

COMMUNITY LIVING BRITISH COLUMBIA

Financial Statements

For the year ended March 31, 2010



Report of the Auditor General of British Columbia

*To the Board of Directors of
the Community Living British Columbia, and*

*To the Minister of Housing and Social Development
Province of British Columbia:*

I have audited the statement of financial position of the *Community Living British Columbia* as at March 31, 2010, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Community Living British Columbia's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Community Living British Columbia as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
May 25, 2010*

John Doyle, MBA, CA
Auditor General

COMMUNITY LIVING BRITISH COLUMBIA

Financial Statements

For the year ended March 31, 2010

Statement of Management's Responsibility for Financial Reporting

The financial statements of Community Living British Columbia have been prepared by management in accordance with Canadian generally accepted accounting principles.

Management is responsible for the preparation of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records provide reliable information for the preparation of timely financial statements.

The Finance & Audit Committee comprises members of the Board of Directors of Community Living British Columbia and oversees management's discharge of its financial reporting responsibilities. The Committee meets regularly with management and representatives of the external auditors to review financial information prepared by management and discuss relevant matters. The external auditors have full and free access to the Committee.

These financial statements have been approved by the Board of Directors on recommendation of the Finance and Audit Committee and the Auditor General of British Columbia has performed an independent audit of the financial statements in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of Community Living British Columbia.



Rick Mowles
Chief Executive Officer



Richard Hunter
Vice President Corporate Services

COMMUNITY LIVING BRITISH COLUMBIA

Statement of Financial Position

(Expressed in thousands of dollars)

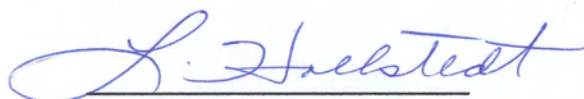
As at March 31, 2010

	2010	2009
Assets		
Current assets:		
Cash	\$ 22,512	\$ 17,107
Accounts receivable and prepaid expenses	1,665	8,709
	24,177	25,816
Retiring allowance amounts receivable (note 4a)	1,107	990
Capital assets (note 5)	10,642	10,474
	\$ 35,926	\$ 37,280
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,101	\$ 18,871
Deferred operating contributions (note 6)	4,621	-
Salaries, wages and benefits payable	3,347	5,421
Employee leave liability payable	1,075	1,313
Capital lease obligations (note 7)	144	174
	22,288	25,779
Capital lease obligations (note 7)	320	505
Accrued retiring allowance liabilities (note 4a)	1,335	1,198
Deferred capital contributions (note 8)	8,504	6,987
	32,447	34,469
Share Capital (note 9)	-	-
Net assets:		
Invested in capital assets (note 10)	2,787	2,808
Unrestricted	692	3
	3,479	2,811
	\$ 35,926	\$ 37,280

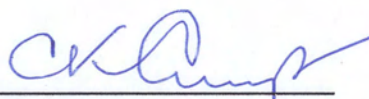
Commitments and contingencies (note 13)

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:



Lois Hollstedt
Chair



Ken Crump
Finance & Audit Committee Chair

COMMUNITY LIVING BRITISH COLUMBIA

Statement of Operations

(Expressed in thousands of dollars)

For the year ended March 31, 2010

	2010	2009
Revenues:		
Operating contributions from the Province	\$ 654,907	\$ 684,387
Recoveries from the Province	50,360	27,042
Cost sharing agreements with regional health authorities	9,519	8,173
Amortization of deferred capital contributions	1,795	1,289
Other Income	720	987
Interest income	383	1,188
Recoveries: Federal Government	-	1,119
	<u>717,684</u>	<u>724,185</u>
Expenses:		
Adult Contracted Program Services:		
Residential	411,401	399,777
Non-residential	209,087	191,609
Children's Contracted Program Services		
Residential	17,567	29,959
Non-residential	23,539	43,808
Compensation and benefits	35,414	38,005
General expenses (note 15)	5,726	5,539
Building occupancy costs	4,999	5,392
Communications and information technology (note 15)	4,579	4,756
Amortization of capital assets	2,457	1,822
Administration costs (note 15)	2,247	2,258
	<u>717,016</u>	<u>722,925</u>
Excess of revenues over expenses	\$ 668	\$ 1,260

The accompanying notes are an integral part of these financial statements.

