



RYGIEL SUPPORTS FOR COMMUNITY LIVING
Financial Statements
Year Ended March 31, 2016





RYGIEL SUPPORTS FOR COMMUNITY LIVING
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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Rygiel Supports for Community Living

We have audited the accompanying financial statements of Rygiel Supports for Community Living, which comprise the statement of financial position as at March 31, 2016 and the statements of changes in net assets 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.

Auditor's 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 auditor's judgment, including the assessment of 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.



Independent Auditor's Report to the Directors of Rygiel Supports for Community Living *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Rygiel Supports for Community Living derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Rygiel Supports for Community Living. Therefore, we were not able to determine whether any adjustments might be necessary to donation or fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2016, current assets and net assets as at April 1, 2015 and March 31, 2016.

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 Rygiel Supports for Community Living as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vine and Partners LLP

Hamilton, Ontario
June 20, 2016

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Statement of Financial Position
March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash (Notes 4, 5)	\$ 372,202	\$ 1,018,360
Term deposits (Note 6)	150,000	150,000
Accounts receivable	173,314	82,499
Sales tax recoverable	51,046	88,066
Prepaid expenses	210,731	42,130
	<u>957,293</u>	1,381,055
CAPITAL ASSETS (Note 7)	<u>2,972,193</u>	2,998,098
	<u>\$ 3,929,486</u>	<u>\$ 4,379,153</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 8, 11, 13)	\$ 1,028,967	\$ 1,572,715
Replacement reserve fund (Note 4)	112,977	104,337
Personal needs trust (Note 9)	1,207	16,036
	<u>1,143,151</u>	1,693,088
DEFERRED CONTRIBUTIONS (Note 10)	<u>1,229,225</u>	1,126,425
	<u>2,372,376</u>	<u>2,819,513</u>
CONTINGENT LIABILITIES (Note 11)		
COMMITMENTS (Note 15)		
NET ASSETS		
Unrestricted fund	(371,176)	(534,610)
Capital assets fund	495,219	528,456
Capital donation fund	1,433,067	1,565,794
	<u>1,557,110</u>	1,559,640
	<u>\$ 3,929,486</u>	<u>\$ 4,379,153</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Unrestricted Fund	Capital Assets Fund	Capital Donation Fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ (534,610)	\$ 528,456	\$ 1,565,794	\$ 1,559,640	\$ 1,487,497
Excess (deficiency) of revenue over expenditures	(36,566)	(33,237)	67,273	(2,530)	72,143
Interfund transfers (Note 12)	200,000	-	(200,000)	-	-
NET ASSETS - END OF YEAR	\$ (371,176)	\$ 495,219	\$ 1,433,067	\$ 1,557,110	\$ 1,559,640





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Statement of Operations - Unrestricted Net Assets
Year Ended March 31, 2016

	2016	2015
REVENUE		
MCSS/MCYS funding (Note 16) (Schedule 1)	\$ 14,656,885	\$ 14,502,067
ODSP and OAS	1,385,942	1,322,364
Less: accommodation portion	(329,694)	(333,639)
Other revenue	81,405	41,030
Parent fees	34,059	31,938
Investment income	3,848	5,553
	15,832,445	15,569,313
REPLACEMENT RESERVE (Note 4)	8,640	8,640
	15,823,805	15,560,673
EXPENDITURES		
Administrative	278,448	319,301
Building and property	948,536	1,153,025
Developmental services	14,554,643	13,982,811
Travel	78,744	106,197
	15,860,371	15,561,334
DEFICIENCY OF EXPENDITURES OVER REVENUE	\$ (36,566)	\$ (661)





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Statement of Operations - Capital Assets Fund
Year Ended March 31, 2016

	2016	2015
REVENUE		
Amortization of deferred contributions	\$ 73,000	\$ 73,000
Gain (loss) on disposal of capital assets	<u>362</u>	<u>(3,738)</u>
	73,362	69,262
EXPENDITURES		
Amortization of capital assets	<u>106,599</u>	<u>96,572</u>
DEFICIENCY OF EXPENDITURES OVER REVENUE	<u>\$ (33,237)</u>	<u>\$ (27,310)</u>





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Statement of Operations - Capital Donation Fund
Year Ended March 31, 2016

	2016	2015
REVENUE		
Donations	\$ 149,176	\$ 120,035
Investment income	<u>3,725</u>	<u>4,439</u>
	152,901	124,474
EXPENDITURES		
Net capital transactions	<u>85,628</u>	<u>24,360</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 67,273</u>	<u>\$ 100,114</u>





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (2,530)	\$ 72,143
Items not affecting cash:		
Amortization of capital assets	106,599	96,572
(Gain) loss on disposal of capital assets	(362)	3,738
Amortization of deferred contributions	(73,000)	(73,000)
Replacement reserve	8,640	8,640
	<u>39,347</u>	108,093
Changes in non-cash working capital:		
Accounts receivable	(90,815)	(41,578)
Sales tax	37,020	(270)
Prepaid expenses	(168,601)	5,318
Accounts payable and accrued liabilities	(543,749)	187,465
Deferred contributions	175,800	-
Personal needs trust	(14,829)	(1,030)
	<u>(605,174)</u>	149,905
Cash flow from (used by) operating activities	<u>(565,827)</u>	257,998
INVESTING ACTIVITIES		
Term deposits - net	-	(150,000)
Purchase of capital assets	(80,831)	(154,093)
Proceeds on disposal of capital assets	500	15,400
Cash flow used by investing activities	<u>(80,331)</u>	(288,693)
DECREASE IN CASH FLOW	(646,158)	(30,695)
Cash - beginning of year	<u>1,018,360</u>	1,049,055
CASH - END OF YEAR	<u>\$ 372,202</u>	\$ 1,018,360





