

COMMUNITY LIVING BRITISH COLUMBIA

Financial Statements

For the year ended March 31, 2009

AUDITORS' REPORT

To the Board of Community Living British Columbia

COMMUNITY LIVING BRITISH COLUMBIA

Financial Statements

For the year ended March 31, 2009

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 of the Board of Directors of Community Living British Columbia 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, 2009

	2009	2008
Assets		
Current assets:		
Cash	\$ 17,107	\$ 21,201
Accounts receivable and prepaid expenses	8,709	3,268
	<u>25,816</u>	<u>24,469</u>
Retiring allowance amounts receivable (note 4)	990	1,084
Capital assets (note 5)	10,474	8,679
	<u>\$ 37,280</u>	<u>\$ 34,232</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,871	\$ 18,136
Salaries, wages and benefits payable	5,421	4,909
Employee leave liability payable	1,313	1,321
Capital lease obligations (note 6)	174	171
	<u>25,779</u>	<u>24,537</u>
Capital lease obligations (note 6)	505	582
Accrued retiring allowance liabilities (note 4)	1,198	1,250
Deferred capital contributions (note 7)	6,987	6,312
	<u>34,469</u>	<u>32,681</u>
Net assets:		
Invested in capital assets (note 8)	2,808	1,614
Unrestricted	3	(63)
	<u>2,811</u>	<u>1,551</u>
	<u>\$ 37,280</u>	<u>\$ 34,232</u>

Commitments and contingencies (note 11)

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, 2009

	2009	2008
Revenues:		
Operating contributions from the Province	\$ 684,387	\$ 646,703
Recoveries: Ministry of Children & Family Development (note 1)	27,042	28,828
Cost sharing agreements with regional health authorities	8,173	6,379
Interest income	1,188	1,862
Recoveries: Federal Government	1,119	1,291
Other Income	987	1,525
Amortization of deferred capital contributions	1,289	893
	<u>724,185</u>	<u>687,481</u>
Expenses:		
Adult Contracted Program Services: (note 12)		
Residential	399,777	386,849
Non-residential	191,609	173,804
Children's Contracted Program Services		
Residential	29,959	30,191
Non-residential	43,808	43,460
Compensation and benefits	38,005	35,532
Building occupancy costs	5,392	5,295
Information technology	3,069	2,540
Administration costs	3,126	2,933
General expenses	6,358	5,466
Amortization of capital assets	1,822	1,394
	<u>722,925</u>	<u>687,464</u>
Excess of revenues over expenses	<u>\$ 1,260</u>	<u>\$ 17</u>

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, 2009

	Invested in capital assets	Unrestricted	Total 2009	Total 2008
Net assets, beginning of period	\$ 1,614	\$ (63)	\$ 1,551	\$ 1,534
Excess (deficiency) of revenues over expenses	(533)	1,793	1,260	17
Net change in capital assets (note 8)	1,727	(1,727)	-	-
Net assets, end of period	\$ 2,808	\$ 3	\$ 2,811	\$ 1,551

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, 2009

	2009	2008
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,260	\$ 17
Items not involving cash:		
Amortization of deferred capital contributions	(1,289)	(893)
Amortization of capital assets	1,822	1,394
	1,793	518
Changes in non-cash working capital	(4,160)	9,383
	(2,367)	9,901
Financing activities:		
Additions to deferred capital contributions	1,964	464
Additions to obligations under capital leases	97	154
Repayment of obligations under capital leases	(172)	(160)
	1,889	458
Investing activities:		
Purchase of capital assets	(3,616)	(3,232)
Increase (decrease) in cash	(4,094)	7,127
Cash, beginning of period	21,201	14,074
Cash, end of period	\$ 17,107	\$ 21,201

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, 2009

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 children and 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.

By agreement with the Ministry of Children and Family Development (MCFD), CLBC provides staff support, and effective January 1, 2007 assumed contracting and payment responsibility, for MCFD's community living services provided to special needs children without a developmental disability. The cost of the contracted services and staff support is recovered from MCFD who remain responsible for the funding, policy, monitoring and accountability of community living programs for those children.

On June 23, 2008, the provincial government announced plans to transfer responsibility for the delivery of services to children to MCFD. The proposed date for transfer is October 31, 2009.

CLBC is dependant 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.

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:

Contributions are accounted for under the deferral method.

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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, 2009

Contributed materials and services are recognized when a fair value can be reasonably estimated, the materials and services are used in the normal course of business, and they would otherwise have been purchased.

(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.

Under these Handbook Sections, financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Financial instruments are initially measured at fair market value.

Subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. Held for trading financial instruments are measured at fair value and all gains and losses are included in revenues or expenses in the period during which they arise. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost.

