
TRAIL ASSOCIATION FOR COMMUNITY LIVING

FINANCIAL STATEMENTS

MARCH 31, 2017

TRAIL ASSOCIATION FOR COMMUNITY LIVING

MARCH 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Directors of the Trail Association for Community Living

We have audited the accompanying financial statements of the Trail Association for Community Living (the Society) which comprise the statement of financial position as at March 31, 2017 and the statements of changes in net assets, operations 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 Canadian accounting standards for not-for-profit organizations, 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.

Auditors' 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 auditors' judgment, including assessing 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 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 Society derives revenues from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, net revenue (expense) and cash flows from operations, for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

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 the Trail Association for Community Living as at March 31, 2017 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

ASSETS

	2017	2016
CURRENT		
Cash	\$ 220,448	\$ 162,983
Accounts receivable	51,070	18,496
Sales tax receivable	3,009	2,719
Prepaid expenses and deposits	14,099	11,090
	288,626	195,288
TANGIBLE CAPITAL ASSETS (Notes 1(d) and 3)	1,025,495	1,024,138
	\$ 1,314,121	\$ 1,219,426

LIABILITIES

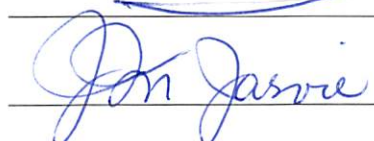
CURRENT		
Bank indebtedness (Note 2)	\$ 31,608	\$ 114,339
Accounts payable and accrued liabilities	345,577	289,659
Government remittances payable	18,593	12,929
Deferred contributions	60,900	26,000
	456,678	442,927
LONG TERM		
Deferred contributions related to tangible capital assets (Note 4)	21,719	-
	478,397	442,927

NET ASSETS

UNRESTRICTED	(328,492)	(408,079)
INVESTED IN TANGIBLE CAPITAL ASSETS	1,003,776	1,024,138
INTERNALLY RESTRICTED (Note 5)	160,440	160,440
	835,724	776,499
	\$ 1,314,121	\$ 1,219,426

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	UNRESTRICTED	INVESTED IN TANGIBLE CAPITAL ASSETS	INTERNALLY RESTRICTED	TOTAL 2017	TOTAL 2016
OPENING NET ASSETS (DEBT)	\$ (408,079)	\$ 1,024,138	\$ 160,440	\$ 776,499	\$ 771,446
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (Note 7)	147,634	(88,409)	-	59,225	5,053
INVESTED IN TANGIBLE CAPITAL ASSETS					
Tangible capital assets acquired	(100,626)	100,626	-	-	-
Contributions restricted to tangible capital asset purchases	32,579	(32,579)	-	-	-
CLOSING NET ASSETS (DEBT)	\$ (328,492)	\$ 1,003,776	\$ 160,440	\$ 835,724	\$ 776,499

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
REVENUES		
Grants and subsidies (Note 8)	\$ 4,006,623	\$ 3,086,608
Rent	171,137	172,914
Sales and miscellaneous	63,594	62,533
Donations and fundraisers	39,451	93,630
Gain on disposal of tangible capital assets	350	57,336
	<hr/> 4,281,155	<hr/> 3,473,021
EXPENSES		
Amortization	99,269	77,376
Bank charges and miscellaneous	6,425	7,669
Health services	7,957	4,008
Insurance	18,246	18,287
Office and program supplies	242,204	224,145
Professional fees	25,037	21,694
Property taxes	18,028	20,739
Rent (Note 9)	26,614	34,207
Repairs and maintenance	20,806	17,791
Staff training and travel	59,301	12,168
Telephone	21,402	23,999
Transportation	66,419	52,566
Utilities	42,160	32,666
Wages and benefits (Note 10)	3,568,062	2,920,653
	<hr/> 4,221,930	<hr/> 3,467,968
EXCESS OF REVENUES OVER EXPENSES	<hr/> \$ 59,225	<hr/> \$ 5,053