COMMUNITY LIVING BRITISH COLUMBIA

Statement of Changes in Net Assets

(Expressed in thousands of dollars)

For the year ended March 31, 2010

	Invested in capital assets	Unrestricted	Total 2010	Total 2009
Net assets, beginning of period	\$ 2,808	\$ 3	\$ 2,811	\$ 1,551
Excess (deficiency) of revenues over expenses	(662)	1,330	668	1,260
Net change in capital assets (note 10)	641	(641)	-	-
Net assets, end of period	\$ 2,787	\$ 692	\$ 3,479	\$ 2,811

The accompanying notes are an integral part of these financial statements.

COMMUNITY LIVING BRITISH COLUMBIA

Statement of Cash Flows

(Expressed in thousands of dollars)

For the year ended March 31, 2010

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 668	\$ 1,260
Items not involving cash:		
Amortization of deferred capital contributions	(1,795)	(1,289)
Amortization of capital assets	2,457	1,822
	1,330	1,793
Changes in non-cash working capital	3,602	(4,160)
	4,932	(2,367)
Financing activities:		
Additions to deferred capital contributions	3,312	1,964
Addition to obligations under capital leases	30	162
Reduction to obligations under capital leases	(245)	(237)
	3,097	1,889
Investing activities:		
Purchase of capital assets (note 15)	(2,703)	(3,681)
Disposal of capital assets (note 15)	79	65
	(2,624)	(3,616)
Increase (decrease) in cash	5,405	(4,094)
Cash, beginning of period	17,107	21,201
Cash, end of period	\$ 22,512	\$ 17,107

The accompanying notes are an integral part of these financial statements.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

1. Authority and purpose

Community Living British Columbia ("CLBC") was established on July 1, 2005 under the Community Living Authority Act as a Crown Agency of the Province of British Columbia.

CLBC is accountable to the provincial government through the Minister of Housing and Social Development (the Minister) and is mandated to provide a variety of community living supports and services for adults with developmental disabilities, and their families. These supports and services are provided through contract arrangements with individuals and agencies throughout the province. CLBC is responsible for directing operations, enforcing standards, and managing funds and services. The Minister sets funding levels, establishes provincial service standards and monitors performance.

During 2009, responsibilities for providing community living supports and services for children with developmental disabilities, which had previously been provided by CLBC, were transferred to the Ministry of Children and Family Development ("MCFD"). Effective April 2009, MCFD funded CLBC for delivering services to children with developmental disabilities on a cost recovery basis. Operational and contracting responsibilities were transferred on October 31st, 2009.

CLBC is dependent on the Ministry of Housing and Social Development ("MHSD") to provide sufficient funding to continue operations, replace equipment and complete capital projects.

CLBC is exempt from goods and services tax and both federal and provincial income and capital taxes. See note 16.

2. Significant accounting policies

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue recognition:

Operating contributions are accounted for under the deferral method.

Operating contributions are recorded as revenue in the year to which they relate. Operating contributions approved but not yet received at the end of the year are accrued. Where a portion of the operating contribution relates to a future year, it is deferred and recognized in that subsequent year.

Externally restricted operating contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets are amortized.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

(c) Financial Instruments:

CLBC follows the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement and CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation.

CLBC's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, and salaries, wages and benefits payable. Cash is classified as held for trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities and salaries, wages and benefits payable are classified as other financial liabilities.

(d) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the assets' estimated useful lives or lease term at the following rates:

Asset	Rate
Leasehold improvements	Lease term to a maximum of 5 years
Vehicles	7 years
Furniture and equipment	5 years
Information systems	3 - 5 years

Assets acquired under capital lease are amortized over the lesser of the estimated life of the asset and the lease term.

