

Financial Statements of

COMMUNITY LIVING TORONTO

Year ended March 31, 2018



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Members of Community Living Toronto

We have audited the accompanying financial statements of Community Living Toronto, which comprise the statement of financial position as at March 31, 2018, 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 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 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.



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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 Toronto as at March 31, 2018, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2018

Vaughan, Canada

COMMUNITY LIVING TORONTO

Statement of Financial Position
(expressed in thousands)

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 499	\$ 1,544
Cash held in trust (note 5)	1,500	-
Accounts receivable (note 3)	4,410	3,091
Capital funding receivable - current (note 4)	597	1,155
Prepaid expenses	1,203	539
	8,209	6,329
Capital funding receivable (note 4)	2,332	2,198
Capital assets (note 5)	23,882	24,010
	\$ 34,423	\$ 32,537

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness (note 6)	1,879	-
Accounts payable and accrued liabilities (note 7)	\$ 12,324	\$ 12,200
Mortgages payable - current (note 9)	597	1,155
Deferred revenue	2,043	2,090
Equity term loan (note 6)	150	150
	16,993	15,595
Long-term liabilities:		
Mortgages payable - long term (note 9)	2,332	2,198
Equity term loan - long term (note 6)	1,788	1,938
Deferred contributions - expense of future periods (note 10(a))	6,351	5,830
Deferred contributions - capital assets (note 10(b))	1,032	1,152
	28,496	26,713
Net assets:		
Invested in capital assets (note 11)	20,912	20,770
Endowments (note 13)	118	116
Internally restricted funds (note 14)	5,572	5,562
Unrestricted	(20,675)	(20,624)
	5,927	5,824
Subsequent event (note 5)		
Commitments (notes 6 and 15)		
Contingency (note 16)		
	\$ 34,423	\$ 32,537

See accompanying notes to financial statements.

On behalf of the Board:

Victor Aguirre Director M. Chelley Director

COMMUNITY LIVING TORONTO

Statement of Operations
(expressed in thousands)

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Ministry of Community and Social Services (note 8)	\$ 69,343	\$ 67,861
City of Toronto	2,891	2,702
United Way	866	865
Entrepreneurial Ventures	1,308	1,328
Interest	2	12
Amortization of deferred contributions (note 10(a))	928	934
User fees	4,673	4,570
Other revenues	6,991	6,917
	<u>87,002</u>	<u>85,189</u>
Expenses:		
Residential	55,392	54,784
Community support services	11,356	11,054
Supports to employment	8,929	9,501
Adult development services	6,945	6,620
Other expenses	1,167	1,323
Entrepreneurial Ventures	1,124	1,210
Volunteer and member support services	465	478
	<u>85,378</u>	<u>84,970</u>
Excess of revenue over expenses before amortization	<u>1,624</u>	<u>219</u>
Amortization of deferred capital contributions (note 10(b))	(120)	(358)
Amortization of capital assets	614	657
Total amortization	494	299
<u>Excess (deficiency) of revenue over expenses</u>	<u>\$ 1,130</u>	<u>\$ (80)</u>

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Statement of Changes in Net Assets
(expressed in thousands)

Year ended March 31, 2018, with comparative information for 2017

	2018			2017		
	Invested in capital assets	Endowments	Internally restricted funds	Unrestricted	Total	Total
Net assets, beginning of end of year	\$ 20,770	\$ 116	\$ 5,562	\$ (20,624)	\$ 5,824	\$ 19,102
Excess (deficiency) of revenues over expense (note 11)	(473)	-	-	1,603	1,130	(80)
Net change in investments in capital assets (note 11)	615	-	-	(615)	-	-
Addition to endowments (note 13)	-	2	-	-	2	2
Addition to internally restricted funds- membership fees (note 14)	-	-	10	(10)	-	-
Pension remeasurements and other items (note 12)	-	-	-	(1,029)	(1,029)	(13,200)
Net assets, end of year	\$ 20,912	\$ 118	\$ 5,572	\$ (20,675)	\$ 5,927	\$ 5,824

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Statement of Cash Flows
(expressed in thousands)

