

INDEPENDENT LIVING CENTRE OF WATERLOO REGION
Financial Statements
For the Year Ended March 31, 2016

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

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For the Year Ended March 31, 2016

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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, 2016 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, 2016.

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, 2016 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
June 27, 2016

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

INDEPENDENT LIVING CENTRE OF WATERLOO REGION


Statement of Financial Position

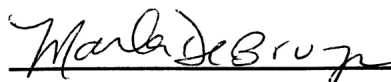
For the Year Ended March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 233,052	\$ 395,574
Accounts receivable (Note 3)	78,538	72,890
Prepaid expenses	<u>6,751</u>	<u>8,016</u>
	318,341	476,480
INVESTMENTS (Note 4)	109,646	107,396
CAPITAL (Note 5)	<u>98,678</u>	<u>117,022</u>
	<u>208,324</u>	<u>224,418</u>
	<u>\$ 526,665</u>	<u>\$ 700,898</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 304,479	\$ 407,957
Government remittances payable	48,145	84,408
Deferred contributions (Note 6)	3,801	3,751
Due to Ministry of Health and Long Term Care (Note 7)	<u>21,494</u>	<u>36,885</u>
	<u>377,919</u>	<u>533,001</u>
FUND BALANCES		
Unappropriated	109,101	129,308
Internally Appropriated	33,595	33,595
Externally Restricted Access Tournament of Hope Fund	4,359	4,932
Externally Restricted ILSM Network	<u>1,691</u>	<u>62</u>
	<u>148,746</u>	<u>167,897</u>
	<u>\$ 526,665</u>	<u>\$ 700,898</u>

CONTINGENT LIABILITY (Note 12)

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, 2016

	Unappropriated	Appropriate	Access Tournament of Hope Fund	ILSM Network Fund	2016 Total	2015 Total
FUND BALANCE, OPENING	\$ 129,308	\$ 33,595	\$ 4,932	\$ 62	\$ 167,897	\$ 147,473
Excess (deficiency) of revenues over expenditures	(20,207)	-	-	-	(20,207)	19,392
Contributions	-	-	-	11,787	11,787	3,450
Donations to fund	-	-	52,602	-	52,602	46,473
Expenditures	-	-	(13,582)	(10,158)	(23,740)	(17,341)
Grants to recipients	<u>-</u>	<u>-</u>	<u>(39,593)</u>	<u>-</u>	<u>(39,593)</u>	<u>(31,550)</u>
FUND BALANCE, CLOSING	<u>\$ 109,101</u>	<u>\$ 33,595</u>	<u>\$ 4,359</u>	<u>\$ 1,691</u>	<u>\$ 148,746</u>	<u>\$ 167,897</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, 2016

	2016	2015
REVENUES		
Subsidy	\$ 6,488,662	\$ 6,211,400
Grants	239,791	236,856
Attendant service contracts	600,453	334,174
Other revenues	<u>68,016</u>	<u>84,228</u>
	<u>7,396,922</u>	<u>6,866,658</u>
EXPENDITURES		
Salaries, Wages and Benefits		
Salaries and wages	4,802,711	4,408,576
Benefit compensation (ie. vacation, sick time)	739,330	669,985
Employee benefits (Note 8)	<u>1,244,364</u>	<u>1,100,868</u>
	<u>6,786,405</u>	<u>6,179,429</u>
Operating Expenses		
Training costs	32,285	31,138
Recruitment	3,205	4,796
Memberships, dues, employee recognition	7,964	9,595
Travel	163,319	159,342
Health and safety supplies	16,890	17,413
Building occupancy	161,398	169,563
Stationery and office supplies	13,552	25,392
Communications and postage	33,573	52,659
Advertising and promotion	249	2,304
Insurance	25,648	23,259
Board and volunteer	113	1,129
Contract and professional fees	96,500	61,623
Repair and maintenance	2,671	13,889
Capital acquisition	10,068	31,503
Amortization	18,344	21,047
Miscellaneous	<u>44,945</u>	<u>43,185</u>
	<u>630,724</u>	<u>667,837</u>
	<u>7,417,129</u>	<u>6,847,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (20,207)</u>	<u>\$ 19,392</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, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (20,207)	\$ 19,392
Items not involving cash		
Amortization	<u>18,344</u>	<u>21,047</u>
	(1,863)	40,439
Net changes in non-cash working capital balances		
Accounts receivable	(5,648)	(30,779)
Prepaid expenses	1,265	13,197
Accounts payable and accrued liabilities	(103,478)	(62,976)
Government remittances payable	(36,263)	14,198
Due to Ministry of Health and Long Term Care	(15,391)	(33,529)
Deferred contributions	50	(1,845)
Access Tournament of Hope Fund	(573)	462
ILSM Network Fund	<u>1,629</u>	<u>570</u>
	<u>(160,272)</u>	<u>(60,263)</u>
INVESTING ACTIVITY		
Purchase of long term investments	<u>(2,250)</u>	<u>(2,204)</u>
	<u>(2,250)</u>	<u>(2,204)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(162,522)	(62,467)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>395,574</u>	<u>458,041</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 233,052</u>	<u>\$ 395,574</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, 2016

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. SUMMARY OF 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, 2016

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. ACCOUNTS RECEIVABLE

Included in accounts receivable is HST recoverable of \$14,548 (\$13,076 - 2015).

4. INVESTMENTS

The organization holds investments in guaranteed investment certificates totaling \$109,646. The certificates have maturity dates ranging between November 2016 to November 2017 and earn interest at rates between 1.6% 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, 2016

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Furniture and fixtures	\$ 281,903	\$ 259,210	\$ 22,693	\$ 28,366
Computer equipment	164,071	155,530	8,541	12,782
Leasehold improvements	<u>168,609</u>	<u>101,165</u>	<u>67,444</u>	<u>75,874</u>
	<u>\$ 614,583</u>	<u>\$ 515,905</u>	<u>\$ 98,678</u>	<u>\$ 117,022</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>2016</u>	<u>2015</u>
Beginning balance	\$ 3,571	\$ 5,596
Less - amount recognized as revenue in the year	(3,571)	(5,596)
Add - amount received related to a following year	<u>3,801</u>	<u>3,571</u>
Ending balance	<u>\$ 3,801</u>	<u>\$ 3,571</u>

7. 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 \$3,496 related to fiscal 2015 and \$17,998 related to fiscal 2016.

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 \$71,947 (2015 - \$70,534).

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2016

9. LEASE COMMITMENT

The organization entered into a 20 year lease to rent its premises, commencing August 1, 2004. On August 1, 2014 the lease premiums were renegotiated per the contract agreement with a graduating lease rate to bring the rental cost to market value. The minimum lease payments per annum are as follows:

2017	107,130
2018	109,501
2019	110,687
2020	112,267
2021	113,058

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, and 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 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. There was no allowance for doubtful accounts recorded at March 31, 2016.

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 2016.

INDEPENDENT LIVING CENTRE OF WATERLOO REGION

Notes to Financial Statements

For the Year Ended March 31, 2016

12. CONTINGENT LIABILITY

During the year, the organization was named in a lawsuit regarding an employment matter. As of March 31, 2016, it is not determinable whether the organization has any pending liability as a result of this claim. There has been no liability accrued as of March 31, 2016.

13. COMPARATIVE FIGURES

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