Cash is classified as held for trading. Accounts receivable and prepayments are classified as loans and receivables. Accounts payable, 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

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2009

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.

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.

The majority of employees were transferred to CLBC from the Ministry of Children & Family Development on July 1, 2005 and under an agreement between CLBC and the Public Service Agency ("PSA") of the British Columbia government, future retiring allowance payments are recoverable from PSA to the extent that the employee service accrued before July 1, 2005.

Retiring allowance liabilities and the related receivable from PSA are based on an actuarial valuation at March 31, 2007. The next required valuation will be as of March 31, 2010.

(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 55,000 active plan members and approximately 33,000 retired plan members.

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 March 31, 2008, indicated an actuarial surplus of \$487,000 for basic pension benefits. The impact of the recent economic downturn on the financial position of the Plan has not yet been determined. The next valuation will be as at March 31, 2011. The actuary does not attribute portions of the unfunded liability to individual employers. Employer contributions to the Plan of \$2,560 were expensed during the year ending March 31, 2009 (2008 - \$2,394).

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2009

5. Capital assets

2009	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 1,469	\$ 788	\$ 681
Vehicles	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

2008	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 1,139	\$ 561	\$ 578
Vehicles	1,066	313	753
Furniture and equipment	575	157	418
Information systems hardware and software	5,874	1,450	4,424
Systems development work-in-progress	2,506	-	2,506
	\$11,160	\$ 2,481	\$ 8,679

6. Capital lease obligations

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

	2009	2008
Year ending March 31,		
2009	\$ -	\$ 200
2010	184	189
2011	181	178
2012	126	117
2013	105	93
2014 and beyond	107	54
	703	831
Less amount representing interest	24	78
Present value of capital lease obligations	679	753
Less current portion	174	171
Long term portion of capital lease obligations	\$ 505	\$ 582

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2009

7. Deferred capital contributions

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

	2009	2008
Deferred capital contributions, beginning of period	\$ 6,312	\$ 6,741
Contribution from the Province	1,964	464
Amount amortized to revenue	(1,289)	(893)
Deferred capital contributions, end of period	\$ 6,987	\$ 6,312

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

	2009	2008
Unamortized deferred capital contributions used to purchase capital assets	\$ 6,987	\$ 6,312
Unspent contributions	-	-
	\$ 6,987	\$ 6,312

8. Invested in capital assets

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

	2009	2008
Capital assets (net)	\$10,474	\$ 8,679
Less amounts financed by:		
Deferred capital contributions	6,987	6,312
Obligations under capital leases	679	753
	\$ 2,808	\$ 1,614

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

	2009	2008
Amortization of deferred capital contributions	\$ 1,289	\$ 893
Amortization of capital assets	(1,822)	(1,394)
	\$ (533)	\$ (501)

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

	2009	2008
Purchase of capital assets	\$ 3,616	\$ 3,232
Amounts funded by deferred capital contributions	(1,964)	(2,384)
Amounts funded by capital lease	(97)	(154)
Payment of obligations under capital leases	172	160
	\$ 1,727	\$ 854

9. Financial Instruments

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

10. Related party transaction

CLBC is related through common control to all Province of British Columbia ministries, agencies, Crown corporations and other public entities. 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:

	2009	2008
Adult Contracted Program Services:		
Residential	\$ 12,371	\$13,354
Non-residential	4,762	2,628
Children's Contracted Program Services:		
Residential	329	681
Non-residential	533	452
Compensation and benefits	2,165	2,058
Building occupancy costs	5,392	5,283
Information technology	3,069	2,540
Administration costs	1,131	999
General expenses	1,713	1,580

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

	2009	2008
Accounts receivable and prepaid expenses	\$ 8,333	\$ 1,794
Accounts payable and accrued liabilities	11,957	11,721
Salaries, wages and benefits payable	76	94

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2009

11. Commitments and contingencies

(a) Operating lease commitments:

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

Year ending March 31,	
2010	\$ 4,991
2011	4,860
2012	2,762
2013	886
2014	507
	<hr/>
	\$ 14,006

(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 funds currently advanced are approximately \$2,900.

During 2008/09, CLBC received \$11 (2008 - \$344) of such entitlements and recorded those receipts 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.

12. Comparative figures

The comparative figures for Adult Contracted Program Services have been reclassified between Residential and Non-residential to fairly reflect contracts for non-residential activities that were previously included under residential activities. The reported expense for Residential Adult Contracted Program Services has been reduced by \$7,114 and the reported expense for Non-Residential Adult Contracted Program Services has been increased by \$7,114.

13. New and revised accounting standards

These financial statements are compliant with CICA Handbook Section 4400, "Financial Statement Presentation by Not-for-Profit Organizations" and Section 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations" which were issued in September 2008 and are effective for the CLBC's fiscal year commencing April 1, 2009.