

Community Living Burlington

Financial Statements

For the year ended March 31, 2011

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AUDITOR'S REPORT

To the Members of
Community Living Burlington

Report on the Financial Statements

We have audited the accompanying financial statements of Community Living Burlington, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Living Burlington as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

May 24, 2011

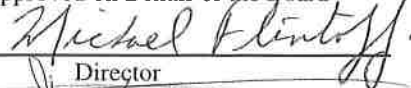


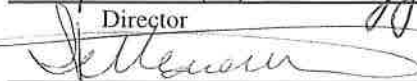
Chartered Accountants
Licensed Public Accountants

Community Living Burlington
Statement of Financial Position
March 31, 2011

	Assets	
	2011	2010
		(Note 17)
Current assets		
Cash and cash equivalents	\$ 4,766	\$ 3,090
Investments - Branchton Funds (Note 3)	548,785	525,242
Investments	21,824	21,824
Accounts receivable (Note 4)	392,335	243,680
Prepays	70,458	69,908
	1,038,168	863,744
Long-term investments (Note 5)	134,221	121,868
Fixed assets (Note 6)	7,037,106	6,238,268
	\$ 8,209,495	\$ 7,223,880

Approved on Behalf of the Board


Director


Director

The accompanying notes are an integral part of the financial statements.

Liabilities		
	2011	2010 (Note 17)
Current liabilities		
Bank indebtedness (Note 7)	\$ 315,466	\$ 67,474
Accounts payable and accrued liabilities (Note 8)	1,073,016	1,007,228
Deferred revenue	68,429	94,524
Current portion of long-term debt (Note 9)	320,130	388,451
	1,777,041	1,557,677
Long-term debt (Note 9)	1,055,254	777,514
Deferred fixed asset contributions (Note 10)	2,553,620	1,939,346
	5,385,915	4,274,537
Net Assets		
Net assets restricted for endowment purposes (Note 5)	134,221	121,868
Unrestricted	(472,904)	(305,482)
Capital reserve fund	54,161	-
Invested in fixed assets	3,108,102	3,132,957
	2,823,580	2,949,343
	\$ 8,209,495	\$ 7,223,880

The accompanying notes are an integral part of the financial statements.

Community Living Burlington

Statement of Operations

Year Ended March 31, 2011

	2011	2010 (Note 17)
Revenue		
Contract work sales	\$ 91,963	\$ 102,701
Donations	45,192	58,727
Freeman Foundation	90,268	70,981
Fundraising revenue, net of expense (Note 11)	54,161	56,329
Job placements	93,979	83,487
Miscellaneous revenue	102,293	65,149
Passages subsidy	98,212	92,272
Program grants	235,347	49,063
Program service fees	255,863	217,619
Province of Ontario	11,232,646	10,922,694
Regional Municipality	414,286	393,456
Residents' fees	1,283,936	1,250,393
United way grant	91,992	91,992
	14,090,138	13,454,863
Expenses		
Amortization of fixed assets	265,836	274,852
Automobile and travel	289,630	303,650
Bank charges and interest	14,137	11,795
Equipment	14,294	25,997
Food	359,167	347,674
Insurance	73,522	71,849
Miscellaneous expense	13,231	20,584
Occupancy costs	295,726	255,800
Other rentals	55,987	49,467
Personal and health care needs	200,567	212,719
Professional fees	86,581	66,889
Purchased services for clients	463,059	431,990
Renovations	343,159	226,295
Repairs and maintenance	185,629	188,029
Staff salaries and benefits	11,064,316	10,505,743
Staff training	28,517	78,648
Supplies	244,900	189,336
Telephone and postage	64,643	67,921
Trainees payroll	188,896	176,244
	14,251,797	13,505,482
Deficiency of revenues over expenditures from operations	(161,659)	(50,619)
Gain on sale of fixed assets	-	800
Investment income	21,482	19,249
Unrealized gains on investments	2,061	8,632
Deficiency of revenues over expenses	\$ (138,116)	\$ (21,938)

The accompanying notes are an integral part of the financial statements.

