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Financial Statements of

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Ottawa-Carleton Association for Persons with Developmental Disabilities

We have audited the accompanying financial statements of the Ottawa-Carleton Association For Persons With Developmental Disabilities, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in fund balances 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.

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 the Ottawa-Carleton Association for Persons with Developmental Disabilities as at March 31, 2018, and its results of operations, changes in fund balances and 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

Ottawa, Canada

June 19, 2018

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018 (Schedule 1)	2017
Assets		
Current assets:		
Cash (note 3)	$ 1,771,930	$ 689,773
Marketable securities	661,507	651,829
Accounts receivable	555,560	413,507
Grants receivable	1,210,825	393,826
Other receivable (note 9(b))	520,621	484,300
Prepaid expenses	115,434	141,916
	4,835,877	2,775,151
Tangible capital and intangible assets (note 2)	8,798,165	9,050,575
	$ 13,634,042	$ 11,825,726
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 4,391,943	$ 2,034,665
Deferred revenue	18,034	26,272
Current portion of long-term debt (note 5)	579,671	421,541
	4,989,648	2,482,478
Deferred contributions relating to tangible capital and intangible assets	3,207,775	3,545,000
Long-term debt (note 5)	1,491,064	1,653,964
Fund balances:		
Restricted (note 3)	1,320,633	1,450,003
Unrestricted	2,624,922	2,694,281
	3,945,555	4,144,284
Commitments and contingencies (note 9)		
	$ 13,634,042	$ 11,825,726

See accompanying notes to financial statements.

On behalf of the Board:

____________________________ Director

____________________________ Director

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Statement of Operations and Changes in Fund Balances

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

	2018	2017
	(Schedule 2)	
Revenue:		
Government of Ontario grants (note 6)	$ 28,159,823	$ 26,377,105
Sales	953,141	990,167
Fees	2,488,186	2,388,830
Fundraising and donations	262,518	284,728
Investment	16,416	13,558
Amortization of deferred contributions related to tangible capital and intangible assets	349,171	337,307
Rent	–	16,000
	32,229,255	30,407,695
Expenses:		
Salaries	20,418,799	19,124,344
Benefits	4,459,821	4,098,754
Staff travel	221,488	184,495
Staff training	309,538	282,697
Amortization of tangible capital and intangible assets	543,180	518,360
Interest	78,891	75,830
Fundraising	54,796	94,890
Client wages and benefits	297,487	334,884
Purchased services and other	1,681,119	1,833,695
Food and supplies	1,037,199	980,181
Occupancy costs	2,836,957	1,996,487
Vehicle costs	344,795	348,207
Client personal needs	143,914	86,706
	32,427,984	29,959,530
Excess (deficiency) of revenue over expenses	(198,729)	448,165
Fund balances, beginning of year	4,144,284	3,696,119
Fund balances, end of year	$ 3,945,555	$ 4,144,284

See accompanying notes to financial statements. -

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Statement of Cash Flows

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

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (198,729)	$ 448,165
Items not involving cash:		
Amortization of tangible capital and intangible assets	543,180	518,360
Amortization of deferred contributions related to tangible capital and intangible assets	(349,171)	(337,307)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(142,053)	99,853
Increase in grants receivable	(816,999)	(385,126)
Increase in other receivable	(36,321)	(91,030)
Decrease in prepaid expenses	26,482	201,307
Increase (decrease) in accounts payable and accrued liabilities	2,357,278	(873,377)
Decrease in deferred revenue	(8,238)	(70)
	1,375,429	(419,225)
Financing activities:		
Principal repayments on long-term debt	(213,022)	(469,178)
Increase in long term debt	208,252	–
Increase (decrease) in deferred contributions relating to tangible capital and intangible assets	11,946	(35,750)
	7,176	(504,928)
Investing activities:		
Acquisition of tangible capital and intangible assets	(290,770)	(23)
Increase in marketable securities	(9,678)	(12,338)
	(300,448)	(12,361)
Increase (decrease) in cash	1,082,157	(936,514)
Cash, beginning of year	689,773	1,626,287
Cash, end of year	$ 1,771,930	$ 689,773

See accompanying notes to financial statements.

