

**Independent Living Services of
Simcoe County and Area**

**Financial Statements
For the Year Ended March 31, 2018**

**Independent Living Services of Simcoe County and Area
Financial Statements
For the Year Ended March 31, 2018**

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedules of Revenue and Expenses (Unaudited)	
Association	14
Community Support Services, Assisted Living, & Personal Support Services	15
North Simcoe Muskoka Collaborative	16



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Independent Auditor's Report

To the Board of Directors of Independent Living Services of Simcoe County and Area

We have audited the accompanying financial statements of Independent Living Services of Simcoe County and Area, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and 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.



Basis for Qualified Opinion

In common with many not-for-profit organizations, Independent Living Services of Simcoe County and Area derives revenue from donation and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Independent Living Services of Simcoe County and Area. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and fund balances as at April 1 and March 31 for both the 2017 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Independent Living Services of Simcoe County and Area as at March 31, 2018, 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.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 14 through 16 of Independent Living Services of Simcoe County and Area's Financial Statements.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 26, 2018

**Independent Living Services of Simcoe County and Area
Statement of Financial Position**

March 31	General Fund	Internally Restricted Fund	Total 2018	Total 2017
Assets				
Current				
Cash and cash equivalents (Note 2)	\$ 266,027	\$ 468,000	\$ 734,027	\$ 594,904
Accounts receivable	59,840	1,736	61,576	102,622
Prepaid expenses	25,774	-	25,774	27,708
Interfund balance	-	115,273	115,273	223,821
	<u>351,641</u>	<u>585,009</u>	<u>936,650</u>	<u>949,055</u>
Long-term investments (Note 3)	248,098	-	248,098	295,010
Capital assets (Note 4)	69,069	-	69,069	73,967
	<u>\$ 668,808</u>	<u>\$ 585,009</u>	<u>\$1,253,817</u>	<u>\$1,318,032</u>

Liabilities and Fund Balances

Current

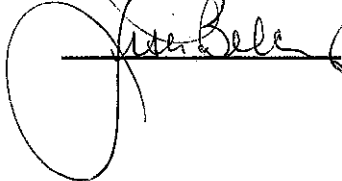
Accounts payable and accruals (Note 5)	\$ 469,734	\$ -	\$ 469,734	\$ 416,168
Deferred revenue	7,413	-	7,413	23,053
Interfund balance	115,273	-	115,273	223,821
	<u>592,420</u>	<u>-</u>	<u>592,420</u>	<u>663,042</u>

Commitments (Note 6)


Contingencies (Note 7)

Fund Balances	<u>76,388</u>	<u>585,009</u>	<u>661,397</u>	<u>654,990</u>
	<u>\$ 668,808</u>	<u>\$ 585,009</u>	<u>\$1,253,817</u>	<u>\$1,318,032</u>

On behalf of the Board:



Director



Director

Independent Living Services of Simcoe County and Area Statement of Operations and Changes in Fund Balances

For the year ended March 31	General Fund	Internally Restricted Fund	Total 2018	Total 2017
Revenue				
Grant - North Simcoe Muskoka LHIN (Note 8)	\$ 5,904,997	\$ -	\$5,904,997	\$ 5,930,419
Grant - United Way	16,693	-	16,693	-
Grant - Employment and Social Development Canada	9,224	-	9,224	4,984
Donations	9,278	-	9,278	8,843
Bingo (net of prizes)	11,820	-	11,820	10,069
Fee for service, interest, and other revenue	17,398	-	17,398	9,854
Membership Fees - collaborative	300	-	300	17,700
	<u>5,969,710</u>	<u>-</u>	<u>5,969,710</u>	<u>5,981,869</u>
Expenses				
Advertising and promotion	15,036	-	15,036	6,986
Amortization of capital assets	29,115	-	29,115	30,010
Building occupancy	190,834	-	190,834	180,393
Employee benefits (Note 9)	863,552	-	863,552	1,007,184
Insurance	26,707	-	26,707	26,415
Miscellaneous	10,309	-	10,309	7,944
Office	161,800	144	161,944	118,490
Professional fees	16,864	-	16,864	44,182
Purchased services	41,781	-	41,781	24,094
Salaries	4,412,580	-	4,412,580	4,360,281
Staff and volunteer training, conventions and seminars	27,039	-	27,039	28,653
Telephone	41,091	-	41,091	41,631
Transportation and accommodation	125,894	-	125,894	153,508
	<u>5,962,602</u>	<u>144</u>	<u>5,962,746</u>	<u>6,029,771</u>
Excess of revenues over expenses (expenses over revenues) for the year - operations	7,108	(144)	6,964	\$ (47,902)
Unrealized gain (loss) on investments (Note 3)	(557)	-	(557)	\$ 6,354
Change in fund balance for the year	6,551	(144)	6,407	\$ (41,548)
Fund balance, beginning of year	69,837	585,153	654,990	696,538
Fund balance, end of year	\$ 76,388	\$ 585,009	\$ 661,397	\$ 654,990

