

# **COMMUNITY LIVING BRITISH COLUMBIA**

**Financial Statements  
For the year ended March 31, 2007**



**COMMUNITY LIVING  
BRITISH COLUMBIA**



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:*

I have audited the statement of financial position of *Community Living British Columbia* as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of 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 *Community Living British Columbia* as at March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia  
May 11, 2007*

Errol Price, CA  
Acting Auditor General

## Financial Statements

### 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 and 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, 2007 (note 12)

	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 14,074	\$ 16,241
Accounts receivable and prepaid expenses	5,952	2,251
	20,026	18,492
Retiring allowance amounts receivable (note 4)	1,139	988
Capital assets (note 5)	6,841	3,652
	\$ 28,006	\$ 23,132


## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,094	\$ 6,968
Salaries, wages and benefits payable	4,494	6,249
Employee leave liability payable	1,137	1,472
Capital lease obligations (note 6)	146	126
	17,871	14,815
Capital lease obligations (note 6)	613	266
Accrued retiring allowance liabilities (note 4)	1,247	1,046
Deferred capital contributions (note 7)	6,741	5,556
	26,472	21,683
Net assets:		
Invested in capital assets (note 8)	1,261	690
Unrestricted	273	759
	1,534	1,449
	\$ 28,006	\$ 23,132

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, 2007 (note 12)

	2007	2006 (9 months)
Revenues:		
Contributions:		
Ministry of Children & Family Development operating grant	\$ 608,018	\$ 390,747
Ministry of Finance	—	31,731
Ministry of Labour and Citizens' Services (note 10)	2,240	2,240
Recoveries: Ministry of Children & Family Development (note 1)	12,293	7,196
Cost sharing agreements with regional health authorities	5,815	3,793
Revaluation of transferred liabilities	—	4,580
Interest income	1,801	512
Recoveries: Federal Government	1,567	—
Other Income	683	242
Amortization of deferred capital contributions	538	—
	632,955	441,041
Expenses:		
Adult Contracted Program Services:		
Residential	374,700	275,365
Non-residential	154,906	100,219
Children's Contracted Program Services		
Residential	40,851	—
Non-residential	14,237	—
Family Independence Fund grant	—	30,000
Compensation and benefits	32,767	24,886
Building occupancy costs	4,524	2,846
Information technology (note 10)	2,240	2,240
Administration costs	3,542	2,735
General expenses	4,224	2,360
Amortization of capital assets	879	213
	632,870	440,864
Excess of revenues over expenses	\$ 85	\$ 177

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, 2007 (note 12)

	Invested in capital assets	Unrestricted	Total 2007	Total 2006 (9 months)
Net assets, beginning of period	\$ 690	\$ 759	\$ 1,449	\$ –
Net assets transferred from the Interim Authority for Community Living	–	–	–	1,272
Excess (deficiency) of revenues over expenses	(341)	426	85	177
Net change in capital assets	912	(912)	–	–
Net assets, end of period	\$ 1,261	\$ 273	\$ 1,534	\$ 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 year ended March 31, 2007 (note 12)

	2007	2006 (9 months)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 85	\$ 177
Items not involving cash:		
Amortization of deferred capital contributions	(538)	—
Amortization of capital assets	879	213
	426	390
Changes in non-cash working capital	(614)	6,448
	(188)	6,838
Financing activities:		
Additions to deferred capital contributions	1,723	4,055
Additions to obligations under capital leases	490	—
Repayment of obligations under capital leases	(124)	(94)
	2,089	3,961
Investing activities:		
Purchase of capital assets	(4,068)	(1,605)
(Decrease) increase in cash before net asset transfers	(2,167)	9,194
Cash included in net asset transfers from:		
Province of British Columbia	—	5,287
Interim Authority for Community Living	—	1,760
	—	7,047
(Decrease) increase in cash	(2,167)	16,241
Cash, beginning of period	16,241	—
Cash, end of period	\$ 14,074	\$ 16,241

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, 2007 (Note 12)

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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.

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) effective July 1, 2005 and children with developmental disabilities effective April 1, 2006. 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, and effective January 1, 2007 has 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.

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 year ended March 31, 2007 (Note 12)

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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.