Ottawa-Carleton Association for Persons with Developmental Disabilities (the "Association") was incorporated without share capital in the province of Ontario on March 18, 1960. Its principal activity is to operate programs to support individuals with a developmental disability in the Ottawa and Cornwall area.

The Association is a registered charitable organization under paragraph 149(1)(f) of the Income Tax Act (Canada) and while registered is not subject to income taxes and may issue tax deductible receipts to donors.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Basis of presentation:

The Association uses the restricted fund method of accounting for contributions for not-for-profit organizations.

The accounts of the Association comprise three funds: Operating, Property and Memorial.

The Operating fund includes all revenue and expenses related to the ongoing activities of the Association with the exception of those expenses related to land and buildings.

The Property fund reflects the cost of land and buildings owned by the Association and any related debt.

The Memorial fund is an accumulation of bequests made to the Association and interest earned. These funds are restricted by the Board and are not designated for any specific programs. However, the Board may approve expenses from the fund and the Executive Director may approve expenses from interest revenue of the fund.

(b) 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 Association has elected to carry all such financial instruments at fair value.

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

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 straight-line rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Association 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 Association 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 impairment charge.

(c) Tangible capital and intangible assets:

The Association capitalizes tangible capital and intangible assets purchased with a cost of $25,000 or more.

Tangible capital assets are recorded at cost. Contributed tangible 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 tangible capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value. Tangible capital assets are amortized on a straight-line basis using the following annual rates.

Asset	Rate
Tangible capital assets:	
Buildings	2.5% to 8.3%
Computer hardware	33.3%
Solar panels	5%
Vehicles	33.3%
Intangible assets:	
Computer software	33.3%

1. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

Tangible capital and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(d) Revenue recognition:

Government of Ontario grants, sales, fees, other grants and investment revenue are recorded on the accrual basis. Fundraising and donations revenue is recorded when they are received. The unused portion of Ministry of Community and Social Services (MCSS) grants received for uncompleted multi-year programs is recorded as deferred revenue. Capital grants and contributions for 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.

(e) Expenses:

In the statement of operations, the Association presents its expenses by object, except for fundraising, purchased services, and occupancy costs which are presented by function.

Expenses are recognized in the year incurred and are recorded in the applicable function to which they are directly related. The Association does not allocate expenses between functions after initial recognition.

(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. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Tangible capital assets:				
Land	$ 1,881,991	$ –	$ 1,881,991	$ 1,871,390
Buildings	13,595,063	6,930,255	6,664,808	6,954,214
Solar Panels	534,959	296,818	238,141	205,134
Vehicles	105,036	91,811	13,225	19,837
	$ 16,117,049	$ 7,318,884	$ 8,798,165	$ 9,050,575

At March 31, 2017, cost and accumulated amortization of tangible capital amounted to $15,826,279 and $6,775,704. During the year, the Association acquired capital assets with cost of $290,770. They had no disposal of assets in 2017 or 2018.

3. Restricted funds:

Restricted funds are designated for specific purposes:

(i) Operating fund - restricted cash:

OCAPDD	2018	2017
Individual and day program	$ 47,635	$ 47,269
Group homes	44,858	33,906
Other	245,186	270,080
	$ 337,679	$ 351,255

3. Restricted funds (continued):

(ii) Property fund:

	2018	2017
MCSS Programs	$ 361,496	$ 357,960
Property maintenance	40,582	178,065
	$ 402,078	$ 536,025

(iii) Memorial fund:

	2018	2017
Bequests	$ 580,876	$ 562,723
	$ 580,876	$ 562,723

	$ 1,320,633	$ 1,450,004

During the year, the Association transferred $Nil (2017 - $21,565) from the Memorial fund to the Property fund for future repairs to various properties.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $444,554 (2017 - $417,302), which includes amounts payable for payroll-related taxes.