Community Living Burlington
Statement of Changes in Net Assets
Year Ended March 31, 2011

	Restricted for Endowment Purposes	Unrestricted	Capital Reserve Fund	Invested in Fixed Assets	2011 Total	2010 Total
Net assets, beginning of year	\$ 121,868	\$ (305,482)	\$ -	\$ 3,132,957	\$ 2,949,343	\$ 2,951,990
Deficiency of revenues over expenses	-	(138,116)	-	-	(138,116)	(21,938)
Allocation to Reserve Fund	-	(54,161)	54,161	-	-	-
Change in net assets invested in fixed assets (Note 12)	-	24,855	-	(24,855)	-	-
Investment loss	(1,896)	-	-	-	(1,896)	(1,748)
Net unrealized gain on investments	14,249	-	-	-	14,249	21,039
Net assets, end of year	\$ 134,221	\$ (472,904)	\$ 54,161	\$ 3,108,102	\$ 2,823,580	\$ 2,949,343

The accompanying notes are an integral part of the financial statements.



Community Living Burlington
Statement of Cash Flows
Year Ended March 31, 2011

	2011	2010 (Note 17)
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (138,116)	\$ (21,938)
Charges not involving cash		
Amortization of fixed assets	265,836	274,852
Amortization of deferred fixed asset contributions	(115,960)	(118,131)
Gain on sale of fixed assets	-	(800)
Unrealized gains on investments	(2,061)	(8,632)
	9,699	125,351
Net change in accounts receivable	(148,655)	8,129
Net change in accounts payable and accrued liabilities	65,788	142,700
Net change in other operating working capital balances	(26,645)	(2,784)
Cash flows from (used in) operating activities	(99,813)	273,396
Cash flows from financing activities		
Change in bank indebtedness	247,992	(129,639)
Increase (decrease) in long-term debt	209,419	(110,463)
Cash flows from (used in) financing activities	457,411	(240,102)
Cash flows from investing activities		
Purchase of investments	(21,482)	(19,249)
Purchase of fixed assets	(1,064,674)	(14,905)
Proceeds on disposal of fixed assets	-	800
Deferred fixed asset contributions	730,234	-
Cash flows used in investing activities	(355,922)	(33,354)
Net increase (decrease) in cash and cash equivalents	1,676	(60)
Cash and cash equivalents, beginning of year	3,090	3,150
Cash and cash equivalents, end of year	\$ 4,766	\$ 3,090
Supplementary information		
Interest paid	\$ 68,703	\$ 76,868

The accompanying notes are an integral part of the financial statements.

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2011

1. Basis of presentation

Purpose of the Association

Community Living Burlington ("the Association") was incorporated as a company without share capital on May 17, 1963 by letters patent issued under the Corporations Act of the Province of Ontario, as a not-for-profit organization and is a registered charity under the Income Tax Act. The purpose of the Association is to administer various programs for individuals with developmental disabilities.

2. Significant accounting policies

Fixed assets and amortization

Fixed assets are recorded at acquisition cost. Amortization is provided as follows:

Buildings	30 year straight-line
Computer equipment	20% declining balance
Furniture and fixtures	20% declining balance
Vehicles	30% declining balance

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

In common with many not-for-profit organizations, the Association receives contributions from individuals in the form of contributed services. Because of the difficulty determining their fair value, contributed services are not recognized in the financial statements.

Deferred fixed asset contributions

Contributions received and spent for fixed assets are deferred in the accounts and amortized over the same terms and on the same basis as the related fixed assets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2011

2. Significant accounting policies (cont'd.)

Financial instruments

The Association has designated its cash and cash equivalents as well as its investments as held for trading, which are measured at fair value. Accounts receivable are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Fair value of investments has been determined as follows:

- i) Pooled funds are valued based on reported unit value
- ii) Short-term securities are based on cost plus accrued income, which approximates fair value

Transaction costs are recorded on the settlement date basis and transaction costs are expensed when incurred.

