

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Financial Statements

For the Year Ended March 31, 2012

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Index to Financial Statements

For the Year Ended March 31, 2012

	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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Independent Living Centre of Waterloo Region

Report on the Financial Statements

We have audited the accompanying financial statements of Independent Living Centre of Waterloo Region, which comprise the statement of financial position as at March 31, 2012, 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, 2012 are prepared, in all material respects, in accordance with Canadian generally accepted accounting principles.

Kitchener, Ontario
June 25, 2012

Clair Starke + Diegel LLP

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

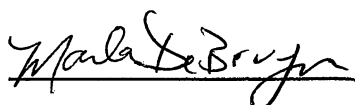
INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Statement of Financial Position

For the Year Ended March 31, 2012

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 450,730	\$ 354,008
Accounts receivable	52,603	62,836
Prepaid expenses	<u>15,423</u>	<u>18,838</u>
	518,756	435,682
 CAPITAL (Note 4)	 <u>174,667</u>	 <u>185,118</u>
	<u>\$ 693,423</u>	<u>\$ 620,800</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 385,534	\$ 350,755
Due to Ministry of Health and Long Term Care (Note 9)	<u>36,503</u>	<u>19,278</u>
	<u>422,037</u>	<u>370,033</u>
 DEFERRED CONTRIBUTIONS (Note 5)	 <u>5,076</u>	 <u>4,945</u>
	<u>427,113</u>	<u>374,978</u>
FUND BALANCES		
Unappropriated	214,638	198,713
Appropriated	33,595	33,595
Access Fund	5,110	8,602
Tournament of Hope Fund	9,186	-
ILSM Network	<u>3,781</u>	<u>4,912</u>
	266,310	245,822
	<u>\$ 693,423</u>	<u>\$ 620,800</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, 2012

	Unappropriated	Appropriate	Access Fund	Tournament of Hope Fund	ILSM Network Fund	2012 Total	2011 Total
FUND BALANCE, OPENING	\$ 198,713	\$ 33,595	\$ 8,602	\$ -	\$ 4,912	\$ 245,822	\$ 260,449
Excess (deficiency) of revenues over expenditures	20,575	-	-	-	-	20,575	(9,685)
Transfer during the year (Note 6)	(4,650)	-	4,650	-	-	-	-
Contributions	-	-	-	-	12,174	12,174	13,170
Donations to fund	-	-	2,908	32,969	-	35,877	6,157
Disbursements	-	-	(11,050)	(23,783)	(13,305)	(48,138)	(24,269)
FUND BALANCE, CLOSING	<u>\$ 214,638</u>	<u>\$ 33,595</u>	<u>\$ 5,110</u>	<u>\$ 9,186</u>	<u>\$ 3,781</u>	<u>\$ 266,310</u>	<u>\$ 245,822</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, 2012

	2012	2011
REVENUES		
Subsidy	\$ 5,745,391	\$ 5,611,400
Grants	213,127	196,635
Attendant service contracts	288,419	274,247
Other revenues	<u>64,020</u>	<u>93,407</u>
	<u>6,310,957</u>	<u>6,175,689</u>
EXPENDITURES		
Salaries, Wages and Benefits		
Salaries and wages	4,006,709	4,034,175
Benefit compensation (ie. vacation, sick time)	630,589	532,711
Employee benefits (Note 7)	<u>1,087,037</u>	<u>1,066,357</u>
	<u>5,724,335</u>	<u>5,633,243</u>
Operating Expenses		
Training costs	19,635	36,334
Recruitment	5,305	7,309
Memberships, dues, employee recognition	10,241	10,018
Travel	107,296	110,226
Health and safety supplies	10,631	11,945
Building occupancy	132,569	132,751
Stationery and office supplies	20,564	29,608
Communications and postage	35,298	39,090
Advertising and promotion	2,653	6,436
Insurance	21,890	19,752
Board and volunteer	484	817
Contract and professional fees	120,172	66,649
Repair and maintenance	1,182	294
Capital acquisition	7,349	14,399
Amortization	28,633	32,848
Miscellaneous	<u>42,145</u>	<u>33,655</u>
	<u>566,047</u>	<u>552,131</u>
	<u>6,290,382</u>	<u>6,185,374</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 20,575</u>	<u>\$ (9,685)</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, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 20,575	\$ (9,685)
Items not involving cash		
Amortization	<u>28,633</u>	<u>32,848</u>
	49,208	23,163
Net changes in non-cash working capital balances		
Accounts receivable	10,233	8,924
Prepaid expenses	3,415	59,202
Accounts payable and accrued liabilities	34,779	21,952
Due to Ministry of Health and Long Term Care	17,225	-
Deferred contributions	131	(22,392)
Access Fund	(8,142)	(4,995)
Tournament of Hope Fund	9,186	-
ILSM Network Fund	<u>(1,131)</u>	<u>53</u>
	<u>114,904</u>	<u>85,907</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(18,182)</u>	<u>(19,762)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	96,722	66,145
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>354,008</u>	<u>287,863</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 450,730</u>	<u>\$ 354,008</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, 2012

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 fundraising activities.

The Tournament of Hope fund accounts for the activity of the Tournament of Hope event dedicated to raising funds for compassionate causes through camaraderie, fellowship and the spirit of helping those in our community with significant, specific needs. Tournament of Hope proceeds are used for compassionate causes determined by the committee.

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, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in financial institutions and short term deposits.

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, 2012

3. CASH

Included in the cash balance is a guaranteed investment certificate with a book value of \$101,750 (2010 - \$100,000) bearing interest at 1.75% and maturing in November 2012.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2012 Net Book Value</u>	<u>2011 Net Book Value</u>
Furniture and fixtures	\$ 271,981	\$ 230,531	\$ 41,450	\$ 51,812
Computer equipment	174,950	142,898	32,052	23,710
Leasehold improvements	<u>168,609</u>	<u>67,444</u>	<u>101,165</u>	<u>109,596</u>
	<u>\$ 615,540</u>	<u>\$ 440,873</u>	<u>\$ 174,667</u>	<u>\$ 185,118</u>

5. 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>2012</u>	<u>2011</u>
Beginning balance	\$ 4,945	\$ 27,337
Less - amount recognized as revenue in the year	(4,869)	(22,392)
Add - amount received related to a following year	<u>5,000</u>	<u>-</u>
Ending balance	<u>\$ 5,076</u>	<u>\$ 4,945</u>

6. FUND TRANSFER

During the year, a transfer of \$4,650 was made from the Unappropriated Fund to the Access Fund as approved by the Board of Directors.

7. 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 \$86,708 (2011 - \$88,830).

8. CONTRACT AND PROFESSIONAL FEES

During the year the organization paid \$79,089 (2011 - \$14,711) to Guelph Independent Living for attendant services provided as agreed upon with Waterloo-Wellington Local Health Integration Network.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2012

9. 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.

10. 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 fiscal 2010 and \$17,225 related to fiscal 2012.

11. 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.

12. 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.