

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Financial Statements

For the Year Ended March 31, 2013

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

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Clarke Starke & Diegel LLP

Chartered Accountants

7 Union Street East
Waterloo, Ontario N2J 1B5
Tel. (519) 579-5520
Fax (519) 570-3611
www.csdca.com

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, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 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.

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)

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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2013 and March 31, 2012, current assets and fund balances as at March 31, 2013, March 31, 2012 and April 1, 2011.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012 are prepared, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.



Waterloo, Ontario
June 27, 2013

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

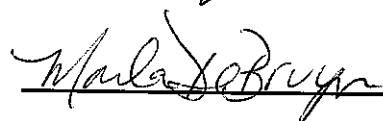
Statement of Financial Position

For the Year Ended March 31, 2013

	March 31, 2013	March 31, 2012	April 1, 2011
ASSETS			
CURRENT			
Cash (Note 4)	\$ 469,319	\$ 450,730	\$ 354,008
Accounts receivable	83,843	52,603	62,836
Prepaid expenses	<u>27,802</u>	<u>15,423</u>	<u>18,838</u>
	580,964	518,756	435,682
 CAPITAL (Note 5)	 <u>152,566</u>	 <u>174,667</u>	 <u>185,118</u>
	<u>\$ 733,530</u>	<u>\$ 693,423</u>	<u>\$ 620,800</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (Note 14)	\$ 485,632	\$ 428,962	\$ 348,295
Government remittances payable	61,791	63,033	61,486
Due to Ministry of Health and Long Term Care (Note 10)	<u>57,335</u>	<u>36,503</u>	<u>19,278</u>
	604,758	528,498	429,059
 DEFERRED CONTRIBUTIONS (Note 6)	 <u>-</u>	 <u>5,076</u>	 <u>4,945</u>
	<u>604,758</u>	<u>533,574</u>	<u>434,004</u>
FUND BALANCES			
Unappropriated	88,859	108,176	139,687
Appropriated	33,595	33,595	33,595
Access Tournament of Hope Fund	8,550	14,297	8,602
ILSM Network	<u>(2,232)</u>	<u>3,781</u>	<u>4,912</u>
	<u>128,772</u>	<u>159,849</u>	<u>186,796</u>
	<u>\$ 733,530</u>	<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, 2013

	Unappropriated	Appropriate	Access Tournament of Hope Fund	ILSM Network Fund	2013 Total	2012 Total
FUND BALANCE, OPENING	\$ 108,176	\$ 33,595	\$ 14,296	\$ 3,781	\$ 159,848	\$ 245,822
Prior period adjustment (Note 14)	<u>108,176</u>	<u>33,595</u>	<u>14,296</u>	<u>3,781</u>	<u>159,848</u>	<u>(59,026)</u>
Fund balance, opening restated						<u>186,796</u>
Excess (deficiency) of revenues over expenditures	(19,317)	-	-	-	(19,317)	(26,861)
Contributions	-	-	-	9,090	9,090	12,174
Donations to fund	-	-	44,180	-	44,180	35,877
Disbursements	-	-	<u>(49,926)</u>	<u>(15,103)</u>	<u>(65,029)</u>	<u>(48,138)</u>
FUND BALANCE, CLOSING	<u>\$ 88,859</u>	<u>\$ 33,595</u>	<u>\$ 8,550</u>	<u>\$ (2,232)</u>	<u>\$ 128,772</u>	<u>\$ 159,848</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, 2013

