
TRAIL ASSOCIATION FOR COMMUNITY LIVING

FINANCIAL STATEMENTS

MARCH 31, 2018

TRAIL ASSOCIATION FOR COMMUNITY LIVING

MARCH 31, 2018

CONTENTS

AUDITOR'S REPORT

FINANCIAL STATEMENTS

Statement of Financial Position

Statement of Changes in Net Assets

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Supplementary Information

Schedule 1 - Operating Funds Operations

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 which comprise the statement of financial position as at March 31, 2018 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 Trail Association for Community Living 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 Trail Association for Community Living 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, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years.

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, 2018 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, 2018

ASSETS		2018	2017
CURRENT			
Cash	\$	314,927	\$ 220,448
Accounts receivable		51,984	51,068
Sales tax receivable		7,587	3,009
Prepaid expenses and deposits		12,728	14,099
		387,226	288,624
TANGIBLE CAPITAL ASSETS (Notes 1(d) and 2)		1,210,252	1,025,495
	\$	1,597,478	\$ 1,314,119
LIABILITIES			
CURRENT			
Bank indebtedness (Note 3)	\$	-	\$ 31,608
Accounts payable and accrued liabilities		415,061	345,575
Government remittances payable		24,002	18,593
Deferred contributions (Note 4)		35,874	60,900
Current portion of mortgage (Note 6)		5,795	-
		480,732	456,676
LONG TERM			
Mortgage payable (Note 6)		165,261	-
Deferred contributions related to tangible capital assets (Note 5)		-	21,719
		645,993	478,395
NET ASSETS			
UNRESTRICTED		(248,151)	(328,492)
INVESTED IN TANGIBLE CAPITAL ASSETS (Note 7)		1,039,196	1,003,776
INTERNALLY RESTRICTED (Note 8)		160,440	160,440
		951,485	835,724
	\$	1,597,478	\$ 1,314,119

APPROVED ON BEHALF OF THE BOARD:


Director


Director

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUES		
Grants and subsidies	\$ 4,650,084	\$ 4,015,422
Rent	205,404	171,137
Sales and miscellaneous	90,467	63,368
Donations and fundraisers	37,739	30,652
Gain on disposal of tangible capital assets	-	350
	<hr/> 4,983,694	<hr/> 4,280,929
EXPENSES		
Amortization	86,927	99,269
Bank charges and miscellaneous	3,964	5,151
Health services	9,010	8,299
Insurance	15,334	18,246
Office and program supplies	262,662	243,521
Professional fees	30,510	25,037
Property taxes	13,871	16,340
Rent (Note 9)	25,726	26,614
Repairs and maintenance	57,201	20,559
Staff training and travel	26,106	52,564
Telephone	22,519	20,664
Transportation	85,079	73,155
Utilities	45,880	45,225
Wages and benefits (Note 10)	4,183,144	3,567,060
	<hr/> 4,867,933	<hr/> 4,221,704
EXCESS OF REVENUES OVER EXPENSES	<hr/> \$ 115,761	<hr/> \$ 59,225

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 115,761	\$ 59,225
Amortization	86,927	99,269
Gain on disposal of tangible capital assets	-	(350)
	202,688	158,144
Net change in non-cash working capital		
Accounts receivable	(5,494)	(32,864)
Prepaid expenses and deposits	1,371	(3,009)
Accounts payable and accrued liabilities	69,486	55,919
Government remittances payable	5,409	5,664
Deferred revenues	(46,745)	34,900
	226,715	218,754
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds of mortgage payable	171,056	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(271,684)	(100,626)
Proceeds on disposal of tangible capital assets	-	350
Deferred capital contribution	-	21,718
	(271,684)	(78,558)
INCREASE IN CASH	126,087	140,196
CASH, beginning of year	188,840	48,644
CASH, end of year	\$ 314,927	\$ 188,840
CASH IS COMPRISED OF:		
Cash on hand	\$ 80,995	\$ 1,350
Cash in chartered banks	206,558	191,938
Manulife deposits	27,374	27,160
Cash	314,927	220,448
Bank indebtedness	-	(31,608)
	\$ 314,927	\$ 188,840

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

NATURE OF OPERATIONS

The Trail Association For Community Living (the "Society") 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, 2018

(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, 2018

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2018	Net 2017
Land	\$ 247,891	\$ -	\$ 247,891	\$ 247,891
Buildings	1,632,516	777,461	855,055	628,111
Equipment	268,868	170,880	97,988	62,417
Landscaping	2,529	2,529	-	-
Leasehold Improvements	-	-	-	74,660
Vehicle	146,560	137,242	9,318	12,416
	\$ 2,298,364	\$ 1,088,112	\$ 1,210,252	\$ 1,025,495

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, 2018 the prime lending rate was 3.45% per annum.