The Association has chosen to apply Canadian Institute of Chartered Accountants ("CICA") 3861 Financial Instruments - Disclosure and Presentation, in place of CICA 3862, Financial Instruments - Disclosures and CICA 3863, Financial Instruments - Presentation.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks. Bank borrowings to finance capital and operating expenditures are considered to be financing activities.

Future changes in accounting policies

In November 2010, the Canadian Accounting Standards Board confirmed that Not-for-Profit organizations will be required to transition from current accounting standards to either International Financial Reporting Standards or Accounting Standards for Not-for-Profit Organizations for annual financial statements relating to fiscal years beginning on or after January 1, 2012. The Association has chosen to transition to the Accounting Standards for Not-for-Profit Organizations and will issue its first financial statements in accordance with the new standards for the year ended March 31, 2013. The new standards provide organizations with certain accounting policy choices which could materially impact the financial statements. Management is currently assessing the impact that the changes in the accounting policies will have on the Association and developing a transition plan.

3. Investments - Branchton Funds

The funds held by the Association in short-term investments arose from the sale of Branchton Camp during the year ended March 31, 2006. The disposition resulted in net proceeds of \$505,889 of which all investment income earned is reinvested into additional fixed income investments in accordance with the Association's investment policy. The Association's policy is that the Branchton Camp proceeds and related investment income are drawn upon only after board approval. The transactions relating directly to the Branchton Camp proceeds are identified as follows:

	2011	2010
Balance, beginning of year	\$ 525,242	\$ 497,361
Investment income	23,543	27,881
Balance, end of year	\$ 548,785	\$ 525,242

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2011

4. Accounts receivable

	2011	2010
Trade accounts receivable	\$ 73,636	\$ 72,236
WSIB recoverable	41,952	54,720
H.S.T recoverable	54,811	19,012
Funding receivable	221,936	97,712
	<u>\$ 392,335</u>	<u>\$ 243,680</u>

5. Long-term investments

The long-term investment represents an endowment contribution to Community Living Burlington. Due to the nature of the endowment contribution, only the income earned on the investment can be used for operations. The contribution has been invested in a balanced investment portfolio and has a market value of \$134,221 at March 31, 2011 (2010 - \$121,868).

6. Fixed assets

	Cost	Accumulated Amortization	2011	2010
Land and buildings^(a)				
Alconbury House	\$ 216,236	\$ 69,037	\$ 147,199	\$ 152,130
Berkshire House	232,363	77,216	155,147	160,662
Daryl House	277,050	112,512	164,538	170,460
Deerwood House	227,793	74,617	153,176	158,506
Duncaster House	228,513	74,299	154,214	159,521
Dynes House	244,179	105,580	138,599	143,405
Fairfax House	398,697	51,883	346,814	358,302
Freeman House	260,056	74,213	185,843	192,512
Fisher House ^(b)	379,000	1,974	377,026	-
Hammond House	215,024	78,332	136,692	141,926
Headon Forest House	299,407	72,712	226,695	234,217
Headon Road House	250,573	90,450	160,123	168,472
Kirkburn House	198,076	79,490	118,586	123,262
Mainway	2,053,898	760,722	1,293,176	1,119,576
Moss Glen House	278,712	100,901	177,811	184,161
New Street 1	381,977	40,351	341,626	351,534
New Street 2	729,840	87,482	642,358	664,061
Pinecove House	214,491	76,977	137,514	141,197
Rotary House	294,489	60,944	233,545	240,932
Rubens Court 1	395,554	69,546	326,008	335,943
Rubens Court 2	361,139	50,695	310,444	319,524
Ryerson House	329,613	75,889	253,724	262,003
Stratton House	250,484	112,339	138,145	143,495
Wanda House	459,440	-	459,440	-
Wedgewood House	197,587	65,652	131,935	135,218
	<u>\$ 9,374,191</u>	<u>\$ 2,463,813</u>	<u>\$ 6,910,378</u>	<u>\$ 6,061,019</u>

