

Financial Statements of

COMMUNITY LIVING TORONTO

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Community Living Toronto

Opinion

We have audited the financial statements of Community Living Toronto (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our auditors' report.

We are independent of the Entity 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 opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 25, 2019

Vaughan, Canada

COMMUNITY LIVING TORONTO

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,290	\$ 499
Cash held in trust (note 6)	-	1,500
Accounts receivable (note 3)	3,108	4,410
Capital funding receivable - current (note 4)	780	597
Prepaid expenses	1,326	1,203
Short-term investments (note 5)	14,331	-
	<u>21,835</u>	<u>8,209</u>
Capital funding receivable (note 4)	1,715	2,332
Capital assets (note 6)	24,390	23,882
	<u>\$ 47,940</u>	<u>\$ 34,423</u>

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness (note 7)	\$ -	\$ 1,879
Accounts payable and accrued liabilities (note 8)	12,514	12,324
Mortgages payable - current (note 10)	780	597
Deferred revenue	1,783	2,043
Equity term loan (note 7)	-	150
	<u>15,077</u>	<u>16,993</u>
Long-term liabilities:		
Mortgages payable - long term (note 10)	1,715	2,332
Equity term loan - long term (note 7)	-	1,788
Deferred contributions - expense of future periods (note 11(a))	7,152	6,351
Deferred contributions - capital assets (note 11(b))	1,490	1,032
	<u>25,434</u>	<u>28,496</u>
Net assets:		
Invested in capital assets (note 12)	22,900	20,912
Endowments (note 14)	82	118
Internally restricted funds (note 15)	5,572	5,572
Unrestricted	(6,048)	(20,675)
	<u>22,506</u>	<u>5,927</u>
Subsequent events (notes 6 and 13)		
Commitments (note 16)		
Contingency (note 17)		
	<u>\$ 47,940</u>	<u>\$ 34,423</u>

See accompanying notes to financial statements.

On behalf of the Board:

Walter Inguendo

Director

Michael

Director

COMMUNITY LIVING TORONTO

Statement of Operations

(Expressed in thousands of dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Ministry of Children, Community and Social Services (note 9)	\$ 75,013	\$ 69,343
Other revenues	5,008	6,970
User fees	4,772	4,673
City of Toronto	2,891	2,891
Entrepreneurial ventures	1,601	1,308
United Way	963	866
Amortization of deferred contributions (note 11(a))	862	928
Unrealized gain on short-term investments	315	-
Interest	72	2
Realized gain on short-term investments	16	-
	<u>91,513</u>	<u>86,981</u>
Expenses:		
Salaries and benefit	58,989	58,259
Purchased services	15,093	10,923
Occupancy costs	9,253	8,867
Supplies	4,621	4,735
Travel and transportation	2,064	2,246
Education and training	619	170
Other program costs	608	178
	<u>91,247</u>	<u>85,378</u>
Excess of revenue over expenses before the undernoted items	266	1,603
Gain on sale of capital assets	16,566	21
Amortization of deferred capital contributions (note 11(b))	107	120
Amortization of capital assets	(589)	(614)
	<u>16,084</u>	<u>(473)</u>
Excess of revenue over expenses	<u>\$ 16,350</u>	<u>\$ 1,130</u>

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Statement of Changes in Net Assets
(Expressed in thousands of dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019				2018	
	Invested in capital assets	Endowments	Internally restricted funds	Unrestricted	Total	Total
Net assets, beginning of end of year	\$ 20,912	\$ 118	\$ 5,572	\$ (20,675)	\$ 5,927	\$ 5,824
Excess of revenue over expenses (note 12)	16,084	-	-	266	16,350	1,130
Net change in investments in capital assets (note 12)	(14,096)	-	-	14,096	-	-
Land contribution	-	-	-	535	535	-
Transfer from endowments to deferred contribution (note 14)	-	(36)	-	-	(36)	2
Pension remeasurements and other items (note 13)	-	-	-	(270)	(270)	(1,029)
Net assets, end of year	\$ 22,900	\$ 82	\$ 5,572	\$ (6,048)	\$ 22,506	\$ 5,927

