

**L'ARCHE NORTH BAY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

L'ARCHE NORTH BAY

MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
L'Arche North Bay
North Bay, Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of **L'Arche North Bay**, which comprise the statement of financial position as at **March 31, 2016** and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and 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 Ministry of Community and Social Services requirements described in Note 1 to the financial statements, 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.

Auditor's 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 the auditor's 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, the auditor considers 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from certain program and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to ensuring that the amounts recorded in the records of the organization were deposited to the bank, and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of L'Arche North Bay as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Ministry of Community and Social Services requirements described in Note 1 to the financial statements.

Emphasis of Matter

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accounting principles, are solely for the use of the members of L'Arche North Bay and Ministry of Community and Social Services. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose. Our opinion is not qualified in respect of this matter.

North Bay, Ontario
June 21, 2016

*Kendall, Sinclair,
Cowan & Daigle LLP*
Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

(With comparative figures as at March 31, 2015)

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current		
Cash	\$ 104,639	\$ 92,519
Accounts receivable (Note 2)	35,827	44,275
Prepaid expenses		261
	<u>140,466</u>	<u>137,055</u>
Investments (Note 3)	<u>185,079</u>	<u>183,415</u>
	<u>\$ 325,545</u>	<u>\$ 320,470</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 41,628	\$ 20,293
<u>NET ASSETS</u>		
Unrestricted	<u>283,917</u>	<u>300,177</u>
	<u>\$ 325,545</u>	<u>\$ 320,470</u>

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
<u>UNRESTRICTED</u>		
Balance beginning of year	\$ 300,177	\$ 275,607
Excess (deficiency) of revenue over expenditures for the year	<u>(16,260)</u>	<u>24,570</u>
Balance end of year	<u>\$ 283,917</u>	<u>\$ 300,177</u>

(See accompanying notes to financial statements)

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
Revenue		
Grants		
MCSS - operating	\$ 1,246,197	\$ 1,208,354
- one time	31,100	
Other	12,940	
Residence fees	163,094	155,780
Donations	14,302	17,417
Fundraising	11,309	17,557
Investment income	1,665	7,127
	<u>1,480,607</u>	<u>1,406,235</u>
Expenditures		
Salaries	1,111,435	987,933
Benefits	141,287	114,917
Services		
- repairs and maintenance	57,359	97,905
- utilities	36,687	36,462
- insurance	18,731	19,546
- staff training	10,191	16,705
- professional services	9,834	10,447
- rent and taxes	6,942	7,324
- advertising and promotion	1,972	1,875
- purchased client services	927	155
- professional services IT	487	816
- other	33,544	33,193
Supplies and equipment		
- repairs and maintenance	2,656	9,627
- IT supplies and equipment	2,209	2,685
- other	75,669	92,510
Transportation and communication		
- travel	30,309	24,051
- communication	17,413	14,741
Other	5,675	995
Recoveries	(66,460)	(90,222)
	<u>1,496,867</u>	<u>1,381,665</u>
Excess (deficiency) of revenue over expenditures for the year	<u>\$ (16,260)</u>	<u>\$ 24,570</u>

STATEMENT OF REVENUE AND EXPENDITURES

GROUP LIVING - 8847

FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	2016		2015
	Budget (Unaudited)	Actual	Actual
Revenue			
Grants			
MCSS - operating	\$ 1,118,043	\$ 1,116,043	\$ 1,081,661
- one time - service pressure	25,000	25,000	
- urgent response	4,000	4,000	
Other - urgent response		12,940	
Residence fees	159,600	163,094	155,780
	<u>1,306,643</u>	<u>1,321,077</u>	<u>1,237,441</u>
Expenditures			
Salaries	886,069	943,068	848,195
Benefits	137,766	118,705	98,591
Services			
- repairs and maintenance	25,000	35,540	80,135
- utilities	23,000	29,363	28,810
- insurance	18,000	14,869	17,707
- staff training	16,000	9,663	15,178
- rent and taxes	7,500	6,942	7,294
- professional services		1,857	
- purchased client services	3,000	927	155
- professional services IT	2,000	262	371
- advertising and promotion	1,000		
- other	15,000	33,486	31,928
Supplies and equipment			
- repairs and maintenance	6,000	2,494	5,255
- IT supplies and equipment	2,000	2,209	2,582
- other	63,000	69,485	80,093
Transportation and communication			
- travel	25,000	17,306	15,927
- communication	6,000	12,463	10,813
Other	43,685		70
Allocated administration (Note 5)	85,623	85,556	75,316
Recoveries	(59,000)	(61,463)	(80,979)
	<u>1,306,643</u>	<u>1,322,732</u>	<u>1,237,441</u>
Excess of revenue over expenditures for the year	\$ - 0 -	\$ (1,655)	\$ - 0 -

(See accompanying notes to financial statements)

STATEMENT OF REVENUE AND EXPENDITURES

COMMUNITY PARTICIPATION - 9131

FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	2016		2015
	Budget (Unaudited)	Actual	Actual
Revenue			
Grants			
MCSS - operating	130,154	\$ 130,154	\$ 126,693
- one time - portable lift	2,100	2,100	
	<u>132,254</u>	<u>132,254</u>	<u>126,693</u>
Expenditures			
Salaries	87,686	84,224	80,112
Benefits	12,410	10,565	7,792
Services			
- repairs and maintenance	2,000	8,350	10,394
- utilities	3,500	4,881	5,101
- insurance	1,200	1,943	1,839
- professional services	800	1,344	
- staff training	1,000	528	895
- professional services IT		125	131
- rent and taxes			30
- purchased client services	1,800		
- other	1,469		189
Supplies and equipment			
- repairs and maintenance	1,200	162	4,196
- IT supplies and equipment	500		
- other	2,500	3,901	7,375
Transportation and communication			
- travel	4,500	4,030	3,912
- communication	1,000	1,512	1,067
Other	2,100	2,100	
Allocated administration (Note 5)	9,589	9,589	9,589
Recoveries	(1,000)	(1,000)	(5,929)
	<u>132,254</u>	<u>132,254</u>	<u>126,693</u>
Excess of revenue over expenditures for the year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(See accompanying notes to financial statements)