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2011

6. Fixed assets (cont'd)

	Cost	Accumulated Amortization	2011	2010
Balance forward	\$ 9,374,191	\$ 2,463,813	\$ 6,910,378	\$ 6,061,019
Other assets				
Computer- Administration	44,054	38,780	5,274	6,592
Computer- Life Skills	8,920	5,997	2,923	3,654
Furniture and Fixtures	123,560	110,536	13,024	16,280
Vehicles	715,416	609,909	105,507	150,723
	891,950	765,222	126,728	177,249
	\$ 10,266,141	\$ 3,229,035	\$ 7,037,106	\$ 6,238,268

(a) Included in the total amount of land and building costs are land costs of \$2,401,135 (2010 - \$2,193,385) which are not being amortized.

(b) During the year, the Association received Fisher House as a contribution. This asset has been recorded at its fair value at the date of contribution as determined by an appraisal.

The Ministry of Community and Social Services ("the Ministry") has an interest in certain of the fixed assets of the Association. Therefore, the Association is not at liberty to dispose of, or otherwise encumber the title in relation to these assets without the Ministry's prior written approval.

7. Bank indebtedness

The Association has an operating line of credit secured by a General Security Agreement covering all personal property of the Association, including receivables, inventory and equipment. The amount of credit authorized is \$700,000, at prime plus 0.75%. At March 31, 2011, the amount drawn from this operating line was \$227,769 and the remaining balance of \$87,697 in bank indebtedness represents outstanding cheques.

8. Accounts payable and accrued liabilities

	2011	2010
Accounts payable and accrued liabilities	\$ 463,065	\$ 417,275
Payroll deductions payable	28,886	45,710
Salaries payable	581,065	544,243
	\$ 1,073,016	\$ 1,007,228

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2011

9. Long-term debt	2011	2010
7.5% mortgage, payable in blended monthly payments of \$6,000, maturing April 2012. Secured by the Mainway land and building.	\$ 408,603	\$ 448,800
5.64% mortgage, payable in blended monthly payments of \$977, maturing June 2011. Secured by the Hammond House land and building.	90,860	97,326
6.3% mortgage, payable in blended weekly payments of \$194, maturing July 2014. Secured by Wedgewood House land and building.	74,016	79,289
7.0% mortgage, payable in blended weekly payments of \$89, maturing August 2011. Secured by Moss Glen House land and building.	29,114	31,637
6.3%, payable in blended weekly payments of \$258, maturing July 2014. Secured by Duncaster House land and building.	43,410	53,848
6.3%, payable in blended weekly payments of \$140, maturing July 2014. Secured by Deerwood House land and building.	53,425	57,052
3.3% mortgage, payable in blended monthly payments of \$971, maturing December 2015. Secured by Berkshire House land and building.	86,263	94,364
5.64% mortgage, payable in blended monthly payments of \$629, maturing June 2011. Secured by Headon Forest House land and building.	78,269	81,381
3.3% mortgage, payable in blended monthly payments of \$2,464, maturing December 2015. Secured by Ryerson House land and building.	44,777	71,415
3.3% mortgage, payable in blended monthly payments of \$1,408, maturing December 2015. Secured by Sovereign House land and building.	139,647	150,853
Balance forward	\$ 1,048,384	\$ 1,165,965

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2011

9. Long-term debt (cont'd.)

	2011	2010
Balance forward	\$ 1,048,384	\$ 1,165,965
Variable rate mortgage at prime plus 0.7%, payable in blended weekly payments of \$386, maturing March 2016. Secured by Wanda House land and building.	<u>327,000</u>	<u>-</u>
	1,375,384	1,165,965
Less: Current portion	<u>(320,130)</u>	<u>(388,451)</u>
	\$ 1,055,254	\$ 777,514

Interest expense on mortgages in 2011 amounted to \$67,806 (2010 - \$76,413), and is included in the statement of operations as a component of occupancy costs.

