

**COMMUNITY LIVING BRITISH COLUMBIA**

**Financial Statements**

**For the nine months ended March 31, 2006**



Report of the  
Office of the Auditor General  
of British Columbia

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

*To the Minister of Children and Family Development,  
Province of British Columbia:*

We have audited the statement of financial position of *Community Living British Columbia* as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the period then ended. These financial statements are the responsibility of *Community Living British Columbia's* management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of *Community Living British Columbia* as at March 31, 2006 and the results of its operations and cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia  
May 12, 2006*

Errol Price, CA  
Deputy Auditor General

# COMMUNITY LIVING BRITISH COLUMBIA

## Financial Statements

For the nine months ended March 31, 2006

### 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.



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Rick Mowles

Chief Executive Officer



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Richard Hunter

Vice President Corporate Services

# COMMUNITY LIVING BRITISH COLUMBIA

## Statement of Financial Position

(Expressed in thousands of dollars)

As at March 31, 2006 (note 15)

	2006
<b>Assets</b>	
Current assets:	
Cash	\$ 16,241
Accounts receivable and prepaid expenses	2,251
	<u>18,492</u>
Retiring allowance amounts receivable (note 4)	988
Capital assets (note 5)	3,652
	<u>\$ 23,132</u>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 6,968
Salaries, wages and benefits payable	6,249
Employee leave liability payable	1,472
Capital lease obligations (note 6)	126
	<u>14,815</u>
Capital lease obligations (note 6)	266
Accrued retiring allowance liabilities (note 4)	1,046
Deferred capital contributions (note 7)	5,556
	<u>21,683</u>
Net assets:	
Invested in capital assets (note 8)	690
Unrestricted	759
	<u>1,449</u>
	<u>\$ 23,132</u>

Commitments and contingencies (note 14)

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

Approved on behalf of the Board:



Director



Director

# COMMUNITY LIVING BRITISH COLUMBIA

## Statement of Operations

(Expressed in thousands of dollars)

For the nine months ended March 31, 2006 (note 15)

	2006
Revenues:	
Contributions:	
Ministry of Children & Family Development operating grant	\$ 390,747
Ministry of Finance (note 9)	31,731
Ministry of Labour and Citizens' Services (note 13)	2,240
Recoveries from the Ministry of Children & Family Development (note 1)	7,196
Cost sharing agreements with regional health authorities	3,793
Revaluation of transferred liabilities (note 10)	4,580
Interest income	512
Other	242
	<u>441,041</u>
Expenses:	
Contracted Program Services:	
Residential	272,448
Non-residential	103,136
Family Independence Fund grant (note 9)	30,000
Compensation and benefits	24,886
Building occupancy costs	2,846
Information technology (note 13)	2,240
Administration costs	2,735
General expenses	2,360
Amortization of capital assets	213
	<u>440,864</u>
Excess of revenues over expenses	<u>\$ 177</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 nine months ended March 31, 2006 (note 15)

	Invested in capital assets	Unrestricted	Total 2006
Net assets, beginning of period	\$ -	\$ -	\$ -
Net assets transferred from the Province of British Columbia (note 10)	697	(697)	-
Net assets transferred from the Interim Authority for Community Living (note 11)	17	1,255	1,272
Excess (deficiency) of revenues over expenses	(213)	390	177
Net change in capital assets	189	(189)	-
Net assets, end of period	\$ 690	\$ 759	\$ 1,449

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 nine months ended March 31, 2006 (note 15)

	2006
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Cash provided by (used in):	
Operating activities:	
Excess of revenue over expenses	\$ 177
Items not involving cash:	
Amortization of capital assets	213
	390
Changes in non-cash working capital	6,448
	<hr/> 6,838
Financing activities:	
Additions to deferred capital contributions	4,055
Repayment of obligations under capital leases	(94)
	<hr/> 3,961
Investing activities:	
Purchase of capital assets	(1,605)
	<hr/>
Increase in cash before net asset transfers	9,194
Cash included in net asset transfers from:	
Province of British Columbia (note 10)	5,287
Interim Authority for Community Living (note 11)	1,760
	<hr/> 7,047
Increase in cash	16,241
Cash, beginning of period	-
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Cash, end of period	\$ 16,241
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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 nine months ended March 31, 2006 (Note 15)

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### 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 Children and Family 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.

On July 1, 2005, CLBC assumed responsibility, from the Ministry of Children and Family Development ("MCFD"), for the provision of community living services to adults (individuals aged 19 and over). 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 MCFD, CLBC provides staff support for community living services provided to children and their families. The cost of this support is recovered from MCFD and MCFD remains responsible for the funding, policy, monitoring and accountability of children's community living programs.

CLBC is dependant on MCFD 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.



# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the nine months ended March 31, 2006 (Note 15)

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.

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) 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.

(d) 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 nine months ended March 31, 2006 (Note 15)

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### 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.

