

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Financial Statements**

**For the Year Ended March 31, 2014**

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

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**For the Year Ended March 31, 2014**

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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, 2014 and the statement 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 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 and we are not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, current assets and fund balances for the year ended March 31, 2014.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Independent Living Centre of Waterloo Region as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario  
[date of financial statement approval]

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

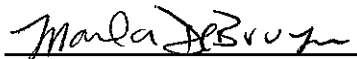
**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**


**Statement of Financial Position**

**For the Year Ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 458,041	\$ 469,319
Accounts receivable	42,111	83,843
Prepaid expenses	<u>16,605</u>	<u>27,802</u>
	516,757	580,964
<b>INVESTMENTS (Note 3)</b>	105,192	-
<b>CAPITAL (Note 4)</b>	<u>138,069</u>	<u>152,566</u>
	<u>243,261</u>	<u>152,566</u>
	<u>\$ 760,018</u>	<u>\$ 733,530</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 466,325	\$ 485,632
Government remittances payable	70,210	61,791
Deferred contributions (Note 5)	5,596	-
Due to Ministry of Health and Long Term Care (Note 6)	<u>70,414</u>	<u>57,335</u>
	<u>612,545</u>	<u>604,758</u>
<b>FUND BALANCES</b>		
Unappropriated	109,916	88,859
Internally Appropriated	33,595	33,595
Externally Restricted Access Tournament of Hope Fund	4,470	8,550
Externally Restricted ILSM Network	<u>(508)</u>	<u>(2,232)</u>
	<u>147,473</u>	<u>128,772</u>
	<u>\$ 760,018</u>	<u>\$ 733,530</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, 2014

	Unappropriated	Appropriate	Access Tournament of Hope Fund	ILSM Network Fund	2014 Total	2013 Total
<b>FUND BALANCE, OPENING</b>	\$ 88,859	\$ 33,595	\$ 8,550	\$ (2,232)	\$ 128,772	\$ 159,848
Excess (deficiency) of revenues over expenditures	21,057	-	-	-	21,057	(19,317)
Contributions	-	-	-	13,488	13,488	9,090
Donations to fund	-	-	32,613	-	32,613	44,180
Disbursements	-	-	(36,693)	(11,764)	(48,457)	(65,029)
<b>FUND BALANCE, CLOSING</b>	<u>\$ 109,916</u>	<u>\$ 33,595</u>	<u>\$ 4,470</u>	<u>\$ (508)</u>	<u>\$ 147,473</u>	<u>\$ 128,772</u>

The accompanying notes form an integral part of these financial statements

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**  
**Statement of Operations of the Unappropriated Fund**  
**For the Year Ended March 31, 2014**

	2014	2013
<b>REVENUES</b>		
Subsidy	\$ 5,730,343	\$ 5,711,155
Grants	201,016	200,799
Attendant service contracts	285,923	272,860
Other revenues (Note 7)	<u>102,339</u>	<u>79,813</u>
	<u>6,319,621</u>	<u>6,264,627</u>
<b>EXPENDITURES</b>		
Salaries, Wages and Benefits		
Salaries and wages	3,937,750	4,022,053
Benefit compensation (ie. vacation, sick time)	613,782	625,942
Employee benefits (Note 8)	<u>1,024,443</u>	<u>1,027,808</u>
	<u>5,575,975</u>	<u>5,675,803</u>
Operating Expenses		
Training costs	21,248	22,925
Recruitment	3,589	3,404
Memberships, dues, employee recognition	11,761	9,874
Travel	131,941	115,757
Health and safety supplies	8,646	9,339
Building occupancy	174,762	130,913
Stationery and office supplies	21,370	26,015
Communications and postage	48,155	44,107
Advertising and promotion	4,104	12,217
Insurance	22,880	22,277
Board and volunteer	326	1,944
Contract and professional fees (Note 7)	117,124	128,817
Repair and maintenance	34,237	3,484
Capital acquisition	45,471	9,584
Amortization	24,418	29,693
Miscellaneous	<u>52,557</u>	<u>37,791</u>
	<u>722,589</u>	<u>608,141</u>
	<u>6,298,564</u>	<u>6,283,944</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 21,057</u>	<u>\$ (19,317)</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, 2014**

