Financial Statements of

BRAMPTON CALEDON COMMUNITY LIVING

Year ended March 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of Brampton Caledon Community Living

Report on the Financial Statements

We have audited the accompanying financial statements of Brampton Caledon Community Living, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 an 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 our 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, we consider 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 Brampton Caledon Community Living as at March 31, 2014, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Ministry of Community and Social Services ("MCSS") Schedule - MCSS by Detail Code is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 25, 2014

Toronto, Canada

BRAMPTON CALEDON COMMUNITY LIVING

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	$ 1,888,166	$ 1,570,579
Accounts and grants receivable (note 8)	295,572	206,367
Inventory	6,681	9,219
Prepaid expenses	81,681	150,826
	2,272,100	1,936,991
Capital assets (note 2)	1,902,382	1,736,933
	$ 4,174,482	$ 3,673,924
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 1,634,263	$ 1,373,261
Accrued vacation pay	846,853	793,589
Deferred revenue	231,213	202,719
	2,712,329	2,369,569
Deferred contributions related to capital assets (note 4)	273,947	290,195
Net assets:		
Invested in capital assets (note 5)	1,628,435	1,446,738
Internally restricted (note 6)	177,533	174,559
Unrestricted (note 7)	(617,762)	(607,137)
	1,188,206	1,014,160
Commitments (note 9)		
	$ 4,174,482	$ 3,673,924

See accompanying notes to financial statements.

On behalf of the Board:

______________________ Director ______________________ Director

BRAMPTON CALEDON COMMUNITY LIVING

Statements of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Ministry of Community and Social Services	$ 19,756,040	$ 19,184,497
Resident fees	1,459,865	1,417,108
Region of Peel	1,102,767	700,802
Vocational programs support	345,760	411,434
Program fees	177,013	167,833
Other grants and rebates	98,617	48,905
Donations and fundraising	64,516	53,440
Administrative fees (note 8)	63,750	61,500
United Way of Peel	58,578	58,824
Amortization of deferred contributions related to capital assets (note 4)	16,248	16,247
Gain on disposal of capital assets	9,479	-
	23,152,633	22,120,590
Expenses:		
Residential services	14,884,838	14,568,958
Community supports	3,647,712	3,670,547
Respite	1,355,990	1,312,228
Early childhood education services	1,102,086	701,114
Vocational	980,618	971,835
Amortization of capital assets	413,730	362,593
Transfer payment flowthroughs	320,950	257,911
Other expenditures	152,315	167,360
Supported employment services	61,770	85,757
United Way of Peel Initiative	58,578	58,824
Education Liaison	-	47,107
	22,978,587	22,204,234
Excess (deficiency) of revenue over expenses	$ 174,046	$ (83,644)

See accompanying notes to financial statements.

BRAMPTON CALEDON COMMUNITY LIVING

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Invested in capital assets	Internally restricted	Unrestricted	2014 Total	2013 Total
	(note 5)	(note 6)	(note 7)		
Balance, beginning of year	$ 1,446,738	$ 174,559	$ (607,137)	$ 1,014,160	$ 1,097,804
Excess (deficiency) of revenue over expenses	(388,003)	2,974	559,075	174,046	(83,644)
Net change in investment in capital assets	569,700	-	(569,700)	-	-
Balance, end of year	$ 1,628,435	$ 177,533	$ (617,762)	$ 1,188,206	$ 1,014,160

See accompanying notes to financial statements.

BRAMPTON CALEDON COMMUNITY LIVING

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

		2014		2013
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses	$	174,046	$	(83,644)
Items not involving cash:				
Amortization of capital assets		413,730		362,593
Gain on disposal of capital assets		(9,479)		-
Amortization of deferred contributions related to capital assets		(16,248)		(16,247)
Changes in non-cash operating working capital:				
Accounts and grants receivable		(89,205)		62,154
Inventory		2,538		(5,194)
Prepaid expenses		69,145		1,091
Accounts payable and accrued liabilities		261,002		103,846
Accrued vacation pay		53,264		108,934
Deferred revenue		28,494		(44,608)
		887,287		488,925
Financing activities:				
Deferred contributions related to capital assets		-		38,062
Investing activities:				
Additions to capital assets		(580,954)		(374,952)
Proceeds on disposal of capital assets		11,254		-
		(569,700)		(374,952)
Increase in cash		317,587		152,035
Cash, beginning of year		1,570,579		1,418,544
Cash, end of year	$	1,888,166	$	1,570,579

See accompanying notes to financial statements.

Brampton Caledon Community Living (the "Organization") is a non-profit organization, incorporated under the laws of Ontario without share capital by Letters Patent dated December 31, 1962. The Organization supports individuals with intellectual disabilities in Brampton and Caledon by providing residential, educational, recreational, employment, vocational and community support services. The Organization is a registered charity under registration number 10680 5880 RR0001 with Canada Revenue Agency, and accordingly, is exempt from taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Deferred contributions include subsidies and grants from governments which are restricted for the purchase of capital assets.