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 59,225	\$ 5,053
Amortization	99,269	77,376
Gain on disposal of tangible capital assets	(350)	(57,336)
	158,144	25,093
Net change in non-cash working capital		
Accounts receivable	(32,864)	27,806
Prepaid expenses and deposits	(3,009)	222
Accounts payable and accrued liabilities	55,919	7,325
Government remittances payable	5,664	6,365
Deferred revenues	34,900	(20,236)
	218,754	46,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(100,626)	(103,085)
Proceeds on disposal of tangible capital assets	350	98,287
Deferred capital contribution	21,718	-
	(78,558)	(4,798)
INCREASE IN CASH	140,196	41,777
CASH, beginning of year	48,644	6,867
CASH, end of year	\$ 188,840	\$ 48,644
CASH IS COMPRISED OF:		
Cash on hand	\$ 1,350	\$ 1,150
Cash in chartered banks	191,938	134,877
Manulife deposits	27,160	26,956
	220,448	162,983
Cash		
Bank indebtedness	(31,608)	(114,339)
	\$ 188,840	\$ 48,644

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

NATURE OF OPERATIONS

The Trail Association For Community Living is a multi-service umbrella agency providing support and services to individuals in the Greater Trail area. The society is a non-profit organization incorporated under the Society Act of British Columbia and considered to be non-taxable under Section 149 (1) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accrued liabilities included in accounts payable and accrued liabilities and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

(c) Financial Instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value.

Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as listed below. In the year of acquisition, tangible capital assets are amortized at one-half the normal rates.

Buildings	25 year straight line
Equipment	5 year straight line
Landscaping	5 year straight line
Leasehold Improvements	straight line over the remaining life of the lease
Vehicles	5 year straight line

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

(e) Impairment of Long-lived Assets

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its fair value. Fair value is determined using an appropriate valuation technique such as a quoted price in an active market or the present value of future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Net Assets Invested in Tangible Capital Assets

The Society records amounts paid for the acquisition of tangible capital assets, principal repayments on loans incurred to acquire tangible capital assets and amortization of deferred contributions related to tangible capital assets to this account. A reduction is charged against this account for the net book value of tangible capital assets sold in the year, debt issued for the purchase of tangible capital assets, grants received for the purchase of tangible capital assets and amortization of tangible capital assets. The net investment is classified as restricted where there are external restrictions placed upon the use and or possible future dispositions of the tangible capital assets.

(g) Revenue Recognition

The society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, donations and fundraising revenues are recognized when funds are received. Rents and merchandise sales are recognized when goods and services are delivered provided that collection is reasonably assured.

(h) Contributed Services

The society would not be able to carry out its activities without the services of the many volunteers who donate a considerable amount of their time. Because of the difficulty of valuing this time, contributed services are not recognized in the financial statements.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2017	Net 2016
Land	\$ 247,891	\$ -	\$ 247,891	\$ 247,891
Buildings	1,289,506	661,395	628,111	648,821
Equipment	207,480	145,062	62,418	44,934
Landscaping	2,529	2,529	-	-
Leasehold Improvements	133,345	58,685	74,660	75,652
Vehicle	146,560	134,145	12,415	6,840
	\$ 2,027,311	\$ 1,001,816	\$ 1,025,495	\$ 1,024,138

3. BANK INDEBTEDNESS

A demand operating loan has been authorized by the Bank of Montreal to a maximum of \$205,000 and bears interest at the bank's prime lending rate plus 5.0% per annum and is secured by property located at Fruitvale, British Columbia with a carrying value of \$145,900. At March 31, 2017 the prime lending rate was 2.70% per annum and the weighted average interest rate for the year was 2.70%.

4. DEFERRED CONTRIBUTIONS

	2017	2016
Balance, beginning of year	\$ 26,000	\$ 23,700
Amount recognized in the year	(26,000)	(23,700)
Amount received relating to future periods	60,900	26,000
Balance, end of year	\$ 60,900	\$ 26,000

Deferred contributions at year end relate to the following programs:

	2017	2016
Getting to Home Grant	\$ 25,900	\$ 26,000
Youth Action Network Grant	35,000	-
Total deferred contributions	\$ 60,900	\$ 26,000

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

5. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represents the unamortized amount of restricted contributions received for the purchase of leasehold improvements included in tangible capital assets. The amortization of such contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions related to tangible capital assets are as follows:

	2017	2016
Balance, beginning of year	\$ -	\$ -
Add: amounts received during the year	32,579	-
Less: amounts recognized as revenue in the year	(10,860)	-
Balance, end of year	\$ 21,719	\$ -

6. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets	\$ 1,025,495	\$ 1,024,138
Amount financed by deferred contributions related to tangible capital assets	(21,719)	-
	\$ 1,003,776	\$ 1,024,138