	<b>2014</b>	<b>2013</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ 21,057	\$ (19,317)
Items not involving cash		
Amortization	<u>24,418</u>	<u>29,693</u>
	45,475	10,376
Net changes in non-cash working capital balances		
Accounts receivable	41,732	(31,240)
Prepaid expenses	11,197	(12,379)
Accounts payable and accrued liabilities	(19,307)	56,670
Government remittances payable	8,419	(1,242)
Due to Ministry of Health and Long Term Care	13,079	20,832
Deferred contributions	5,596	(5,076)
Access Fund	(4,080)	(5,747)
ILSM Network Fund	<u>1,724</u>	<u>(6,013)</u>
	<u>103,835</u>	<u>26,181</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(9,921)	(7,592)
Purchase of long term investments	<u>(105,192)</u>	<u>-</u>
	<u>(115,113)</u>	<u>(7,592)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,278)	18,589
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>469,319</u>	<u>450,730</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ <u>458,041</u>	\$ <u>469,319</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, 2014

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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

#### 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.

The Access Tournament of Hope Fund issues available resources 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.

The organization administers the funds of the Independent Living Senior Manager's (ILSM) Network. The 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.

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# INDEPENDENT LIVING CENTRE OF WATERLOO REGION

## Notes to Financial Statements

For the Year Ended March 31, 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in financial institutions and short term deposits with maturity dates of less than one year.

#### 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.

#### 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 amount due to Ministry of Health and Long Term Care;
- the estimated accrued expenses.

### 3. INVESTMENTS

The organization holds investments in guaranteed investment certificates totaling \$105,192. The certificates have maturity dates ranging between November 2015 to November 2016 and earn interest at rates between 2% and 2.2%. Liquidation of the certificates prior to their maturity dates bears a penalty.

**INDEPENDENT LIVING CENTRE OF WATERLOO REGION**

**Notes to Financial Statements**

**For the Year Ended March 31, 2014**

**4. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Furniture and fixtures	\$ 281,903	\$ 246,445	\$ 35,458	\$ 33,160
Computer equipment	173,855	155,548	18,307	26,671
Leasehold improvements	<u>168,609</u>	<u>84,305</u>	<u>84,304</u>	<u>92,735</u>
	<u>\$ 624,367</u>	<u>\$ 486,298</u>	<u>\$ 138,069</u>	<u>\$ 152,566</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>2014</u>	<u>2013</u>
Beginning balance	\$ -	\$ 5,076
Less - amount recognized as revenue in the year	-	(5,076)
Add - amount received related to a following year	<u>5,596</u>	<u>-</u>
Ending balance	<u>\$ 5,596</u>	<u>\$ -</u>

**6. 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 \$33,903 related to fiscal 2014 and \$36,511 related to fiscal 2013.

**7. CONTRACT FEES**

During the year the organization paid \$44,595 (2012 - \$73,587) to Guelph Independent Living for attendant services provided as agreed upon with Waterloo-Wellington Local Health Integration Network.

Included in other revenue for the year is \$30,000 (2013 - nil) received from Guelph Independent Living for the purchase of attendant service equipment.

**8. 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 \$74,934 (2013 - \$81,989).

# INDEPENDENT LIVING CENTRE OF WATERLOO REGION

## Notes to Financial Statements

For the Year Ended March 31, 2014

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### 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. 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.

### 11. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, long term investments, 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 market risks arising from these financial instruments.

Credit risk arises from the potential that the organization will be unable to collect the balance of its outstanding receivable. The organization monitors its credit risk on an on-going basis to assess collectability of balances outstanding.

Liquidity risk is the risk that the organization will encounter difficulty in meeting a demand for cash or funding its obligations as they come due. The organization meets its liquidity requirements by monitoring the cash flow from operations and investment performance and the anticipated cash flows from investing activities. The organization is exposed to liquidity risk through its financial instruments, particularly those with stated maturities extending beyond 90 days.

The extent of the organization's exposure to the above risks did not change significantly during fiscal 2013.