170	29,170	-	5,537
Leasehold improvements	<u>168,609</u>	<u>59,013</u>	<u>109,596</u>	<u>118,026</u>
	<u>\$ 643,479</u>	<u>\$ 458,361</u>	<u>\$ 185,118</u>	<u>\$ 198,204</u>

**4. DEFERRED CONTRIBUTIONS**

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

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 27,337	\$ 2,045
Less - amount recognized as revenue in the year	(22,392)	(7,514)
Add - amount received related to a following year	<u>-</u>	<u>32,806</u>
Ending balance	<u>\$ 4,945</u>	<u>\$ 27,337</u>

**5. TRANSFER TO ACCESS FUND**

The 2010 Access Show surplus of \$7,073 was transferred to the Access Fund during the year as approved by the Board of Directors.

**6. PENSION COSTS**

The organization sponsors a defined contribution pension plan for its employees. The employees contribute 3% of their earnings and the organization matches the contribution. Pension benefits vest after two years of service. The total pension costs of the organization for the year were \$88,830 (2010 - \$78,982).

**7. LEASE COMMITMENT**

The organization entered into a 20-year lease to rent its premises, commencing August 1, 2004, with minimum lease payments of \$85,554 per annum.

# INDEPENDENT LIVING CENTRE OF WATERLOO REGION

## Notes to Financial Statements

For the Year Ended March 31, 2011

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### 8. DUE TO MINISTRY OF HEALTH AND LONG TERM CARE

The amount of subsidies received from the Ministry of Health and Long Term Care for the fiscal year are subject to a number of factors, one of which is the organization's cost to deliver services in that year. Subsequent to each year end the cost to deliver services is compared to the subsidies received. A portion of amounts received may have to be repaid. Any such changes are recorded as adjustments to income based on management's best estimate, but are subject to change as a result of review and approval by the Ministry. Included in Due to Ministry of Health and Long Term Care is \$19,278 related to the fiscal 2010. Management does not anticipate any amount to be repayable with respect to 2011 operations.

### 9. CAPITAL DISCLOSURE

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

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

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

### 10. FINANCIAL INSTRUMENTS

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

The organization's carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

### 11. COMPARATIVE FIGURES

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