Excess (Deficiency) of revenues over expenses as outlined in the statement of changes in net assets is calculated as follows:

	2017	2016
Amortization of tangible capital assets	\$ (99,269)	\$ (77,376)
Amortization of deferred contributions related to tangible capital assets	10,860	-
	\$ (88,409)	\$ (77,376)

7. INTERNALLY RESTRICTED NET ASSETS

	2017	2016
Memorial Fund Reserve	\$ 22,584	\$ 22,584
Replacement Fund Reserve	117,856	117,856
Children and Youth Reserve	20,000	20,000
	\$ 160,440	\$ 160,440

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NOTES TO THE FINANCIAL STATEMENTS

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8. ECONOMIC DEPENDENCE

The society receives a significant portion of its funding from the provincial government through Community Living British Columbia (CLBC). Loss of this funding would substantially affect the daily operations of the Society.

9. OPERATING LEASE COMMITMENTS

The Society's total future minimum lease payments under operating lease commitments are as follows:

2018	\$	14,400
2019		3,600
2020		3,600

\$ 21,600

10. BRITISH COLUMBIA SOCIETIES ACT

On November 28, 2016 the new British Columbia Societies Act came into effect. The new Act requires disclosure of remuneration greater than \$75,000 annually for Directors and contractors. Additionally, the remunerations of the ten highest paid employees with remunerations greater than \$75,000 must be disclosed. The Society has one individual, the Executive Director, who falls into this category. For the year ended March 31, 2017 this remuneration was approximately \$83,750.

11. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liquidity Risk

Liquidity risk is the risk that the Trail Association for Community Living will not be able to meet its obligations associated with financial liabilities. Cash flows from operations provide the society's cash requirements.

Credit Risk

The Trail Association for Community Living is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Interest Rate Risk

The Trail Association for Community Living's interest-bearing assets and liabilities consist of deposits held with Manulife and bank indebtedness. The Manulife deposits have fixed interest rates but are available at any time, which should minimize the fair value risk for the society. The bank indebtedness has a floating interest rate subjecting the Society to cash flow risk.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

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12. COMPARATIVE AMOUNTS

Certain amounts of the prior year have been reclassified for comparative purposes to conform with the presentation adopted in the current year.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

SCHEDULE 1 - OPERATING FUNDS OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017
(Unaudited)

	CONTRACTING SERVICES	COMMUNITY SUPPORT WORKER	CHILDREN AND YOUTH	RESIDENCE	TOTAL 2017	TOTAL 2016
REVENUES						
Grants and subsidies	\$ 1,690,070	\$ 186,337	\$ 186,334	\$ 1,943,882	\$ 4,006,623	\$ 3,086,608
Sales and miscellaneous	62,751	-	843	-	63,594	62,533
Rent	9,700	-	1,923	159,514	171,137	172,914
Donations and fundraisers	25,198	102	-	14,151	39,451	93,630
Gain on disposal of assets	350	-	-	-	350	57,336
	1,788,069	186,439	189,100	2,117,547	4,281,155	3,473,021
EXPENSES						
Bank charges and miscellaneous	5,645	54	43	683	6,425	7,669
Health services	2,358	-	400	5,199	7,957	4,008
Insurance	7,581	-	1,065	9,600	18,246	18,287
Office and program supplies	155,189	2,825	5,788	78,402	242,204	224,145
Professional fees	25,037	-	-	-	25,037	21,694
Property taxes	5,115	-	972	11,941	18,028	20,739
Rent	20,494	-	-	6,120	26,614	34,207
Repairs and maintenance	3,603	88	59	17,056	20,806	17,791
Staff training and travel	46,549	-	2,223	10,529	59,301	12,168
Telephone	15,357	570	1,792	3,683	21,402	23,999
Transportation	33,284	6,112	5,278	21,745	66,419	52,566
Utilities	17,842	-	-	24,318	42,160	32,666
Wages and benefits	1,532,148	148,188	117,269	1,770,457	3,568,062	2,920,653
	1,870,202	157,837	134,889	1,959,733	4,122,661	3,390,592
EXCESS REVENUES OVER EXPENSES	\$ (82,133)	\$ 28,602	\$ 54,211	\$ 157,814	\$ 158,494	\$ 82,429