

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

**Financial Statements
For the Year Ended March 31, 2019**

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Financial Statements
For the Year Ended March 31, 2019**

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Independent Living Services of Simcoe County and Area (the "Association"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association 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 the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and fund balances as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the schedules on pages 15 and 16 of the Association's financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the schedules prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 18, 2019

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

March 31	General Fund	Internally Restricted Fund	Total 2019	Total 2018
Assets				
Current				
Cash and cash equivalents (Note 2)	\$ 682,020	\$ 100,423	\$ 782,443	\$ 734,027
Accounts receivable	51,459	2,225	53,684	61,576
Prepaid expenses	28,908	-	28,908	25,774
Interfund balance	-	123,131	123,131	115,273
	<u>762,387</u>	<u>225,779</u>	<u>988,166</u>	<u>936,650</u>
Long-term investments (Note 3)	92,800	369,600	462,400	248,098
Capital assets (Note 4)	92,242	-	92,242	69,069
	<u>947,429</u>	<u>595,379</u>	<u>1,542,808</u>	<u>1,253,817</u>
Liabilities and Fund Balances				
Current				
Accounts payable and accruals (Note 5)	\$ 689,155	\$ -	\$ 689,155	\$ 469,734
Deferred revenue	5,935	-	5,935	7,413
Interfund balance	123,131	-	123,131	115,273
	<u>818,221</u>	<u>-</u>	<u>818,221</u>	<u>592,420</u>
Commitments (Note 6)				
Contingencies (Note 7)				
Fund Balances	<u>129,208</u>	<u>595,379</u>	<u>724,587</u>	<u>661,397</u>
	<u>\$ 947,429</u>	<u>\$ 595,379</u>	<u>\$ 1,542,808</u>	<u>\$ 1,253,817</u>

On behalf of the Board:

Patricia Lynch Director

Les Stuchaluk 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 2019	Total 2018
Revenue				
Grant - North Simcoe Muskoka LHIN (Note 8)	\$ 6,120,539	\$ -	\$ 6,120,539	\$ 5,904,997
Grant - United Way	10,156	-	10,156	16,693
Grant - Employment and Social Development Canada	6,645	-	6,645	9,224
Donations	16,684	-	16,684	9,278
Bingo (net of prizes)	12,343	-	12,343	11,820
Fee for service, interest, and other revenue	33,979	9,947	43,926	17,398
Membership Fees - collaborative	-	-	-	300
	6,200,346	9,947	6,210,293	5,969,710
Expenses				
Advertising and promotion	10,139	-	10,139	15,036
Amortization of capital assets	35,549	-	35,549	29,115
Building occupancy	232,825	-	232,825	190,834
Employee benefits (Note 9)	889,255	-	889,255	863,552
Insurance	25,128	-	25,128	26,707
Miscellaneous	24,545	-	24,545	10,309
Office	141,705	-	141,705	161,944
Professional fees	13,984	-	13,984	16,864
Purchased services	44,149	-	44,149	41,781
Salaries	4,533,493	-	4,533,493	4,412,580
Staff and volunteer training, conventions and seminars	35,253	-	35,253	27,039
Telephone	41,051	-	41,051	41,091
Transportation and accommodation	120,450	-	120,450	125,894
	6,147,526	-	6,147,526	5,962,746
Excess of revenues over expenses for the year - operations	52,820	9,947	62,767	6,964
Unrealized gain (loss) on investments (Note 3)	-	423	423	(557)
Change in fund balance for the year	52,820	10,370	63,190	6,407
Fund balance, beginning of year	76,388	585,009	661,397	654,990
Fund balance, end of year	\$ 129,208	\$ 595,379	\$ 724,587	\$ 661,397

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	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses for the year - general fund	\$ 52,820	\$ 7,108
Adjustment for:		
Amortization of capital assets	35,549	29,115
Unrealized gain (loss) on investments	-	(557)
Changes in non-cash working capital items:		
Accounts receivable	8,381	40,902
Prepaid expenses	(3,134)	1,934
Deferred revenue	(1,478)	(15,640)
Accounts payable and accruals	219,421	53,566
Due to/from internally restricted fund	7,858	(108,548)
	<u>319,417</u>	<u>7,880</u>
Cash flows from investing activities		
Purchase of capital assets	(58,722)	(24,217)
Net proceeds on sale of long-term investments	155,298	46,912
	<u>96,576</u>	<u>22,695</u>
Increase in general fund cash and cash equivalents during the year	415,993	30,575
General fund cash and cash equivalents, beginning of year (Note 2)	266,027	235,452
General fund cash and cash equivalents, end of year (Note 2)	\$ 682,020	\$ 266,027

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, 2019

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, 2019

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 style="margin-left: 40px;">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 style="margin-left: 40px;">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 style="margin-left: 40px;">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, 2019