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

Independent Living Services of Simcoe County and Area Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenue)		
for the year - general fund	\$ 7,108	\$ (49,889)
Adjustment for:		
Amortization of capital assets	29,115	30,010
Unrealized gain (loss) on investments	(557)	6,354
Changes in non-cash working capital items:		
Accounts receivable	40,902	(48,756)
Prepaid expenses	1,934	(1,844)
Deferred revenue	(15,640)	22,253
Accounts payable and accruals	53,566	64,324
Due to/from internally restricted fund	(108,548)	-
	<u>7,880</u>	<u>22,452</u>
Cash flows from investing activities		
Purchase of capital assets	(24,217)	(49,611)
Net proceeds on sale (purchase) of long-term investments	46,912	43,018
	<u>22,695</u>	<u>(6,593)</u>
Increase in general fund cash and cash equivalents during the year	30,575	15,859
General fund cash and cash equivalents, beginning of year (Note 2)	235,452	219,593
General fund cash and cash equivalents, end of year (Note 2)	\$ 266,027	\$ 235,452

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

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Independent Living Services of Simcoe County and Area ("The Association") is a registered charity under the laws of Ontario and as such, is exempt from income tax under the Canadian Income Tax Act.</p> <p>Its principal purpose is to provide services and support to individuals with physical disabilities or limitations in Simcoe County.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimation of accrued liabilities, the determination of the estimated useful life of capital assets and the valuation of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Fund Accounting	<p>The Association follows the restricted fund method of accounting for contributions.</p> <p>The General Fund reports the assets, liabilities, revenues and expenses for the Association's program delivery and administrative activities. This fund reports unrestricted contributions and other unrestricted revenues and expenses.</p> <p>The Internally Restricted Fund reports the assets, liabilities, revenues and expenses that the Board has restricted for future use. There is a standing motion of the Board to designate the amount to be internally restricted at the end of the year.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents consists of cash on hand, bank balances, investments in money market funds, guaranteed investment certificates and fixed income securities readily convertible into cash.</p>

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

Capital Assets	<p>Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided using the following method and annual rate.</p> <p>Furniture, fixtures and computer equipment - 20 % straight-line basis</p>
Impairment of Long Lived Assets	<p>Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The Association monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Association's practice is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.</p>
Interfund Balances	<p>The Association's practice is to not charge interest between funds on the interfund balances. Also, the amount is repayable on demand.</p>
Revenue Recognition	<p>Grants and donations:</p> <p>Restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Bingo, fundraising and miscellaneous revenue are recognized when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Fees for services, interest, North Simcoe Muskoka Collaborative and other revenue are recognized when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p>

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

Contributed Services	Volunteers contribute many hours per year to assist the Association in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Pension Plans	The Association accounts for its participation in its employees' registered retirement savings plans as a defined contribution plan. Both the Association and participating employees are required to make plan contributions based on participating employees' weekly employment hours. The Association recognizes the expense related to this plan as contributions are made.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

2. Cash and Cash Equivalents

	2018	2017
<u>General Fund:</u>		
Cash on hand	\$ 1,750	\$ 1,600
Cash held at chartered bank	122,880	62,876
Cash held in investment portfolio	1,397	27,937
Guaranteed investment certificate, interest at 0.50%, maturing November 2017	-	103,039
CIBC Mortgages investment certificate, interest at 1.15%, maturing November 2017	-	40,000
Guaranteed investment certificate, interest at 0.45%, maturing November 2018	100,000	-
CIBC Mortgages investment certificate, interest at 1.35%, maturing November 2018	40,000	-
	266,027	235,452
<u>Internally Restricted Fund:</u>		
Guaranteed investment certificate, interest at 0.55%, maturing April 2017	-	359,452
Guaranteed investment certificate, interest at 2.05%, maturing January 2019	98,000	-
Guaranteed investment certificate, interest at 2.00%, maturing January 2019	76,000	-
Guaranteed investment certificate, interest at 2.05%, maturing January 2019	98,000	-
Guaranteed investment certificate, interest at 2.00%, maturing January 2019	98,000	-
Guaranteed investment certificate, interest at 2.00%, maturing January 2019	98,000	-
	468,000	359,452
Total cash and cash equivalents	\$ 734,027	\$ 594,904

The Association's bank accounts are held at one chartered bank. The bank accounts earn interest at variable rates dependant on average monthly balances.

The Association has a line of credit for a maximum of \$100,000 bearing interest at prime plus 1.25% and is due on demand. The amount drawn against this credit facility at year end was \$Nil (2017 - \$Nil).

The Association has a corporate visa card with a maximum credit limit of \$10,000 bearing interest at the bank's standard VISA rates and is due on demand. The amount outstanding on this card at year end was \$1,951 (2017 - \$588).

