

**COMMUNITY LIVING BRITISH COLUMBIA**

**Financial Statements**

**For the year ended March 31, 2008**

# **AUDITORS' REPORT**

To the Board of Community Living British Columbia

# COMMUNITY LIVING BRITISH COLUMBIA

## Financial Statements

For the year ended March 31, 2008

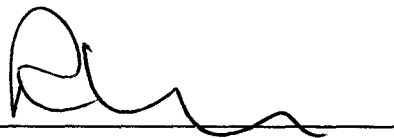
### Statement of Management's Responsibility for Financial Reporting

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.



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, 2008

	2008	2007
<b>Assets</b>		
Current assets:		
Cash	\$ 21,201	\$ 14,074
Accounts receivable and prepaid expenses	3,268	6,456
	<u>24,469</u>	<u>20,530</u>
Retiring allowance amounts receivable (note 4)	1,084	1,139
Capital assets (note 5)	8,679	6,841
	<u>\$ 34,232</u>	<u>\$ 28,510</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,136	\$ 12,598
Salaries, wages and benefits payable	4,909	4,494
Employee leave liability payable	1,321	1,137
Capital lease obligations (note 6)	171	146
	<u>24,537</u>	<u>18,375</u>
Capital lease obligations (note 6)	582	613
Accrued retiring allowance liabilities (note 4)	1,250	1,247
Deferred capital contributions (note 7)	6,312	6,741
	<u>32,681</u>	<u>26,976</u>
Net assets:		
Invested in capital assets (note 8)	1,614	1,261
Unrestricted	(63)	273
	<u>1,551</u>	<u>1,534</u>
	<u>\$ 34,232</u>	<u>\$ 28,510</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, 2008

	2008	2007
Revenues:		
Contributions:		
Ministry of Children & Family Development operating grant	\$ 646,703	\$ 608,018
Ministry of Labour and Citizens' Services (note 10)	—	2,240
Recoveries: Ministry of Children & Family Development (note 1)	28,828	12,293
Cost sharing agreements with regional health authorities	6,379	5,815
Interest income	1,862	1,801
Recoveries: Federal Government	1,291	1,389
Other Income	1,525	861
Amortization of deferred capital contributions	893	538
	<u>687,481</u>	<u>632,955</u>
Expenses:		
Adult Contracted Program Services:		
Residential	393,963	375,771
Non-residential	166,690	153,835
Children's Contracted Program Services		
Residential	30,191	20,958
Non-residential	43,460	34,130
Compensation and benefits	35,532	32,767
Building occupancy costs	5,295	4,524
Information technology (note 10)	2,540	2,240
Administration costs	2,933	2,999
General expenses	5,466	4,767
Amortization of capital assets	1,394	879
	<u>687,464</u>	<u>632,870</u>
Excess of revenues over expenses	<u>\$ 17</u>	<u>\$ 85</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, 2008

	Invested in capital assets	Unrestricted	Total 2008	Total 2007
Net assets, beginning of period	\$ 1,261	\$ 273	\$ 1,534	\$ 1,449
Excess (deficiency) of revenues over expenses	(501)	518	17	85
Net change in capital assets (note 8)	854	(854)	-	-
Net assets, end of period	\$ 1,614	\$ (63)	\$ 1,551	\$ 1,534

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, 2008

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 17	\$ 85
Items not involving cash:		
Amortization of deferred capital contributions	(893)	(538)
Amortization of capital assets	1,394	879
	518	426
Changes in non-cash working capital	9,383	(614)
	9,901	(188)
Financing activities:		
Additions to deferred capital contributions	464	1,723
Additions to obligations under capital leases	154	490
Repayment of obligations under capital leases	(160)	(124)
	458	2,089
Investing activities:		
Purchase of capital assets	(3,232)	(4,068)
Increase (decrease) in cash	7,127	(2,167)
Cash, beginning of period	14,074	16,241
Cash, end of period	\$ 21,201	\$ 14,074

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, 2008

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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 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 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.