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash from operating activities:		
Excess of revenue over expenses	\$ 16,350	\$ 1,130
Adjusted for the following non-cash items:		
Unrealized gain on short-term investments	(315)	-
Amortization of deferred contributions - expense of future periods (note 11(a))	(862)	(928)
Amortization of deferred capital contributions (note 11(b))	(107)	(120)
Amortization of capital assets	589	614
Gain on disposal of capital assets	(16,566)	(21)
Pension benefit expense (note 13)	2,486	1,733
Net change in non-cash working capital (note 18)	2,609	(3,406)
Employer pension contributions (note 13)	(2,756)	(2,762)
Deferred contributions received related to future periods (note 11(a))	1,627	1,449
Net cash generated (used) through operating activities	3,055	(2,311)
Financing activities:		
Receipt of capital funding receivable	434	424
Increase (decrease) in bank indebtedness	(1,879)	1,879
Payments of mortgages payable	(434)	(424)
Payment of equity term loan	(1,938)	(150)
Net cash generated (used) through financing activities	(3,817)	1,729
Investing activities:		
Purchase of short-term investments	(14,016)	-
Purchase of capital assets	(503)	(500)
Proceeds on sale of capital assets	17,072	35
Receipt of endowments - externally restricted	-	2
Net cash used through investing activities	2,553	(463)
Increase (decrease) in cash and cash equivalents	1,791	(1,045)
Cash and cash equivalents, beginning of year	499	1,544
Cash and cash equivalents, end of year	\$ 2,290	\$ 499

COMMUNITY LIVING TORONTO

Statement of Cash Flows (continued)

(Expressed in thousands of dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Supplemental cash flow information relating to non-cash financing and investing activities:		
Increase in capital assets due to the acquisition of a donated building (note 6)	\$ (565)	\$ -
Increase in deferred capital contributions due to the acquisition of a donated building (note 6)	565	-
Increase in capital assets due to the acquisition of donated land (note 6)	(535)	-
Increase in unrestricted funds due to the acquisition of donated land (note 6)	535	-
Increase in deferred contributions due to the transfer of endowments to deferred contributions	(36)	-
Decrease in endowments due to the transfer of endowments to deferred contributions	36	-

See accompanying notes to financial statements.

COMMUNITY LIVING TORONTO

Notes to Financial Statements

(Expressed in thousands of dollars)

Year ended March 31, 2019

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 of dollars)

Year ended March 31, 2019

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 of dollars)

Year ended March 31, 2019

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, 2018, and the next required valuation will be as of March 31, 2021.

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 of dollars)

Year ended March 31, 2019

2. Cash and cash equivalents:

Cash and cash equivalents as at March 31, 2019 includes a cashable Guaranteed Investment Certificate with a maturity date of April 1, 2019 and with interest at 0.75% per annum. On April 1, 2019, the Guaranteed Investment Certificate was redeemed in full.

3. Accounts receivable:

	2019		2018	
Accounts receivable	\$	3,201	\$	4,492
Less allowance for doubtful accounts		(93)		(82)
	\$	3,108	\$	4,410

4. Capital funding receivable:

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

5. Short-term investments:

	2019		2018	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 1,370	\$ 1,370	\$ -	\$ -
Equities	4,114	4,357	-	-
Fixed income	7,697	7,769	-	-
Other funds	835	835	-	-
Total	\$ 14,016	\$ 14,331	\$ -	\$ -

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended March 31, 2019

6. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 17,792	\$ -	\$ 17,792	\$ 17,725
Buildings	18,144	(12,969)	5,175	4,988
Equipment, computer hardware and software	6,438	(5,015)	1,423	1,169
	\$ 42,374	\$ (17,984)	\$ 24,390	\$ 23,882

On March 7, 2017, CLT entered into a purchase and sale 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. CLT has recorded the property at fair value of \$1,100, including \$535 and \$565 to land and building respectively.

On December 23, 2017, CLT entered into a purchase and sale agreement to sell the property at 26-40 Birch Avenue Toronto, Ontario. The transaction closed on September 7, 2018. As part of the amended purchase and sale agreement, CLT leased back the property until March 23, 2019. During the prior year, a non-refundable deposit of \$1,500 was received from the purchaser which was presented in the statement of financial position as cash held in trust, and accounts payable and accrued liabilities. The non-refundable deposit has been released during the current year. A gain from the sale of the property has been recorded in the amount of \$16,566.

On May 3, 2019, CLT entered into a purchase and sale agreement to acquire property at 65 The East Mall Crescent, Etobicoke, Ontario for an amount of \$4,900. The sale is expected to close on July 2, 2019, contingent on the conditions listed in the purchase and sale agreement.

7. Bank indebtedness and equity term loan:

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

- (a) An equity term loan facility with TD Canada Trust ("TD") in the amount of nil (2018 - \$2,250) to finance property acquisitions and was provided at the bank prime rate plus 1.00%.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended March 31, 2019

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

In the prior year, the equity term loan was repayable in monthly principal installments of \$13 with the final amount due and payable on February 25, 2021. During the year, CLT fully repaid the amounts outstanding under the equity term loan which resulted in the cancellation of the equity term loan. As at March 31, 2019, nil (2018 - \$1,938) was drawn under the equity term loan.