STATEMENT OF REVENUE AND EXPENDITURES

ALLOCATED ADMINISTRATION

FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	2016		2015
	Budget (Unaudited)	Actual	Actual
Expenditures			
Salaries	\$ 62,009	\$ 68,615	\$ 59,626
Benefits	10,903	12,017	8,534
Services			
- professional services	9,500	6,633	10,447
- repairs and maintenance	1,000	2,560	1,460
- utilities	2,200	2,443	2,551
- insurance	1,700	1,919	
- professional services IT	1,000	100	314
- staff training	600		632
- advertising and promotion	500		120
- other			957
Supplies and equipment			
- repairs and maintenance			176
- IT supplies and equipment	500		103
- other	2,300	1,356	438
Transportation and communication			
- communication	1,800	3,438	2,861
- travel	1,200	61	
Recoveries		(3,997)	(3,314)
	<u>95,212</u>	<u>95,145</u>	<u>84,905</u>
Program allocations			
Group Living - 8847	85,623	85,556	75,316
Community Participation - 9131	9,589	9,589	9,589
	<u>95,212</u>	<u>95,145</u>	<u>84,905</u>
Excess of revenue over expenditures for the year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(See accompanying notes to financial statements)

STATEMENT OF REVENUE AND EXPENDITURES - BOARD

FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
Revenue		
Donations	\$ 14,302	\$ 17,417
Fundraising	11,309	17,557
Investment income	1,665	7,127
	<u>27,276</u>	<u>42,101</u>
Expenditures		
Salaries	15,528	
Services		
- repairs and maintenance	10,909	5,916
- advertising and promotion	1,972	1,755
- other	58	119
Supplies and equipment		
- other	927	4,604
Transportation and communication		
- travel	8,912	4,212
Other	3,575	925
	<u>41,881</u>	<u>17,531</u>
Excess (deficiency) of revenue over expenditures for the year	<u>\$ (14,605)</u>	<u>\$ 24,570</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
Cash was provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (16,260)	\$ 24,570
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	8,448	(5,342)
Prepaid expenses	261	129
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>21,335</u>	<u>(4,715)</u>
	<u>13,784</u>	<u>14,642</u>
Investing activities		
Increase in market value	(528)	(6,044)
Increase in accrued interest	(544)	(737)
Investments matured during year	15,000	15,000
Purchase of investments	<u>(15,592)</u>	<u>(15,347)</u>
	<u>(1,664)</u>	<u>(7,128)</u>
Increase in cash	12,120	7,514
Cash beginning of year	<u>92,519</u>	<u>85,005</u>
Cash end of year	<u>\$ 104,639</u>	<u>\$ 92,519</u>

(See accompanying notes to financial statements)

L'ARCHE NORTH BAY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

Nature Of Operations

L'Arche North Bay is a not-for-profit organization which provides group living and adult access supports for people with intellectual disabilities. The organization is a registered charity under the Income Tax Act and as such is not subject to Canadian income taxes.

1. Significant Accounting Policies

These financial statements are prepared in accordance with Ministry of Community and Social Services requirements detailed in Method of Accounting note.

a) **Method Of Accounting/Revenue Recognition**

The organization utilizes the modified accrual basis of accounting. This method provides for short-term accruals (within 30 days of year-end) of revenue and expenditures. Expenses paid once a year are expensed in the period paid, without provision for prepaid expense. Accordingly, no provision has been made herein for wage costs due to accrued vacation pay, sick leave or pending wage settlements.

The modified accrual basis of accounting, as defined by the Ministry, does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenses do not represent an actual cash expenditure to the current period. Accordingly, capital type expenditures are expensed in the year of purchase.

Restricted contributions are recognized as revenue for the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Room and board revenue is recognized when earned on a monthly basis. Investment income is recognized when earned.

b) **Group Living Supports**

The organization operates four residences for its developmentally handicapped members in accordance with the provisions of the Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act, 2008.

c) **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. All cash equivalents have been designated to be in the fair value category, with gains and losses reported in revenues. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition or sale of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument of those measured at amortized cost.

L'ARCHE NORTH BAY**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****5. Allocated Administration**

Allocated administrative costs are those costs associated with the operation of the organization which do not directly support services to the clients and are not dedicated to specific programs. The determination of the cost allocation involves estimates and approximations which management believes are reasonable.

6. Economic Dependence

L'Arche North Bay receives the majority of its revenue from the Ministry of Community and Social Services and is dependent on that Ministry for funding.

7. Ministry Of Community And Social Services – Major Capital Agreement

As per requirements of Major Capital Agreement, clause 3.2, signed April 5, 2011, Ministry of Community and Social Services' interest in the premises located at 447 McPhail Street is \$735,000, representing total funds contributed by Ministry of Community and Social Services towards purchase of said premises.

8. Financial Risks And Concentrations Of Risk

The organization is not exposed to significant credit, liquidity, interest rate, currency, market or other price risks arising from its financial instruments.

There has been no change to the risk exposures from 2015.