4. DEFERRED CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 60,900	\$ 26,000
Amount recognized in the year	(60,900)	(26,000)
Amount received relating to future periods	35,874	60,900
Balance, end of year	\$ 35,874	\$ 60,900

Deferred contributions at year end relate to the following programs:

	2018	2017
Getting to Home Grant	\$ -	\$ 25,900
Youth Action Network Grant	30,000	35,000
Tech Grant	5,874	-
Total deferred contributions	\$ 35,874	\$ 60,900

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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:

	2018	2017
Balance, beginning of year	\$ 21,719	\$ -
Add: amounts received during the year	-	32,579
Less: amounts recognized as revenue in the year	(21,719)	(10,860)
Balance, end of year	\$ -	\$ 21,719

6. MORTGAGE PAYABLE

	2018	2017
Bank of Montreal mortgage repayable in blended principal and interest payments of \$1,039 per month including interest at 3.96%; secured by a general security agreement on land and buildings. This loan matures on January 31, 2038.	\$ 171,056	\$ -
Less: Current portion	5,795	-
	\$ 165,261	\$ -

Approximate principal repayments for the next five years are expected to be as follows:

2019	\$ 5,795
2020	6,028
2022	6,271
2023	6,524
2024	6,787
2025 and susequent	<u>133,856</u>
	<u>\$ 165,261</u>

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets	\$ 1,210,252	\$ 1,025,495
Amount financed by mortgage	(171,056)	-
Amount financed by deferred contributions related to tangible capital assets	-	(21,719)
	\$ 1,039,196	\$ 1,003,776

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

	2018	2017
Amortization of tangible capital assets	\$ (86,927)	\$ (99,269)
Amortization of deferred contributions related to tangible capital assets	21,719	10,860
	\$ (65,208)	\$ (88,409)

8. INTERNALLY RESTRICTED NET ASSETS

	2018	2017
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

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

9. 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.

10. OPERATING LEASE COMMITMENTS

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

2019	\$	15,600
2020		15,600
2021		15,600

\$ 46,800

11. 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, 2018 this remuneration was approximately \$81,000.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liquidity Risk

Liquidity risk is the risk that the Society 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 Society 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 Society'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

MARCH 31, 2018

13. 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, 2018
(Unaudited)

	ADMIN	CAREER DEVELOPMENT SERVICES	TACL PROGRAMS	RESIDENCE	TOTAL 2018	TOTAL 2017
REVENUES						
Grants, subsidies and contracts	\$ 393,864	\$ 1,518,558	\$ 584,599	\$ 2,153,063	\$ 4,650,084	\$ 4,015,422
Sales and miscellaneous	1,227	88,397	-	843	90,467	63,368
Rent, transportation and support	9,950	5,514	-	189,940	205,404	171,137
Donations and fundraisers	13,826	18,997	693	4,223	37,739	30,652
Gain on disposal of assets	-	-	-	-	-	350
	418,867	1,631,466	585,292	2,348,069	4,983,694	4,280,929
EXPENSES						
Bank charges and miscellaneous	2,548	1,241	30	145	3,964	5,151
Health services	595	1,578	1,378	5,459	9,010	8,299
Insurance	3,198	3,894	2,224	6,018	15,334	18,246
Office and program supplies	23,677	143,816	14,101	81,068	262,662	243,520
Professional fees	24,376	6,134	-	-	30,510	25,037
Property taxes	5,011	-	2,179	6,681	13,871	16,340
Rent	6,368	18,758	600	-	25,726	26,614
Repairs and maintenance	14,038	19,750	6,399	17,014	57,201	20,559
Staff training and travel	7,129	15,944	(48)	3,081	26,106	52,564
Telephone	3,891	11,528	2,979	4,121	22,519	20,664
Transportation	4,606	35,719	15,986	28,768	85,079	73,155
Utilities	6,904	8,630	5,032	25,314	45,880	45,225
Wages and benefits	419,014	1,263,340	494,587	2,006,203	4,183,144	3,567,060
	521,355	1,530,332	545,447	2,183,872	4,781,006	4,122,434
EXCESS REVENUES OVER EXPENSES	\$ (102,488)	\$ 101,134	\$ 39,845	\$ 164,197	\$ 202,688	\$ 158,495

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	UNRESTRICTED	INVESTED IN TANGIBLE CAPITAL ASSETS	INTERNALLY RESTRICTED	TOTAL 2018	TOTAL 2017
OPENING NET ASSETS (DEBT)	\$ (328,492)	\$ 1,003,776	\$ 160,440	\$ 835,724	\$ 776,499
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (Note 7)	180,969	(65,208)	-	115,761	59,225
INVESTED IN TANGIBLE CAPITAL ASSETS					
Mortgage principle repayments	171,056	(171,056)	-	-	-
Tangible capital assets acquired	(271,684)	271,684	-	-	-
Contributions restricted to tangible capital					
CLOSING NET ASSETS (DEBT)	\$ (248,151)	\$ 1,039,196	\$ 160,440	\$ 951,485	\$ 835,724