- (b) On January 4, 2018, CLT restated its credit facilities 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 nil (2018 - \$655) from the operating loan. The letter of credit that was obtained to reduce any future solvency payments required under the CLT pension plans (note 13) was cancelled, thereby, reducing the amounts outstanding as at year-end to nil (2018 - \$1,600). No amounts were drawn under the committed reducing term facility (2018 - nil). 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 nil (2018 - \$1,224) and nil (2018 - \$655) outstanding under the TD operating loan.

8. Accounts payable and accrued liabilities:

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

	2019	2018
Payroll remittances	\$ 527	\$ 543
Workplace safety and insurance board	124	121
	\$ 651	\$ 664

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended March 31, 2019

9. Ministry of Children, Community and Social Services:

CLT's final amount to be received from or repayable to the MCCSS for the year ended March 31, 2019 will not be determined until MCCSS has reviewed CLT's financial and statistical returns for that period. The management of CLT considers the amounts receivable from or repayable to MCCSS to include all proper adjustments for non-allowance costs.

10. Mortgages payable:

Mortgages payable consists of 25 (2018 - 25) mortgages, which bear interest at varying rates from 1.11% to 8.00% (2018 - 1.11% to 8.00%). These mortgages mature at various dates from November 1, 2019 to June 1, 2025 (2018 - 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, 2020	\$	780
Year ended March 31, 2021		418
Year ended March 31, 2022		369
Year ended March 31, 2023		385
Year ended March 31, 2024		73
Thereafter		470
	\$	2,495

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended March 31, 2019

10. Mortgages payable (continued):

Property	Particulars		Monthly payment (inclusive of interest)	Principal balance as of March 31, 2019 (In thousands)	Principal balance as of March 31, 2018 (In thousands)
	Interest rate	Renewal date			
Annette	2.960 %	July 1, 2023	\$ 1,749	\$ 174	\$ 189
Mavety	2.440 %	April 1, 2024	1,946	112	132
Exford	2.164 %	November 1, 2019	2,475	167	193
Aspenwood	2.490 %	December 1, 2019	2,061	214	233
Wellesworth	1.110 %	April 1, 2021	1,610	94	112
Fairview	1.110 %	April 1, 2021	1,880	111	133
Lakeshore	1.855 %	June 1, 2021	1,205	57	70
Quarry	1.855 %	June 1, 2021	1,900	90	111
Marydon	1.300 %	February 1, 2022	794	27	36
Dale	1.300 %	May 1, 2022	1,243	46	60
Whitehorn	1.300 %	May 1, 2022	1,338	49	64
Sheppard	1.300 %	June 1, 2022	1,631	95	113
Royal York	1.300 %	June 1, 2022	1,615	95	114
Burnview	1.300 %	June 1, 2022	1,726	82	102
Kingston	1.300 %	June 1, 2022	974	37	48
Folcroft	1.915 %	July 1, 2022	2,049	125	147
Roundwood	2.820 %	August 1, 2022	2,570	231	255
Hepscott	1.840 %	August 1, 2022	968	38	49
Willard	2.620 %	October 1, 2022	2,165	137	159
Resolution	1.970 %	December 1, 2022	1,143	50	62
Reidmount	1.970 %	December 1, 2022	1,801	78	98
Empire	6.145 %	December 1, 2023	1,609	79	93
Hobden Place	5.755 %	May 1, 2024	2,248	120	140
Simpson	5.755 %	May 1, 2024	2,737	146	170
Margaret	8.000 %	June 1, 2025	698	41	46
Total			\$ 42,135	\$ 2,495	\$ 2,929
Less current portion				\$ (780)	\$ (597)
Total long term portion				\$ 1,715	\$ 2,332

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended March 31, 2019

11. Deferred contributions:

(a) Expenses of future periods:

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

	2019	2018
Balance, beginning of year	\$ 6,351	\$ 5,830
Amount received related to future period	1,663	1,449
Amount recognized as revenue in the year	(862)	(928)
	\$ 7,152	\$ 6,351

(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.