Systems development work-in-progress represents the unamortized costs incurred to date for the development of information technology which is not substantially complete. On completion the work-in-progress balance is transferred to the completed assets account and amortized over its estimated useful life.

(e) Employee future benefits:

Liabilities, net of plan assets, are recorded for employee retiring allowance benefits as employees render services to earn those benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

Defined contribution plan accounting is applied to the multi-employer defined benefit pension plan because sufficient information is not available to apply defined benefit accounting. Accordingly, contributions are expensed as they become payable.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

3. Measurement uncertainty

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the determination of useful lives of capital assets and the estimation of amounts which may become payable to retiring employees.

4. Employee future benefits

(a) Employee retiring allowance benefits:

Employees with twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon entitlements for each year of service.

Some employees of CLBC have accrued benefits resulting from service for other British Columbia government organizations. Under an agreement between CLBC and the Public Service Agency ("PSA") of the British Columbia government, the portion of retiring allowance benefits attributable to periods of employee service other than at CLBC, is recoverable from PSA.

Retiring allowance liabilities and the related receivable from PSA are based on an actuarial valuation at March 31, 2007. The next valuation will be as of March 31, 2011.

(b) Employee pension benefits:

CLBC and its employees contribute to the Public Service Pension Plan (the Plan), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has about 58,000 active plan members and approximately 35,000 retired plan members. CLBC has approximately 400 employees contributing to the Plan.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2008, indicated an actuarial surplus of \$487 million for basic pension benefits. The next valuation will be as at March 31, 2011 with results available in 2012. The actuary does not attribute portions of the unfunded liability to individual employers. CLBC contributions to the Plan of \$2.5 million were expensed during the year ending March 31, 2010 (2009 - \$2.6 million).

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

5. Capital assets

2010	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 1,788	\$ 1,136	\$ 652
Vehicles under capital lease (note 7)	921	457	464
Vehicles	105	-	105
Furniture and equipment	764	437	327
Information systems hardware and software	10,148	4,535	5,613
Systems development work-in-progress	3,481	-	3,481
	\$17,207	\$ 6,565	\$10,642

2009	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 1,469	\$ 788	\$ 681
Vehicles under capital lease (note 7)	1,098	419	679
Furniture and equipment	712	290	422
Information systems hardware and software	8,005	2,740	5,265
Systems development work-in-progress	3,427	-	3,427
	\$14,711	\$ 4,237	\$10,474

6. Deferred operating contributions

Deferred operating contributions represent unspent amounts received from the Province and restricted for specific operating purposes. Amounts amortized to revenue in the Statement of Operations are recorded as operating contributions from the Province.

	2010	2009
Deferred operating contributions, beginning of period	\$ -	\$ -
Contribution from the Province	14,153	-
Amount amortized to revenue	(9,532)	-
Deferred operating contributions, end of period	\$ 4,621	\$ -

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

7. Capital lease obligations

Vehicles that are leased are accounted for as capital leases. The minimum lease payments under these agreements for each of the next five years and thereafter are as follows:

	2010	2009
Year ending March 31,		
2010	\$ -	\$ 184
2011	148	181
2012	115	126
2013	103	105
2014	74	74
2015 and beyond	33	33
	473	703
Less amount representing interest	9	24
Present value of capital lease obligations	464	679
Less current portion	144	174
Long term portion of capital lease obligations	\$ 320	\$ 505

8. Deferred capital contributions

Deferred capital contributions represent the unamortized amounts and unspent amounts of contributions received for the purchase of capital assets. Amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2010	2009
Deferred capital contributions, beginning of period	\$ 6,987	\$ 6,312
Contribution from the Province	3,312	1,964
Amount amortized to revenue	(1,795)	(1,289)
Deferred capital contributions, end of period	\$ 8,504	\$ 6,987

The balance of deferred capital contributions related to capital assets consists of the following:

	2010	2009
Unamortized deferred capital contributions used to purchase capital assets	\$ 7,391	\$ 6,987
Unspent contributions	1,113	-
	\$ 8,504	\$ 6,987

9. Share Capital

CLBC has issued and registered to the Minister of Finance one share with a par value of ten dollars.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