Security for these unused facilities consists of \$100,000 of the \$100,000 (2017 - \$103,039) guaranteed investment certificate listed above.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

3. Long-Term Investments

	2018	2017
CIBC Mortgages investment certificate, interest at 1.35%, maturing November 2018 (Note 2)	\$ -	\$ 40,000
CIBC Trust investment certificate, interest at 1.80%, maturing November 2020	40,000	40,000
Province of Ontario bond, interest at 4.40%, maturing June 2019	20,609	21,419
Province of Alberta bond, interest at 2.55%, maturing December 2022	93,616	96,398
City of Toronto bond, interest at 3.90%, maturing September 2023	53,172	55,144
Province of British Columbia bond, interest at 2.85%, maturing June 2025	40,701	42,049
	\$ 248,098	\$ 295,010

* During the year, the fair market value of long-term investments held by the Association decreased. As such an unrealized loss of \$557 (2017 - unrealized gain of \$6,354) has been recognized.

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures, and computer equipment	\$ 583,305	\$ (514,236)	\$ 559,088	\$ (485,121)
Net book value		\$ 69,069		\$ 73,967

During the year, the Association purchased capital assets totaling \$24,217 (2017 - \$49,611) with funding provided by the Ministry of Health and Long-Term Care.

5. Accounts Payable and Accruals

Included in accounts payable and accruals is \$70,297 (2017 - \$101,094) in government remittances payable.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

6. Commitments

The Association has entered into various long-term commitments for office facilities, program facilities and photocopier services.

The minimum annual committed payments for the next five years are as follows:

2019	\$ 67,360
2020	68,713
2021	56,227
2022	51,107
2023	1,836
	<hr/>
	\$ 245,243

7. Contingencies

The Association receives funding from the North Simcoe Muskoka LHIN, and is economically dependant upon them. The amount of funding provided to the Association is subject to final review and approval by the LHIN. As at the date of these financial statements, funding for fiscal years 2017 and 2018 have not been subject to this review process. Any future adjustments required as a result of a review will be accounted for at that time as an adjustment to Grant - North Simcoe Muskoka LHIN of the general fund on the Statement of Operations and Changes in Fund Balance.

8. Economic Dependence

The Association received 98.9% (2017 - 99.1%) of its revenue from the North Simcoe Muskoka LHIN.

9. RRSP Contributions

During the year, the Association's contribution to its employees' registered retirement saving plans was \$64,679 (2017 - \$71,109), which has been included in employee benefits expense on the Statement of Operations and Changes in Fund Balances.

10. Planned Giving

The Association is the designated beneficiary of a life insurance policy with a principal sum assured of \$15,000.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2018

11. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association has an operating line of credit facility available that bears interest at the bank's prime rate plus 1.25%, however there is no balance outstanding on this credit facility. The Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk arising from non-collection of its accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure they meet all eligibility criteria in order to qualify to receive the funding. The Association is also exposed to credit risk since the Association's cash deposits are in excess of the amount insured by the agencies of the federal government in the amounts of \$100,000 at March 31, 2018 (2017 - \$100,000).

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable.

Market Risk

The Association is exposed to fluctuations in equity markets on its short-term investments.

**Independent Living Services of Simcoe County and Area
Schedule of Revenues and Expenses
Association
(Unaudited)**

For the year ended March 31	2018	2017
		(Restated)
Revenues		
Human Resources and Social Development Canada Grant	\$ 9,224	\$ 4,984
United Way of Greater Simcoe County	16,693	-
Donations	9,278	8,844
Bingo (net of prizes)	11,820	10,069
Membership fees	245	300
Interest and miscellaneous	17,009	9,554
Unrealized gain (loss) on investments	(557)	6,354
	<u>63,712</u>	<u>40,105</u>
Expenses		
Advertising and promotion	550	335
Employee benefits	3,609	4,094
Insurance	-	2,642
Miscellaneous	10,239	7,303
Office	1,097	18,795
Professional fees	-	4,340
Salaries	35,098	37,886
Staff and volunteer training, conventions and seminars	-	34
Transportation and accommodation	2,663	2,207
	<u>53,256</u>	<u>77,636</u>
Excess of revenues over expenses (expenses over revenues) for the year	10,456	(37,531)
Fund balance, beginning of year	569,354	606,885
Fund balance, end of year	\$ 579,810	\$ 569,354

**Independent Living Services of Simcoe County and Area
Schedule of Revenues and Expenses
Community Support Services, Assisted Living, & Personal Support
Services
(Unaudited)**

For the year ended March 31

2018

2017

Revenues

North Simcoe Muskoka LHIN

\$ 5,904,997 \$ 5,930,418

Expenses

Advertising and promotion

14,486 6,651

Building occupancy

191,236 180,474

Capital assets purchased

24,217 49,611

Employee benefits

859,943 877,720

Furnishings, equipment and renovations

4,704 5,204

Insurance

26,707 23,774

Miscellaneous

70 641

Office

157,542 77,854

Professional fees

16,864 39,843

Purchased services

41,781 24,094

Salaries

4,377,482 4,424,055

Staff and volunteer training, conventions and seminars

27,039 28,653

Telephone and answering service

39,091 41,631

Transportation and accommodation

123,231 150,213

5,904,393 5,930,418

Excess of revenues over expenses for the year

604 -

Fund balance, beginning of year

- -

Fund balance, end of year

\$ 604 \$ -