5. Long-term debt:

	2018	2017
2.225%, due August 1, 2019 with monthly blended principal and interest payments of $1,020, secured by property at 855 Maryland Avenue, Ottawa	$ 62,489	$ 72,331
2.180%, due September 1, 2019 with monthly blended principal and interest payments of $797, secured by property at 937 Fairlawn Avenue, Ottawa	58,026	66,239
1.735%, due March 1, 2021 with monthly blended principal and interest payments of $960, secured by property at 152 Byron Avenue, Ottawa	65,651	75,939
1.836%, due May 1, 2018 with monthly blended principal and interest payments of $760, secured by property at 1141 Sydney Street, Cornwall	84,663	92,162
1.865%, due June 1, 2022 with monthly blended principal and interest payments of $1,009, secured by property at 748-750 Lynn Street, Cornwall	99,862	109,773
2.400%, due October 1, 2020 with monthly blended principal and interest payments of $850, secured by property at 1401 Second Avenue, Cornwall	69,696	79,127
Prime rate plus 1.00%, due September 15, 2029 with variable monthly principal payments plus applicable interest charges, secured by property at 229 Colonnade Road, Ottawa	1,169,180	1,283,239
Prime rate plus 1.00%, with variable monthly blended principal and interest payments, secured by property at 1025 Grenon Avenue, APT#120	200,443	–
4.11%, due November 17 2022 with monthly blended principal and interest variable payments, secured by property at 229 Colonnade Road, Ottawa	116,467	139,311
2.04%, due April 01, 2022 with monthly blended principle and interest payments of $1,485, secured by property at 2825 St Stephens Street, Ottawa.	144,258	157,381
	2,070,735	2,075,502
Current portion of long-term debt	579,671	421,541
	$ 1,491,064	$ 1,653,961

5. Long-term debt (continued):

Principal due within each of the next five years on mortgages payable and bank loan is as follows:

2019	$	579,670
2020		260,661
2021		234,792
2022		140,237
2023 and thereafter		855,375
	$	2,070,735

6. Government of Ontario grants:

The Association receives grants for certain programs from MCSS.

The final amount of grant revenue recorded in the Operating fund of the Association for the current year will not be approved until MCSS has reviewed the Association's financial and statistical returns for the year. The management of the Association considers the amount recorded as revenue from MCSS to be accurate. Any adjustments arising from MCSS' review would be recorded in the period in which the adjustment is made.

	2018	2017
Government of Ontario grants - Operating	$ 28,113,023	$ 25,827,606
Government of Ontario grants - Property	46,800	549,499
	$ 28,159,823	$ 26,377,105

7. Capital management:

The Association considers its capital to consist of its fund balances.

The Association's overall objective in managing its capital is to safeguard its ability to continue as a going concern, provide services and benefits to its stakeholders and fund ongoing operations. The Association manages its capital by establishing restricted funds. Management continually monitors the impact of changes in economic conditions on its funding commitments.

7. Capital management continued):

The Association is subject to externally imposed capital requirements in the Property fund. Certain properties included in land and buildings, have been funded in full or part by MCSS. The disposition of these properties and the subsequent disposition of the proceeds require the approval of MCSS.

The Association's overall strategy with respect to capital remains unchanged from the year ended March 31, 2017.

8. Cash in trust:

The Association has cash held in trust totaling $348,247 (2017 - $260,653) on behalf of its clients.

9. Commitments and contingencies:

(a) Operating leases:

The minimum lease payments under operating leases for premises and equipment are as follows:

2019	$	258,250
2020		150,702
2021		149,847
2022		142,724
2023 and thereafter		194,419
	$	895,942

(b) Self-insurance:

The Association assumes the cost of extended health and drug coverage up to $20,000 per individual per year for non-union employees. Costs in excess of $20,000 or the employees claims made in the previous year, whichever is greater, are insured.

For union employees, the Association assumes the cost of extended health care benefits and the cost of drug coverage up to $40,000 per individual per year.

The Association has an amount receivable from its insurer of $520,621 (2017 - $484,400) related to this plan, in other receivables.

10. Pension plan:

The Association sponsors a defined contribution pension plan which covers all management employees. The Association makes contributions to this plan on behalf of the non-unionized members.

Unionized members in Ottawa are members of the Multi Sector Pension Plan (MSPP). The Association makes contributions to the MSPP on behalf of its CUPE members as per the collective agreement.

The Association made employer contributions to both plans totaling $544,489 (2017 - $524,797), which are included in the reported expenses of the respective programs.