### 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.

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2007 (Note 12)

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### 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"). 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 50,000 active plan members and approximately 31,000 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 million 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 \$2,225 were expensed during the year ending March 31, 2007 (2006 - \$1,245 for the nine months ending March 31, 2006).

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2007 (Note 12)

### 5. Capital assets

2007	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 1,155	\$ 347	\$ 808
Vehicles	1,157	398	759
Furniture and equipment	499	52	447
Information systems	4,321	551	3,770
Systems development work-in-progress	1,057	—	1,057
	\$ 8,189	\$ 1,348	\$ 6,841

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 and thereafter are as follows:

	2007	2006
Year ending March 31,		
2007	\$ —	\$ 126
2008	181	84
2009	175	78
2010	155	71
2011	148	65
2012 and thereafter	209	7
	868	431
Less amount representing interest	109	39
Present value of capital lease obligations	759	392
Less current portion	146	126
Long term portion of capital lease obligations	\$ 613	\$ 266

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2007 (Note 12)

### 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.

	2007	2006
Deferred capital contributions, beginning of period	\$ 5,556	\$ –
Contributions received:		
Transferred from the Interim Authority for Community Living		1,501
Received from the Ministry of Children and Family Development	1,723	4,055
Amount amortized to revenue	(538)	–
Deferred capital contributions, end of period	\$ 6,741	\$ 5,556

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

	2007	2006
Unamortized deferred capital contributions used to purchase capital assets	\$ 4,821	\$ 2,570
Unspent contributions	1,920	2,986
	\$ 6,741	\$ 5,556

### 8. Invested in capital assets

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

	2007	2006
Capital assets (net)	\$ 6,841	\$ 3,652
Less amounts financed by:		
Deferred capital contributions	4,821	2,570
Obligations under capital leases	759	392
	\$ 1,261	\$ 690

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2007 (Note 12)

### 8. Invested in capital assets (continued):

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

	2007	2006
Amortization of deferred capital contributions	\$ 538	\$ –
Amortization of capital assets	(879)	(213)
	\$ (341)	\$ (213)

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

	2007	2006
Purchase of capital assets	\$ 4,068	\$ 1,605
Amounts funded by deferred capital contributions	(2,790)	(1,510)
Amounts funded by capital lease	(490)	–
Payment of obligations under capital leases	124	94
	\$ 912	\$ 189

### 9. 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.

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2007 (Note 12)

### 10. Related party transactions

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:

	2007	2006
Adult Contracted Program Services:		
Residential	\$ 4,024	\$ 2,536
Non-residential	2,209	1,326
Children's Contracted Program Services:		
Residential	11,006	—
Non-residential	18,956	—
Compensation and benefits	2,047	890
Building occupancy costs	4,626	2,846
Information technology	2,240	2,240
Administration costs	2,027	1,744
General expenses	100	122

Computer network and infrastructure are provided by the Ministry of Labour and Citizens' Services without charge. The estimated fair market value of these services for the period was \$2,240 which has been recorded as both a contribution and an expense in the statement of operations.

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

	2007	2006
Accounts receivable and prepaid expenses	\$ 4,734	\$ 1,868
Accounts payable and accrued liabilities	2,848	2,076
Salaries, wages and benefits payable	312	209

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2007 (Note 12)

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### 11. Commitments and contingencies

#### (a) Operating lease commitments:

Premises are leased from a related party. The minimum lease payments under these agreements for each of the next five years are as follows:

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Year ending March 31,	
2008	\$ 3,921
2009	3,738
2010	3,686
2011	3,510
2012	1,640
	<hr/>
	\$ 16,495

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#### (b) Contingencies:

As a consequence of the nature of CLBC's ordinary activities, there may be potential or pending litigation at any given time.

CLBC has been named as a co-defendant in one claim. At this time, the uncertainties surrounding this claim are such that it is not possible to determine the likelihood of success or potential financial consequences.

Management believes that CLBC has adequate insurance coverage in place for this unsettled claim and, in the event this claim is successful, that it will not have a material effect on the financial position of CLBC.

### 12. Comparative figures

Operations commenced on July 1, 2005 and accordingly, the comparative figures presented in these financial statements reflect nine months of operations. Certain comparative figures have been reclassified to conform with classifications adopted in the current year.