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,130	\$ (80)
Adjusted for the following non-cash items		
Amortization of deferred contributions - expense of future periods (note 10(a))	(928)	(934)
Amortization of deferred capital contributions (note 10(b))	(120)	(358)
Amortization of capital assets	614	657
Gain on disposal of capital assets	(21)	-
Pension benefit expense (note 12)	1,733	1,629
Net change in non-cash working capital (note 17)	(3,406)	2,039
Employer pension contributions (note 12)	(2,762)	(3,454)
Deferred contributions received related to future periods (note 10(a))	1,449	1,385
Net cash generated (used) through operating activities	(2,311)	884
Financing activities:		
Receipt of capital funding receivable	424	414
Increase in bank indebtedness	1,879	-
Payments of mortgages payable	(424)	(414)
Payment of equity term loan	(150)	(150)
Net cash generated (used) through financing activities	1,729	(150)
Investing activities:		
Purchase of capital assets	(500)	(224)
Proceeds on disposal of capital assets	35	-
Receipt of endowments - externally restricted	2	2
Net cash used through investing activities	(463)	(222)
Increase (decrease) in cash and cash equivalents	(1,045)	512
Cash and cash equivalents, beginning of year	1,544	1,032
Cash and cash equivalents, end of year	\$ 499	\$ 1,544

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Notes to Financial Statements
(expressed in thousands)

Year ended March 31, 2018

Community Living Toronto (CLT) is a not-for-profit organization, incorporated without share capital under the laws of Ontario. CLT is principally involved in serving people with developmental disabilities. CLT is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook ("ASNPO").

(a) Revenue recognition:

CLT follows the deferral method of accounting for contributions.

- (i) Restricted contributions are recognized as revenue in the year in which the related expenses are recognized. 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. Purchases of land from restricted contributions are accounted for as direct increases to net assets.
- (ii) Endowment contributions are recognized as direct increases in endowment net assets. Restricted income from endowments is shown as deferred contribution and recognized as revenue in the year in which related expenses are incurred. Unrestricted income from endowments is recognized as revenue in the year earned.
- (iii) 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.
- (iv) Other revenues consist primarily of residential user fees, user fee per diems and miscellaneous services provided to customers through agencies. Revenue related to these services are recognized when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured, and amounts have been earned.

(b) Cash and cash equivalents:

Cash and cash equivalents include operating accounts and Guaranteed Investment Certificates which are highly liquid with original maturities of less than three months.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(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.

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. These costs are amortized using the straight-line method.

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, CLT 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 CLT 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) Contributed materials and services:

During the year CLT received contributions of materials and services. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to CLT's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on a straight-line basis using the following annual rates:

- Buildings: 15-25 years
- Equipment, computer hardware and software: 5-10 years

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(f) Pension:

CLT sponsors defined benefit pension plans, which cover substantially all of its employees. These plans are both contributory and non-contributory plans and are final average plans.

CLT uses the immediate recognition approach to account for its defined benefit plans. CLT accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalations, retirement ages of employees and other actuarial factors). The measurement date of the plan assets and accrued benefit obligation coincides with CLT's fiscal year. The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2017, and the next required valuation will be as of March 31, 2020.

The defined benefit asset/liability is the benefit obligation less fair value of assets, adjusted for any valuation allowance. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period and are immediately recognized in the statement of changes in net assets. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are reported as pension remeasurements and other items in the statement of changes in net assets.

Past service costs arising from plan amendments are immediately recognized as pension remeasurements in the statement of changes in net assets.

(g) Use of estimates:

The preparation of the financial statements in conformity with ASNPO 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, employee related obligations, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

2. Cash and cash equivalents:

Cash and cash equivalents as at March 31, 2017 included a flexible Guaranteed Investment Certificate with a maturity date of December 5, 2017 and with interest at 0.8% per annum. On April 26, 2017, the Guaranteed Investment Certificate was redeemed in full.

3. Accounts receivable:

	2018		2017	
Accounts receivable	\$	4,492	\$	3,177
Less allowance for doubtful accounts		(82)		(86)
	\$	4,410	\$	3,091

4. Capital funding receivable:

This balance represents amounts due from the Ministry of Community and Social Services to fund the purchases of various buildings and houses. These amounts are received annually when related mortgage payments are made.