Under the Broader Public Sector Accountability Act, 2010 and Regulations thereto, the Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Community and Social Services and the Ministry of Children and Youth Services. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry of Community and Social Services and the Ministry of Children and Youth Services with respect to the year ended March 31, 2014.

Revenue from specified donations and fundraising activities is recognized in the year in which the activities occur and in the year of the related expenditures.

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.

Revenue related to client contributions, provincial government grants and subsidies, income from services rendered and investment income is recorded as it is earned.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

1. Significant accounting policies (continued):

(b) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments which extend the life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized over the estimated useful lives using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	4%
Furniture and equipment	Declining balance/straight line	5 - 20%
Vehicles	Declining balance	30%
Leasehold improvements	Straight line	Over the lease term plus one renewal period

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Inventory:

Inventory consists of various production supplies. Inventory is valued at the lower of cost on a first-in, first-out basis, and net realizable value. Net realizable value refers to the amount the Organization expects to realize from the sale of the inventory in the ordinary course of business less direct costs to sell. Cost of sales includes all costs of inventory recognized and is included in vocational expense in the year.

(e) Related entity:

The financial position and results of operations of an entity administered by the Organization's executive is not in the Organization's financial statements. Refer to note 8 for disclosure of this entity's financial information.

(f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	$ 132,548	$ -	$ 132,548	$ 132,548
Buildings	614,054	269,089	344,965	359,339
Furniture and equipment	1,094,501	842,516	251,985	290,059
Vehicles	1,703,666	1,404,295	299,371	248,986
Leasehold improvements	2,566,000	1,692,487	873,513	706,001
	$ 6,110,769	$ 4,208,387	$ 1,902,382	$ 1,736,933

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $126,209 (2013 - $121,594), which includes amounts payable for HST and payroll related taxes.

4. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of year	$ 290,195	$ 268,380
Contributions received	-	38,062
Less amounts amortized to revenue	16,248	16,247
Balance, end of year	$ 273,947	$ 290,195

5. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2014	2013
Capital assets	$ 1,902,382	$ 1,736,933
Funded by:		
Deferred contributions related to capital assets	(273,947)	(290,195)
	$ 1,628,435	$ 1,446,738

The change in this balance is calculated as follows:

	2014	2013
Excess (deficiency) of revenue over expenses:		
Gain on disposal of capital assets	$ 9,479	$ -
Amortization of deferred contributions related to capital assets	16,248	16,247
Amortization of capital assets	(413,730)	(362,593)
	(388,003)	(346,346)
Investment in capital assets:		
Additions to capital assets	580,954	374,952
Proceeds on disposal of capital assets	(11,254)	-
	569,700	374,952
Amounts funded by:		
Deferred contributions related to capital assets	-	(38,062)
	-	(38,062)
	$ 181,697	$ (9,456)

6. Restrictions on net assets:

The internally restricted net assets represent amounts set aside by the Board of Directors for future operating requirements. The internally restricted net assets are not available for use without approval by the Board of Directors.

7. Unrestricted net assets:

Included in unrestricted net assets is an accrual of $846,853 (2013 - $793,589) relating to future obligations for vacation pay.

8. Related entity:

The Organization exercises significant influence over Brampton Caledon Community Housing Corporation ("BCCH") by virtue of its ability to appoint some of BCCH's Board of Directors. BCCH is a non-profit registered charity under registration number 13982 7752 RR0001, incorporated in 1993 without share capital under the Corporations Act (Ontario). It is administered by the executive of the Organization. BCCH, although not legally related, was formed to acquire, hold and lease land, and property to be used in connection with, for the benefit of, or to enhance the service or facilities of the Organization.

A financial summary of BCCH as at March 31, 2014 and March 31, 2013 is as follows:

	2014	2013
Financial position:		
Total assets	$ 8,407,436	$ 7,533,861
Total liabilities	4,443,075	3,949,554
Net assets	$ 3,964,361	$ 3,584,307
Results of operations:		
Total revenue	$ 804,572	$ 556,862
Total expenses	424,518	371,384
Excess of revenue over expenses	$ 380,054	$ 185,478
Cash provided by (used in):		
Operating activities	$ 467,056	$ 204,544
Financing activities	496,892	238,064
Investing activities	(701,905)	(445,244)
Increase (decrease) in cash	$ 262,043	$ (2,636)

8. Related entity (continued):

The Organization leases properties for its program services from BCCH. The rent in the current year amounted to $568,192 (2013 - $531,936) based on market rates and are agreed to by the parties annually. The Organization also received an administrative fee of $63,750 (2013 - $61,500) during the year.

Included in accounts receivable are amounts due from BCCH in the amount of $25,597 (2013 - $146).

9. Commitments:

The Organization is committed to payments under various operating leases for property and equipment as follows:

2015	$	637,000
2016		327,000
2017		271,000
2018		218,000
2019		161,000

10. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

11. Indemnification of officers and directors:

The Organization has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments, and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of the Organization. The Organization has purchased directors' and officers' liability insurance with respect to this indemnification.