Minimum required principal repayments are as follows:

2012	\$ 320,130
2013	435,263
2014	55,342
2015	136,749
2016	427,900
	<u>\$ 1,375,384</u>

10. Deferred fixed asset contributions

	2011	2010
Balance, beginning of year	\$ 1,939,346	\$ 2,057,477
Contributions received and spent in year	730,234	-
Amortization for the year	<u>(115,960)</u>	<u>(118,131)</u>
Balance, end of year	\$ 2,553,620	\$ 1,939,346

Deferred fixed asset contributions represent the unamortized amount of donations and grants received for the purchase of fixed assets. The amortization of deferred fixed asset contributions is recorded as revenue from the Province of Ontario in the statement of operations.

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2011

11. Fundraising revenue, net of expenses

	2011	2010
Fundraising revenue	\$ 86,767	\$ 106,721
Fundraising expenses	(32,606)	(50,392)
Fundraising revenue, net of expenses	\$ 54,161	\$ 56,329

Included in the above are two fundraising events that the Association sponsors annually. Contributions reported in the Statement of Operations from the Walk 'N Roll event include net revenues from this event of \$16,990. Gross revenues and expenses related to this event were \$22,359 and \$5,369, respectively.

Contributions reported in the Statement of Operations from the Golf Tournament include net revenues from this event of \$26,172. Gross revenues and expenses related to this event were \$52,670 and \$26,498, respectively.

Contributions reported in the Statement of Operations from other events include net revenues of \$10,999. Gross revenues and expenses related to other events were \$11,738 and \$739, respectively.

12. Net assets invested in fixed assets

	2011	2010
Fixed assets	\$ 7,037,106	\$ 6,238,268
Amounts funded by deferred fixed asset contributions	(2,553,620)	(1,939,346)
Amounts funded by long term debt	(1,375,384)	(1,165,965)
	\$ 3,108,102	\$ 3,132,957

The change in net assets invested in fixed assets is as follows:

Purchase of fixed assets	\$ 1,064,674	\$ 14,905
Amounts funded by deferred fixed asset contributions	(730,234)	-
Amortization of fixed assets	(265,836)	(274,852)
Amortization of deferred fixed asset contributions	115,960	118,131
Decrease (Increase) in long term debt	(209,419)	110,463
	\$ (24,855)	\$ (31,353)

Community Living Burlington
Notes to Financial Statements
Year Ended March 31, 2011

13. Capital disclosures

The Association considers its capital to be the balance maintained in its fund balances. The primary objective of the Association is to invest its capital in a manner that will allow it to continue as a going concern and to achieve its mandate as stated in Note 1. Capital is invested under the direction of the Board of Directors with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Association is not subject to any externally imposed requirements of its capital with the exception of the endowment contribution identified in Note 5.

14. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

	2012	\$	78,385
	2013		51,725
	2014		44,845
	2015		39,272
	2016		4,920
			<hr/>
		\$	219,147

In addition, the Association has a lease agreement to rent premises for monthly payments of \$800. The lease agreement can be terminated with 60 days notice.

15. Economic dependence

The Association receives the majority of its funding for operating and capital activities during the year from the Province of Ontario.

16. Financial instruments

The Association's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, long-term investments, bank indebtedness, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency or credit risks.

Fair values

The carrying value of cash and cash equivalents, short-term investments, accounts receivable, long-term investments, bank indebtedness, and accounts payable and accrued liabilities approximates fair value due to the nature of these instruments. The fair value of long-term debt approximates its carrying value as the interest and terms of debt are comparable to those currently available to the Association.

Interest rate risk

The Association has an operating line and a mortgage that bear interest at a floating rate subject to fluctuations in the bank prime.

Community Living Burlington

Notes to Financial Statements

Year Ended March 31, 2011

17. Comparative information

The comparative figures for 2010 have been reclassified where necessary to conform with the 2011 financial statement presentation.