5. Capital assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 17,725	\$ -	\$ 17,725	\$ 17,725
Buildings	18,114	(13,126)	4,988	5,323
Equipment, computer hardware and software	5,934	(4,765)	1,169	962
	\$ 41,773	\$ (17,891)	\$ 23,882	\$ 24,010

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

5. Capital assets (continued):

On March 7, 2017, CLT entered into a purchase and sale agreement (the "Agreement") to acquire property at 2907 Weston Road, Toronto, Ontario for a nominal consideration of \$1. On April 3, 2018, the acquisition closed, upon approval by the Ministry of Children and Youth Services. Subsequent to year-end, CLT will record the property at fair value of \$1,100 in accordance with ASNPO.

On December 23, 2017, CLT entered into a purchase and sale agreement to sell property at 26-40 Birch Avenue, Toronto, Ontario for \$18,050. The transaction is scheduled to close by September 7, 2018. As part of the purchase and sale agreement, CLT is required to lease back the property for a period of one year from the date of closing. In accordance with ASNPO, CLT will defer any gain on sale of the property over the period of the lease back. A non-refundable deposit of \$1,500 was received from the purchaser during the year which has been presented on the statement of financial position as cash held in trust, and accounts payable and accrued liabilities.

6. Bank indebtedness and equity term loan:

CLT has the following credit facilities with Canadian chartered banks as noted below:

- (a) A line of credit facility with Canadian Imperial Bank of Commerce ("CIBC") in the amount of nil (2017 - \$1,725), none of which had been withdrawn. This line of credit was offered at the bank prime rate plus 1.25%. During the year, the line of credit facility with CIBC was cancelled.
- (b) An equity term loan facility with TD Canada Trust ("TD") in the amount of \$2,250 (2017 - \$2,250) to finance property acquisitions and is provided at the bank prime rate plus 1.00%.

The equity term loan is repayable in monthly principal installments of \$13 with the final amount due and payable on February 25, 2021. As at March 31, 2018, CLT had \$1,938 (2017 - \$2,088) outstanding under the equity term loan. The loan is secured by a general security agreement, collateral mortgage representing a first charge on certain property and an assignment of insurance and rents of certain properties.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

6. Bank indebtedness and equity term loan (continued):

Future principal payments required on the equity term loan for the next three years are as follows:

Year ended March 31, 2019	\$	150
Year ended March 31, 2020		150
Year ended March 31, 2021		1,638
	\$	1,938

- (c) On March 14, 2017, CLT entered into additional credit facilities with TD, which includes a \$5,000 operating loan at the bank prime rate plus 0.5%, a letter of credit of \$1,200 at an interest rate of 1% and a committed reducing term facility of \$2,100 at the bank prime rate plus 1.00%.

On January 4, 2018, the additional credit facilities were restated to include a \$5,000 operating loan at the bank prime rate plus 0.5%, a letter of credit of \$2,500 at an interest rate of 1% and a committed reducing term facility of \$1,975 at the bank prime rate plus 1.00%.

As at year-end, CLT has drawn \$655 (2017 - nil) from the operating loan, \$1,600 (2017 - \$1,200) from the letter of credit to reduce any future solvency payments required under the CLT pension plans (note 12), and nil (2017 - nil) under the committed reducing term facility. These loans are secured by a general security agreement, collateral mortgage representing a first charge on certain property and an assignment of insurance and rents of certain properties.

Bank indebtedness consists of outstanding cheques in excess of cash on deposit in the amount of \$1,224 and \$655 outstanding under the TD operating loan.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable as follows:

		2018		2017
Payroll remittances	\$	543	\$	528
Workplace safety and insurance board		121		201
	\$	664	\$	729

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

8. Ministry of Community and Social Services:

CLT's final amount to be received from or repayable to the Ministry of Community and Social Services ("MCSS") for the year ended March 31, 2018 will not be determined until MCSS has reviewed CLT's financial and statistical returns for that period. The management of CLT considers the amounts receivable from or repayable to MCSS to include all proper adjustments for nonallowable costs.

9. Mortgages payable:

Mortgages payable consists of 25 mortgages, which bear interest at varying rates from 1.11% to 8.00%. These mortgages mature at various dates from July 1, 2018 to June 1, 2025.