	2013	2012
REVENUES		
Subsidy	\$ 5,711,155	\$ 5,745,391
Grants	200,799	213,127
Attendant service contracts (Note 14)	272,860	240,983
Other revenues	<u>79,813</u>	<u>64,020</u>
	<u>6,264,627</u>	<u>6,263,521</u>
EXPENDITURES		
Salaries, Wages and Benefits		
Salaries and wages	4,022,053	4,006,709
Benefit compensation (ie. vacation, sick time)	625,942	630,589
Employee benefits (Note 7)	<u>1,027,808</u>	<u>1,087,037</u>
	<u>5,675,803</u>	<u>5,724,335</u>
Operating Expenses		
Training costs	22,925	19,635
Recruitment	3,404	5,305
Memberships, dues, employee recognition	9,874	10,241
Travel	115,757	107,296
Health and safety supplies	9,339	10,631
Building occupancy	130,913	132,569
Stationery and office supplies	26,015	20,564
Communications and postage	44,107	35,298
Advertising and promotion	12,217	2,653
Insurance	22,277	21,890
Board and volunteer	1,944	484
Contract and professional fees (Note 8)	128,817	120,172
Repair and maintenance	3,484	1,182
Capital acquisition	9,584	7,349
Amortization	29,693	28,633
Miscellaneous	<u>37,791</u>	<u>42,145</u>
	<u>608,141</u>	<u>566,047</u>
	<u>6,283,944</u>	<u>6,290,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (19,317)</u>	<u>\$ (26,861)</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, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (19,317)	\$ (26,861)
Items not involving cash		
Amortization	<u>29,693</u>	<u>28,633</u>
	10,376	1,772
Net changes in non-cash working capital balances		
Accounts receivable	(31,240)	10,233
Prepaid expenses	(12,379)	3,415
Accounts payable and accrued liabilities	56,670	80,668
Government remittances payable	(1,242)	1,547
Due to Ministry of Health and Long Term Care	20,832	17,225
Deferred contributions	(5,076)	131
Access Fund	(5,747)	(8,142)
Tournament of Hope Fund	-	9,186
ILSM Network Fund	<u>(6,013)</u>	<u>(1,131)</u>
	<u>26,181</u>	<u>114,904</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(7,592)</u>	<u>(18,182)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	18,589	96,722
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>450,730</u>	<u>354,008</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>469,319</u>	\$ <u>450,730</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, 2013

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. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year, the organization adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of the new standards had no impact on assets, liabilities and fund balances as at April 1, 2011 or the revenues and expenditures or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

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.

During fiscal 2013, the Tournament of Hope fund and the Access fund were joined to form the Access Tournament of Hope Fund. The fund is resources available to persons with physical disabilities in the form of grants to assist with the purchase of equipment. The fund accounts for the activity of the Tournament of Hope event.

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.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs are expensed when incurred.

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.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. CASH

Included in the cash balance is a guaranteed investment certificate with a book value of \$103,536 (2012 - \$101,750) bearing interest at 1.6% and maturing in November 2013.

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2013 Net Book Value</u>	<u>2012 Net Book Value</u>
Furniture and fixtures	\$ 271,981	\$ 238,821	\$ 33,160	\$ 41,450
Computer equipment	175,629	148,958	26,671	32,052
Leasehold improvements	<u>168,609</u>	<u>75,874</u>	<u>92,735</u>	<u>101,165</u>
	<u>\$ 616,219</u>	<u>\$ 463,653</u>	<u>\$ 152,566</u>	<u>\$ 174,667</u>

6. 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>2013</u>	<u>2012</u>
Beginning balance	\$ 5,076	\$ 4,945
Less - amount recognized as revenue in the year	(5,076)	(4,869)
Add - amount received related to a following year	<u>-</u>	<u>5,000</u>
Ending balance	<u>\$ -</u>	<u>\$ 5,076</u>

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 \$81,989 (2012 - \$86,708).

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2013

8. CONTRACT AND PROFESSIONAL FEES

During the year the organization paid \$73,587 (2012 - \$79,089) to Guelph Independent Living for attendant services provided as agreed upon with Waterloo-Wellington Local Health Integration Network.

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 up to August 2014. The minimum rent to be paid for the final 10 years of the lease will be negotiated and mutually agreed upon by the organization and the Landlord, based on the fair market rental rates for similar premises.

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 \$20,824 related to fiscal 2012 and \$36,511 related to fiscal 2013.

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 3. 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 and government remittances payable. 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.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2013

13. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current years presentation.

14. PRIOR PERIOD RESTATEMENTS

During the year it was identified there were clerical errors made in the invoicing of attendant services resulting in over invoicing for the periods July 2008 to December 2012. As of March 31, 2011, the organization had over invoiced \$59,026 related to the fiscal years 2009, 2010 and 2011. A correction has been made to the March 31, 2011 figures to record the accounts payable of \$59,026 and the decrease in net assets of \$59,026. Attendant services during fiscal 2012 were overstated by \$47,435. The comparative figures for attendant services has been reduced by \$47,435 and accounts payable at March 31, 2012 increased accordingly.