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, 2019

2. Cash and Cash Equivalents

	2019	2018
<u>General Fund:</u>		
Cash on hand	\$ 1,750	\$ 1,750
Cash held at chartered bank	369,787	122,880
Cash held in investment portfolio	31	1,397
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
Guaranteed investment certificate, interest at 0.60%, maturing November 2019	100,452	-
Guaranteed investment certificate, interest at 2.75%, maturing January 2020	70,000	-
Guaranteed investment certificate, interest at 2.68%, maturing January 2020	70,000	-
Guaranteed investment certificate, interest at 2.67%, maturing January 2020	70,000	-
Total cash and cash equivalents - general	682,020	266,027
<u>Internally Restricted Fund Guaranteed Investment Certificates (GICs):</u>		
GIC, interest at 2.05%, maturing January 2019	-	98,000
GIC, interest at 2.00%, maturing January 2019	-	76,000
GIC, interest at 2.05%, maturing January 2019	-	98,000
GIC, interest at 2.00%, maturing January 2019	-	98,000
GIC, interest at 2.00%, maturing January 2019	-	98,000
GIC, interest at 2.40%, maturing January 2020	100,423	-
	100,423	468,000
Total cash and cash equivalents	\$ 782,443	\$ 734,027

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 (2018 - \$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 \$3,544 (2018 - \$1,951).

Security for these unused facilities consists of \$100,000 of the \$100,452 (2018 - \$100,000) guaranteed investment certificate listed above.

During the year, the fair market value of cash-equivalent investments held by the Association increased. As such an unrealized gain of \$423 (2018 - \$NIL) has been recognized in the internally restricted fund.

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

March 31, 2019

3. Long-Term Investments

	2019	2018
<u>General Fund:</u>		
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, sold in January 2019	-	20,609
Province of Alberta bond, interest at 2.55%, maturing December 2022, sold in January 2019	-	93,616
City of Toronto bond, interest at 3.90%, maturing September 2023, sold in January 2019	-	53,172
Province of British Columbia bond, interest at 2.85%, maturing June 2025, sold in January 2019	-	40,701
Guaranteed investment certificate, interest at 2.91%, maturing January 2023	52,800	-
	<u>92,800</u>	<u>248,098</u>
<u>Internally Restricted Fund Guaranteed Investment Certificates (GICs):</u>		
GIC, interest at 2.75%, maturing January 2021	52,800	-
GIC, interest at 2.75%, maturing January 2021	52,800	-
GIC, interest at 2.85%, maturing January 2022	52,800	-
GIC, interest at 2.85%, maturing January 2022	52,800	-
GIC, interest at 2.97%, maturing January 2023	52,800	-
GIC, interest at 3.10%, maturing January 2024	52,800	-
GIC, interest at 3.10%, maturing January 2024	52,800	-
	<u>369,600</u>	<u>-</u>
Total long-term investments	<u>\$ 462,400</u>	<u>\$ 248,098</u>

During the year, the fair market value of long-term investments held by the Association did not change. As such an unrealized loss of \$NIL (2018 - unrealized loss of \$557) has been recognized in the general fund.

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures, and computer equipment	\$ 642,027	\$ (549,785)	\$ 583,305	\$ (514,236)
Net book value		<u>\$ 92,242</u>		<u>\$ 69,069</u>

During the year, the Association purchased capital assets totaling \$58,722 (2018 - \$24,217) with funding provided by the Ministry of Health and Long-Term Care.

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

March 31, 2019

5. Accounts Payable and Accruals

Included in accounts payable and accruals is \$69,121 (2018 - \$70,297) in government remittances payable.

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:

2020	\$ 84,097
2021	71,611
2022	66,491
2023	17,220
2024	8,974
	<hr/>
	\$ 248,393

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, 2018, and 2019 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 98.5% (2018 - 98.9%) 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 \$70,045 (2018 - \$64,679), 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, 2019

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, 2019 (2018 - \$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	2019	2018
Revenues		
Human Resources and Social Development Canada Grant	\$ 6,645	\$ 9,224
United Way of Greater Simcoe County	10,156	16,693
Donations	16,684	9,278
Bingo (net of prizes)	12,343	11,820
Membership fees	185	245
Interest and miscellaneous	43,741	17,309
Unrealized gain (loss) on investments	423	(557)
	<u>90,177</u>	<u>64,012</u>
Expenses		
Advertising and promotion	2,327	550
Employee benefits	4,312	3,609
Miscellaneous	24,044	10,239
Office	1,727	1,152
Salaries	20,732	35,098
Transportation and accommodation	2,042	2,663
	<u>55,184</u>	<u>53,311</u>
Excess of revenues over expenses for the year	34,993	10,701
Fund balance, beginning of year	<u>591,724</u>	<u>581,023</u>
Fund balance, end of year	<u>\$ 626,717</u>	<u>\$ 591,724</u>

**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	2019	2018
Revenues		
North Simcoe Muskoka LHIN	<u>\$ 6,120,539</u>	<u>\$ 5,904,997</u>
Expenses		
Advertising and promotion	7,813	14,486
Building occupancy	233,799	191,236
Capital assets purchased	58,722	24,217
Employee benefits	859,164	859,943
Furnishings, equipment and renovations	6,198	4,704
Insurance	25,128	26,707
Miscellaneous	502	70
Office	134,162	157,542
Professional fees	13,984	16,864
Purchased services	44,149	41,781
Salaries	4,538,540	4,377,482
Staff and volunteer training, conventions and seminars	35,253	27,039
Telephone and answering service	39,692	39,091
Transportation and accommodation	118,409	123,231
	<u>6,115,515</u>	<u>5,904,393</u>
Excess of revenues over expenses for the year	5,024	604
Fund balance, beginning of year	<u>604</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,628</u>	<u>\$ 604</u>