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, 2008

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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 year ended March 31, 2008

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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.

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 52,000 active plan members and approximately 32,000 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 \$2,394 were expensed during the year ending March 31, 2008 (2007 - \$2,225)

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2008

### 5. Capital assets

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

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 hardware and software	4,321	551	3,770
Systems development work-in-progress	1,057	—	1,057
	\$ 8,189	\$ 1,348	\$ 6,841

### 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:

	2008	2007
Year ending March 31,		
2008	\$ —	\$ 181
2009	200	175
2010	189	155
2011	178	148
2012	117	87
2013 and beyond	147	122
	831	868
Less amount representing interest	78	109
Present value of capital lease obligations	753	759
Less current portion	171	146
Long term portion of capital lease obligations	\$ 582	\$ 613

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2008

### 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.

	2008	2007
Deferred capital contributions, beginning of period	\$ 6,741	\$ 5,556
Contribution from the Ministry of Children and Family Development	464	1,723
Amount amortized to revenue	(893)	(538)
Deferred capital contributions, end of period	\$ 6,312	\$ 6,741

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

	2008	2007
Unamortized deferred capital contributions used to purchase capital assets	\$ 6,312	\$ 4,821
Unspent contributions	–	1,920
	\$ 6,312	\$ 6,741

### 8. Invested in capital assets

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

	2008	2007
Capital assets (net)	\$ 8,679	\$ 6,841
Less amounts financed by:		
Deferred capital contributions	6,312	4,821
Obligations under capital leases	753	759
	\$ 1,614	\$ 1,261

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2008

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

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

	2008	2007
Amortization of deferred capital contributions	\$ 893	\$ 538
Amortization of capital assets	(1,394)	(879)
	\$ (501)	\$ (341)

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

	2008	2007
Purchase of capital assets	\$ 3,232	\$ 4,068
Amounts funded by deferred capital contributions	(2,384)	(2,790)
Amounts funded by capital lease	(154)	(490)
Payment of obligations under capital leases	160	124
	\$ 854	\$ 912

### 9. Financial Instruments

Effective April 1, 2007, CLBC adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 Financial Instruments Recognition and Measurement and Section 3861 Financial Instruments Disclosure and Presentation.

Under these standards, all 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. All financial instruments, including derivatives, are included on the balance sheet and 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.

In adopting these standards, CLBC has classified cash 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.

The adoption of these standards has no impact on the financial statements for the year ended March 31, 2008.

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2008

### 10. Related party transaction

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:

	2008	2007
Adult Contracted Program Services:		
Residential	\$ 13,354	\$ 4,024
Non-residential	2,628	2,209
Children's Contracted Program Services:		
Residential	681	11,006
Non-residential	452	18,956
Compensation and benefits	2,058	2,047
Building occupancy costs	5,283	4,519
Information technology	2,540	2,240
Administration costs	999	998
General expenses	1,580	1,172

For the year ended March 31, 2007, computer network and infrastructure were 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 was recorded as both a contribution and an expense in the statement of operations. Effective April 1, 2007, the cost of those services is billed to CLBC by the Ministry of Labour and Citizen's Services.

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

	2008	2007
Accounts receivable and prepaid expenses	\$ 1,794	\$ 5,238
Accounts payable and accrued liabilities	11,721	3,352
Salaries, wages and benefits payable	94	312

# COMMUNITY LIVING BRITISH COLUMBIA

## Notes to the Financial Statements

(Expressed in thousands of dollars)

For the year ended March 31, 2008

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### 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:

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Year ending March 31,	
2009	\$ 4,997
2010	4,945
2011	4,788
2012	2,758
2013	885
	<hr/>
	\$18,373

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(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 \$2.9 million.

During 2007/08, CLBC received \$344 (2007 - \$99) 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

Certain comparative figures have been reclassified to conform with classifications adopted in the current year.



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 The Ministry 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, 2008 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia  
May 16, 2008*

John Doyle, MBA, CA  
Auditor General