As the majority of employees were transferred from the Ministry of Children & Family Development on July 1, 2005, retiring allowance liabilities are based on an actuarial valuation performed on the British Columbia provincial public service employees as at March 31, 2004, and reflect management's estimates to March 31, 2006. The next required valuation will be as of March 31, 2007.

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.

#### (b) Employee pension benefits:

CLBC and its employees contribute to the Public Service Pension Plan ("the 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 51,000 active plan members and approximately 30,000 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 at March 31, 2005, indicated an unfunded liability of \$767,000 for basic pension benefits. The next valuation will be as at March 31, 2008 with results available in early 2009. The actuary does not attribute portions of the unfunded liability to individual employers. Employer contributions to the Plan of \$1,245 were expensed during the nine months ended March 31, 2006.

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the nine months ended March 31, 2006 (Note 15)

### 5. Capital assets

2006	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 754	\$ 170	\$ 584
Vehicles	727	335	392
Furniture and equipment	96	4	92
Information systems	23	9	14
Systems development work-in-progress	2,570	-	2,570
	\$ 4,170	\$ 518	\$ 3,652

### 6. Capital lease obligations

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

Year ending March 31,	
2007	\$ 126
2008	84
2009	78
2010	71
2011	72
	431
Less amount representing interest	39
Present value of capital lease obligations	392
Less current portion	126
Long term portion of capital lease obligations	\$ 266

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the nine months ended March 31, 2006 (Note 15)

### 7. Deferred capital contributions

Deferred capital contributions represent the unamortized amounts and unspent amounts of grants received for the purchase of capital assets.

	2006
Deferred capital contributions, beginning of period	\$ -
Contributions received:	
Transferred from the Interim Authority for Community Living	1,501
Received from the Ministry of Children and Family Development	4,055
Deferred capital contributions, end of period	\$ 5,556

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

	2006
Unamortized deferred capital contributions used to purchase capital assets	\$ 2,570
Unspent contributions	2,986
	\$ 5,556

### 8. Net Assets invested in capital assets

The amount invested in capital assets is calculated as follows:

	2006
Capital assets	\$ 3,652
Less amounts financed by:	
Deferred capital contributions	2,570
Obligations under capital leases	392
	\$ 690

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the nine months ended March 31, 2006 (Note 15)

### 9. Family Independence Fund grant

A grant of \$30,000 has been provided to the Vancouver Foundation to establish the Family Independence Fund. The fund is to provide one time only capital grants for equipment and renovations to enable families to better support children and adult family members with developmental disabilities who live at home. A contribution of \$30,000 was received from the Ministry of Finance to support this initiative.

### 10. Transfer of assets and liabilities from the Province of British Columbia

Pursuant to Orders in Council dated September 22, 2005 and January 28, 2006 and other agreements between CLBC and the Province of British Columbia, assets and liabilities related to community living services were transferred from MCFD and the Public Service Agency to CLBC.

Assets and liabilities have been recorded at their carrying value at the time of transfer. Capital assets have been recorded at their original cost and accumulated amortization at the date of transfer. The following assets and liabilities were transferred:

	2006
<b>Assets</b>	
Cash	\$ 5,287
Accounts receivable	365
Accrued retiring allowance recoverable from the Public Service Agency	988
<b>Capital Assets:</b>	
Leasehold improvements (net of amortization of \$57)	697
Vehicles (net of amortization of \$244)	486
<b>Liabilities</b>	
Accrued employee leave liability	1,387
Accrued retiring allowance liabilities	988
Obligations under capital leases	486
Other accounts payable and accrued liabilities	4,962
<b>Net assets transferred</b>	<b>\$ -</b>

Included in the other accrued liabilities transferred was \$4,758 related to the potential impact of employee compensation settlements on the cost of contracted services. Management has reviewed the liability at March 31, 2006 and revised the estimate accordingly, reducing the accrued amount by \$4,580 which has been reflected as revenue in the statement of operations.

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the nine months ended March 31, 2006 (Note 15)

### 11. Transfer of assets and liabilities from the Interim Authority for Community Living British Columbia

Under a Ministerial Order dated September 30, 2005, the assets and liabilities of the Interim Authority for Community Living British Columbia were transferred to CLBC on October 7, 2005. The excess value of assets over liabilities has been accounted for as an increase to net assets.

Assets and liabilities have been recorded at their carrying value at the time of transfer. Capital assets have been recorded at their original cost and accumulated amortization at the date of transfer. The following assets and liabilities were transferred:

	2006
Assets	
Cash	\$ 1,760
Accounts receivable	11
Capital Assets	
Equipment (net of amortization of \$7)	17
Systems development work-in-progress	1,060
Liabilities	
Accounts payable and accrued liabilities	75
Deferred capital contributions	1,501
Net assets transferred	\$ 1,272

### 12. Financial instruments

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and obligations under capital leases. It is management's opinion that there is no significant exposure to interest, currency or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values.