10. Invested in capital assets

(a) The amount invested in capital assets is calculated as follows:

	2010	2009
Capital assets (net)	\$10,642	\$10,474
Less amounts financed by:		
Deferred capital contributions (note 8)	7,391	6,987
Obligations under capital leases (note 7)	464	679
	\$ 2,787	\$ 2,808

(b) The deficiency of revenue over expenses related to capital assets is calculated as follows:

	2010	2009
Amortization of deferred capital contributions	\$ 1,795	\$ 1,289
Amortization of capital assets	(2,457)	(1,822)
	\$ (662)	\$ (533)

(c) The change in the amount invested in capital assets for the year is calculated as follows:

	2010	2009
Purchase of capital assets	\$ 2,703	\$ 3,681
Disposal of capital assets	(79)	(65)
Capital asset additions funded by deferred capital contributions	(2,198)	(1,964)
Capital asset additions funded by capital lease	(30)	(162)
Reduction in capital lease obligations	245	237
	\$ 641	\$ 1,727

11. Financial Instruments

Financial instruments include cash, accounts receivable, accounts payable, accrued liabilities, and salaries, wages and benefits payable. It is management's opinion that CLBC is not exposed to significant interest, liquidity or credit risk arising from these instruments. The fair values of these instruments approximate their carrying values.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

12. Related party transaction

CLBC is related through common control to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities are considered to be in the normal course of operations and are recorded at their fair market value.

Revenues derived from related parties are disclosed in the statement of operations. The amounts of related party transactions included within expenses are as follows:

	2010	2009
Adult Contracted Program Services:		
Residential	\$ 9,645	\$12,371
Non-residential	4,629	4,762
Children's Contracted Program Services:		
Residential	238	329
Non-residential	277	533
Compensation and benefits	2,458	2,165
Building occupancy costs	4,999	5,392
Communications and information technology	4,034	4,243
Administration costs	706	776
General expenses	528	894

In addition to those disclosed on the statement of financial position, assets and liabilities at March 31st with related parties were:

	2010	2009
Accounts receivable and prepaid expenses	\$ 429	\$ 8,333
Accounts payable and accrued liabilities	6,622	11,957
Salaries, wages and benefits payable	69	76

13. Commitments and contingencies

(a) Operating lease commitments:

CLBC leases premises and equipment under operating leases. Minimum lease payments for each of the next five years are as follows:

Year ending March 31,	
2011	\$ 3,584
2012	2,226
2013	863
2014	507
2015	516
	\$ 7,696

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2010

(b) Contingent gains:

The Province of British Columbia has advanced funds under the Human Resource Facilities Act to agencies to purchase or upgrade facilities used to provide social services. On disposal or change of use, these funds and associated entitlements are recoverable by the Province and transferred to CLBC.

The future recoverable entitlements are calculated in accordance with a formula that recognizes the increase or decrease in the value of the property.

The amount currently advanced is approximately \$2,878.

During 2009/10, CLBC received \$0 (2009 - \$11) of such entitlements. Receipts of entitlements are recorded as other income. It is not possible to determine the amounts that may be receivable by CLBC arising from future disposals or change of use in such facilities.

(c) Litigation:

The nature of CLBC's activities is such that there is occasional litigation where CLBC is named as defendant. With respect to known claims, management is of the opinion that it has valid defences and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on CLBC's financial position.

14. Changes in Accounting Policy

CICA Section 4470 – "Disclosure of Allocated Expenses by Not-for-Profit Organizations"

On April 1, 2009 CLBC adopted Section 4470 - "Disclosure of Allocated Expenses by Not-for-Profit Organizations". The new section provides guidance for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions which the expenses relate. As a result of adopting this section, there was no material impact on CLBC's financial statements.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in 2010.

16. Harmonized Sales Tax

Effective July 1, 2010 CLBC will be subject to harmonized sales tax ("HST") on purchases of taxable property and services. CLBC was constitutionally exempt from GST. It is not expected that this change will have a significant effect on CLBC's operations.