Future principal payments required on mortgages for the next five years and thereafter are as follows:

Year ended March 31, 2019	\$	597
Year ended March 31, 2020		426
Year ended March 31, 2021		437
Year ended March 31, 2022		448
Year ended March 31, 2023		459
Thereafter		562
	\$	2,929

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

9. Mortgages payable (continued):

Property	Particulars			Principal balance as of March 31, 2018 (In thousands)	Principal balance as of March 31, 2017 (In thousands)
	Interest rate	Renewal date	Monthly payment (inclusive of interest)		
Annette	2.210 %	July 1, 2018	\$ 1,707	\$ 189	\$ 205
Mavety	2.440 %	April 1, 2019	1,946	132	152
Exford	2.164 %	November 1, 2019	2,475	193	218
Aspenwood	2.490 %	December 1, 2019	2,061	233	252
Wellesworth	1.110 %	April 1, 2021	1,610	112	130
Fairview	1.855 %	April 1, 2021	1,880	133	154
Lakeshore	1.855 %	June 1, 2021	1,205	70	83
Quarry	1.300 %	June 1, 2021	1,900	111	131
Marydon	1.300 %	February 1, 2022	794	36	45
Dale	1.300 %	May 1, 2022	1,243	60	74
Whitehorn	1.300 %	May 1, 2022	1,338	64	79
Sheppard	1.300 %	June 1, 2022	1,631	113	131
Royal York	1.300 %	June 1, 2022	1,615	114	131
Burnview	1.300 %	June 1, 2022	1,726	102	121
Kingston	1.300 %	June 1, 2022	974	48	59
Folcroft	1.915 %	July 1, 2022	2,049	147	168
Roundwood	2.820 %	August 1, 2022	2,570	255	278
Hepscott	1.840 %	August 1, 2022	968	49	60
Willard	2.620 %	October 1, 2022	2,165	159	181
Resolution	1.970 %	December 1, 2022	1,143	62	75
Reidmount	1.970 %	December 1, 2022	1,801	98	118
Empire	6.145 %	December 1, 2023	1,609	93	107
Hobden Place	5.755 %	May 1, 2024	2,248	140	158
Simpson	5.755 %	May 1, 2024	2,737	170	193
Margaret	8.000 %	June 1, 2025	698	46	50
Total			\$ 42,093	\$ 2,929	\$ 3,353
Less current portion				\$ (597)	\$ (1,155)
Total long term portion				\$ 2,332	\$ 2,198

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

10. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

	2018	2017
Balance, beginning of year	\$ 5,830	\$ 5,379
Amount received related to future period	1,449	1,385
Amount recognized as revenue in the year	(928)	(934)
	\$ 6,351	\$ 5,830

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	2018	2017
Balance, beginning of year	\$ 1,152	\$ 1,510
Amounts amortized to revenue	(120)	(358)
Balance, end of year	\$ 1,032	\$ 1,152

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

11. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2018	2017
Capital assets	\$ 23,882	\$ 24,010
Amounts financed by:		
Deferred contributions	(1,032)	(1,152)
Equity term loan	(1,938)	(2,088)
Mortgages payable	(2,929)	(3,353)
Capital funding receivable	2,929	3,353
	\$ 20,912	\$ 20,770

Change in net assets invested in capital assets is calculated as follows:

	2018	2017
Deficiency of revenues over expenses:		
Amortization of deferred capital contributions	\$ 120	\$ 358
Amortization of capital assets	(614)	(657)
Gain on disposal of capital assets	21	-
	\$ (473)	\$ (299)
Net change in invested in capital assets:		
Purchase of capital assets	\$ 500	\$ 224
Proceeds on disposal of capital assets	(35)	-
Payment under equity term loan	150	150
Repayment of mortgage	424	414
Capital funding received	(424)	(414)
	\$ 615	\$ 374

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

12. Pension plan:

Information about CLT's defined benefit pension plans is as follows:

	Employee plan			Executive Plan			Total
	2018	2017	2018	2017	2018	2017	
Accrued benefit obligation	\$ (84,767)	\$ (74,614)	\$ (6,848)	\$ (6,299)	\$ (91,615)	\$ (80,913)	
Market value of assets	93,313	88,232	7,847	7,781	101,160	96,013	
Valuation allowance	(8,546)	(13,618)	(999)	(1,482)	(9,545)	(15,100)	
Accrued pension asset/(obligation)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Continuity of the accrued benefit asset (obligation) as follows:

	Employee plan			Executive Plan			Total
	2018	2017	2018	2017	2018	2017	
Balance, beginning of year	\$ -	\$ 10,037	\$ -	\$ 1,338	\$ -	\$ 11,375	
Benefit expense	(1,552)	(1,454)	(181)	(175)	(1,733)	(1,629)	
Employer contributions	2,420	3,131	342	323	2,762	3,454	
Remeasurements and other items	(868)	(11,714)	(161)	(1,486)	(1,029)	(13,200)	
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

12. Pension plan (continued):

During the prior year, CLT changed its estimation with regard to the carrying value of the net pension asset. Based on current interpretations of the pension guidelines, management assessed that a valuation allowance was required in the amount of \$9,545 (2017 - \$15,100). The change has been applied as a charge directly to net assets in the amount of \$5,555 (2017 - \$15,100).

13. Endowments:

Endowments consist of the following:

	2018	2017
Endowments, the income from which is externally restricted	\$ 55	\$ 54
Endowments, the income from which is unrestricted	63	62
Total	\$ 118	\$ 116

14. Internally restricted funds:

	2018	2017
Capital reserve	\$ 2,628	\$ 2,628
Endowments, internally restricted, the income from which is unrestricted	1,406	1,406
Membership revenue	138	128
Reserve, management contingency fund	600	600
Reserve, general	800	800
	\$ 5,572	\$ 5,562

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

15. Commitments:

The following is a schedule of future annual minimum lease payments required under operating leases for premises used as workshops and residences that have initial lease terms in excess of one year, as at March 31, 2018:

2019	\$	826
2020		702
2021		491
2022		151
2023		119
Thereafter		48
	\$	2,337

16. Contingency:

On May 30, 2017 a settlement was reached between CLT and the Union (CUPE, Local 2191) regarding CLT's pay equity maintenance process. Part of the settlement included a requirement for CLT to complete the pay equity maintenance process for 2015, 2016 and 2017, respectfully.

It is currently not possible for CLT to predict the final outcome of the pay equity maintenance process for 2015, 2016, 2017 and 2018. Where appropriate, CLT has recorded a provision in accounts payable and accrued liabilities. The related provisions are measured at management's best estimate of the expenditures to be incurred.

17. Statement of cash flows:

Changes in non-cash working capital comprise of the following items:

	2018	2017
Cash held in trust	\$ (1,500)	\$ -
Accounts receivable	(1,319)	(162)
Prepaid expenses	(664)	26
Accounts payable and accrued liabilities	124	1,327
Deferred revenue	(47)	848
	\$ (3,406)	\$ 2,039

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

18. Program support and central administration:

Program support includes regional offices' administrative and indirect program expenses. Central administration expenses include corporate services such as human resource, finance and general administration. Such expenses are allocated directly to programs.

Program support expenses relate to those that support program delivery while administration expenses relate to those in the administration of the overall agency. The expenses have been allocated based on the estimated consumption of each function.

Program support and central administration expenses have been allocated as follows:

	2018	2017
Residential	\$ 8,219	\$ 7,431
Support to employment	1,120	1,342
Adult development services	1,171	946
Community support services	1,241	872
Other expenses	74	55
Total	\$ 11,825	\$ 10,646

19. Financial risks:

(a) Interest rate risk:

CLT's equity term loan and operating loan have a variable interest based on the bank's prime lending rate (note 6). As a result, CLT is exposed to interest rate risk due to fluctuations in this rate. There has been no significant change to the risk exposure from 2017.

(b) Liquidity risk:

Liquidity risk is the risk that CLT will encounter difficulty in meeting obligations associated with financial liabilities. CLT manages its liquidity risk by monitoring its operating requirements. CLT prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no significant change to the risk exposure from 2017.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(expressed in thousands)

Year ended March 31, 2018

20. Economic dependence:

The future viability of CLT is dependent upon continued support from the Ministry of Community and Social Services.

CLT receives a substantial amount of funding from the Ministry of Community and Social Services, pursuant to a Service Contract entered into by both parties.

21. Comparative information:

Certain 2017 comparative information has been reclassified to conform with the financial presentation adopted per the current year. The changes do not affect prior year results of operations.