	2019	2018
Balance, beginning of year	\$ 1,032	\$ 1,152
Less amounts amortized to revenue	(107)	(120)
Add amounts capitalized	565	-
Balance, end of year	\$ 1,490	\$ 1,032

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended March 31, 2019

12. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 24,390	\$ 23,882
Amounts financed by:		
Deferred contributions	(1,490)	(1,032)
Equity term loan	-	(1,938)
Mortgages payable	(2,495)	(2,929)
Capital funding receivable	2,495	2,929
	\$ 22,900	\$ 20,912

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

	2019	2018
Deficiency of revenues over expenses:		
Amortization of deferred capital contributions	\$ 107	\$ 120
Amortization of capital assets	(589)	(614)
Gain on sale of capital assets	16,566	21
	\$ 16,084	\$ (473)

Net change in invested in capital assets:

Purchase of capital assets	\$ 503	\$ 500
Acquisition of donated capital assets	1,100	-
Amount funded by deferred contributions	(565)	-
Proceeds on sale of capital assets	(17,072)	(35)
Payment under equity term loan	1,938	150
Repayment of mortgage	(434)	424
Capital funding received	434	(424)
	\$ (14,096)	\$ 615

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended March 31, 2019

13. Pension plan:

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

	Employee plan			Executive Plan			Total
	2019	2018	2019	2018	2019	2018	
Accrued benefit obligation	\$ (93,263)	\$ (84,767)	\$ (7,369)	\$ (6,848)	\$ (100,632)	\$ (91,615)	
Market value of assets	101,118	93,313	8,296	7,847	109,414	101,160	
Valuation allowance	(7,855)	(8,546)	(927)	(999)	(8,782)	(9,545)	
Accrued pension asset/(obligation)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

	Employee plan			Executive Plan			Total
	2019	2018	2019	2018	2019	2018	
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Benefit expense	(2,266)	(1,552)	(220)	(181)	(2,486)	(1,733)	
Employer contributions	2,439	2,420	317	342	2,756	2,762	
Remeasurements and other items	(173)	(868)	(97)	(161)	(270)	(1,029)	
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended March 31, 2019

13. 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 \$8,782 (2018 - \$9,545). The change has been applied as a charge directly to net assets in the amount of \$763 (2018 - \$5,555).

In the fall of 2018, CLT initiated discussions for joining the Colleges of Applied Arts and Technology Pension Plan ("CAAT Plan") effective October 1, 2019 as well as the transfer of the employee and executive plan assets to the CAAT Plan soon thereafter, subject to the Financial Services Regulatory Authority's approval of the transfer. For the employee plan, approval of the transfer has been obtained from the union which represents more than 2/3 of the employee plan members. For the executive plan, the transfer is subject to approval of 2/3 of the executive plan members.

14. Endowments:

Endowments consist of the following:

	2019	2018
Endowments, the income from which is externally restricted	\$ 55	\$ 55
Endowments, the income from which is unrestricted	27	63
Total	\$ 82	\$ 118

15. Internally restricted funds:

	2019	2018
Capital reserve	\$ 2,628	\$ 2,628
Endowments, internally restricted, the income from which is unrestricted	1,406	1,406
Membership revenue	138	138
Reserve, management contingency fund	600	600
Reserve, general	800	800
Total	\$ 5,572	\$ 5,572

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended March 31, 2019

16. 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, 2019:

2020	\$	1,134
2021		814
2022		387
2023		337
2024		266
Thereafter		1,404
	\$	4,342

17. Contingency:

On May 31, 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 onwards. On October 24, 2018, CLT received the Pay Equity Binding Decision from the Pay Equity Adjudicator that addressed the pay equity items in dispute. On November 27, 2018, amounts owed to unionized employees from 2015 to 2019 as a result of this decision, were paid.

The pay equity maintenance process for 2015 to 2019 for non-union employees is still in progress. It is currently not possible for CLT to predict the final outcome of the pay equity maintenance process for 2015 to 2019 for non-union employees. 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.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)
(Expressed in thousands of dollars)

Year ended March 31, 2019

18. Statement of cash flows:

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

	2019	2018
Cash held in trust	\$ 1,500	\$ (1,500)
Accounts receivable	1,302	(1,319)
Prepaid expenses	(123)	(664)
Accounts payable and accrued liabilities	190	124
Deferred revenue	(260)	(47)
	<u>\$ 2,609</u>	<u>\$ (3,406)</u>

19. Financial risks:

(a) Interest rate risk:

CLT's operating loan has a variable interest based on the bank's prime lending rate (note 7). 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 2018.

(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 2018.

20. Economic dependence:

The future viability of CLT is dependent upon continued support from the MCCSS.

CLT receives a substantial amount of funding from the MCCSS, pursuant to a Service Contract entered into by both parties. The funding agreement for 2020 with the MCCSS has not yet been finalized.

COMMUNITY LIVING TORONTO

Notes to Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended March 31, 2019

21. Comparative information:

Certain 2018 comparative information has been reclassified to conform with the financial presentation adopted per the current year. The changes do not affect prior year earnings.