11. Financial risk management:

(a) Market, interest rate and foreign currency risk:

The Association believes it is not exposed to significant market, interest rate or foreign currency risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Credit risk:

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

There has been no change to the risk exposures from 2016/17.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Schedule 1 - Statement of Financial Position

March 31, 2018

	Operating Fund Unrestricted	Operating Fund Restricted	Property Fund Unrestricted	Property Fund Restricted	Memorial Fund	Total
Assets						
Current assets:						
Cash	$ 1,703,164	$ 321,112	$ (573,793)	$ 343,014	$ (21,567)	$ 1,771,930
Marketable securities	–	–	–	59,064	602,443	661,507
Accounts receivable	538,993	16,567	–	–	–	555,560
Grants receivable	1,200,000	–	10,825	–	–	1,210,825
Other receivable	520,621	–	–	–	–	520,621
Prepaid expenses	115,434	–	–	–	–	115,434
	4,078,212	337,679	(562,968)	402,078	580,876	4,835,877
Tangible capital and intangible assets	78,995	–	8,719,170	–	–	8,798,165
	$ 4,157,207	$ 337,679	$ 8,156,202	$ 402,078	$ 580,876	$ 13,634,042
Liabilities and Fund Balance						
Current liabilities:						
Accounts payable and accrued liabilities	$ 4,391,943	$ –	$ –	$ –	$ –	$ 4,391,943
Deferred revenue	18,034	–	–	–	–	18,034
Current portion of long-term debt	–	–	579,671	–	–	579,671
	4,409,977	–	579,671	–	–	4,989,648
Deferred contributions relating to tangible capital assets	–	–	3,207,775	–	–	3,207,775
Long-term debt	–	–	1,491,064	–	–	1,491,064
Fund balances:						
Restricted	–	337,679	–	402,078	580,876	1,320,633
Unrestricted	(252,770)	–	2,877,692	–	–	2,624,922
	(252,770)	337,679	2,877,692	402,078	580,876	3,945,555
	$ 4,157,207	$ 337,679	$ 8,156,202	$ 402,078	$ 580,876	$ 13,634,042

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Schedule 2 - Statement of Operations and Changes in Fund Balances

Year ended March 31, 2018

	Operating Fund		Property Fund			
	Unrestricted	Restricted	Unrestricted	Restricted	Memorial Fund	Total
Revenue:						
Government of Ontario grants	$ 27,889,183	$ –	$ 261,121	$ 9,519	$ –	$ 28,159,823
Sales	927,601	–	25,540	–	–	953,141
Fees	2,488,186	–	–	–	–	2,488,186
Fundraising and donations	150,779	97,372	–	–	14,367	262,518
Investment	6,706	–	–	905	8,805	16,416
Amortization of deferred contributions related to tangible capital assets	11,851	–	337,320	–	–	349,171
Rent	–	–	–	–	–	–
	31,474,306	97,372	623,981	10,424	23,172	32,229,255
Expenses:						
Salaries	20,418,799	–	–	–	–	20,418,799
Benefits	4,459,821	–	–	–	–	4,459,821
Staff travel	221,488	–	–	–	–	221,488
Staff training	309,538	–	–	–	–	309,538
Amortization of tangible capital and intangible assets	39,558	–	503,622	–	–	543,180
Interest	1,216	–	77,675	–	–	78,891
Fundraising	39,430	15,366	–	–	–	54,796
Client wages and benefits	297,487	–	–	–	–	297,487
Purchased services and other	1,580,518	95,582	–	–	5,019	1,681,119
Food and supplies	1,037,199	–	–	–	–	1,037,199
Occupancy costs	2,692,586	–	–	144,371	–	2,836,957
Vehicle costs	344,795	–	–	–	–	344,795
Client personal needs	143,914	–	–	–	–	143,914
	31,586,349	110,948	581,297	144,371	5,019	32,427,984
Excess (deficiency) of revenue over expenses	(112,043)	(13,576)	42,684	(133,947)	18,153	(198,729)
Fund balance, beginning of year	(140,727)	351,255	2,835,008	536,025	562,723	4,144,284
Inter-fund transfers	–	–	–	–	–	–
Fund balance, end of year	$ (252,770)	$ 337,679	$ 2,877,692	$ 402,078	$ 580,876	$ 3,945,555