RYGIEL SUPPORTS FOR COMMUNITY LIVING
Notes to Financial Statements
Year Ended March 31, 2016

1. PURPOSE OF ORGANIZATION

Rygiel Supports for Community Living (the "Organization") is a not-for-profit organization which was incorporated on October 30, 2006 without share capital by letters of patent under the laws of the Province of Ontario and is a registered charitable organization under the Income Tax Act (Canada). As such it is exempt from income taxes and is able to issue donation receipts. The Organization's mandate is to support individuals in the community, who have multiple disabilities, by providing residential and respite services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, term deposit, accounts receivable and sales tax recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and personal needs trust.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. Reversals are recognized in net income.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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RYGIEL SUPPORTS FOR COMMUNITY LIVING
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions related to expenses of future periods are recorded as deferred contributions and are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Administration and parent fees are recognized in the period in which the related services are provided.

Interest income is recognized as revenue in the period earned.

Contributed services

Volunteers contributed an indeterminable number of hours per year to assist the Organization in carrying out its service delivery activities. Given the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Employee future benefits

The Organization participates in a defined contribution ("DC") pension plan for their employees. The costs of the DC pension plan representing the Organization's required contributions are charged to earnings in the year incurred.

Capital assets

The Organization's policy is to capitalize all acquisitions of capital assets. Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are recorded at cost and are being amortized over their estimated useful lives at the following annual rates and methods:

Buildings	40 years	straight-line method
Buildings improvements	40 years	straight-line method
Computer equipment	6 years	straight-line method
Equipment	20%	declining balance method
Vehicles	20%	diminishing balance method

Replacement reserve

The replacement reserve balance is an accumulation of an annual charge against earnings as opposed to a transfer of surplus.

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RYGIEL SUPPORTS FOR COMMUNITY LIVING
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of these 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 and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include allowance for doubtful accounts receivable, determination of useful lives for amortization of capital assets and contingent gains or losses. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as at March 31, 2016.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of trade receivables. As at March 31, 2016, two customers accounted for 85% of accounts receivable (2015 - 62%). The Organization performs ongoing credit evaluations and historically any credit losses have been within management's expectations. No allowances for doubtful accounts have been recognized as at March 31, 2016 and March 31, 2015.

4. INTERNALLY RESTRICTED CASH

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 104,337	\$ 95,697
Current year's appropriation	8,640	8,640
	<u>\$ 112,977</u>	<u>\$ 104,337</u>
Replacement reserves, funded, end of year	<u>\$ 112,977</u>	<u>\$ 104,337</u>

The Board of Directors has established a replacement reserve to provide for funding of future major maintenance on owned properties which is to be funded at the rate of \$960 per location per year. Currently, the Organization owns nine (2015 - nine) locations.

The Organization has internally restricted the Bingo cash account which is to be used for the purchase of vehicles, vehicles accessories and any vehicles repairs and maintenance. As at March 31, 2016, the restricted cash balance is \$38,255 (2015 - \$59,958).

The Organization has internally restricted the sick leave cash account which is to be used for the Organization's employee accrued sick leave. As at March 31, 2016, the restricted cash balance is \$33,325 (2015 - \$41,701).



RYGIEL SUPPORTS FOR COMMUNITY LIVING
Notes to Financial Statements
Year Ended March 31, 2016

5. BANK FACILITY

The Organization has an operating line of credit facility available to a maximum of \$600,000 bearing interest at the bank's prime rate plus 1.0% per annum. The facility is secured by a general security agreement over all present and future personal property of the Organization and is guaranteed by another non-profit organization to a maximum of \$620,000. As at March 31, 2016, the Organization has not utilized this facility.

6. TERM DEPOSITS

Term deposit consists of several guaranteed investment certificates bearing interest at rates ranging from 1.4% - 2.2% per annum and maturing at various dates from September 30, 2016 to July 17, 2019, respectively. These investments are internally restricted for capital expenditures and accordingly classified as short term.

7. CAPITAL ASSETS

	2016		2015	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 1,752,759	\$ -	\$ 1,752,759	\$ -
Buildings	1,303,041	569,316	1,303,041	536,740
Buildings improvements	349,307	155,617	349,307	146,360
Computer equipment	58,152	18,917	58,152	7,657
Equipment	1,036,843	927,809	996,755	910,240
Vehicles	194,694	50,944	172,868	33,787
	\$ 4,694,796	\$ 1,722,603	\$ 4,632,882	\$ 1,634,784
Net book value	\$ 2,972,193		\$ 2,998,098	

The Organization has determined that there was no impairment of capital assets as at March 31, 2016.

8. GOVERNMENT LIABILITIES

As at March 31, 2016, the amounts payable in respect of government remittances totaled \$231,581 (2015 - \$178,563) representing remittances payable for payroll taxes and other remittances.

9. PERSONAL NEEDS TRUST

A Personal Needs Allowance Program, which was established by the MCSS, provides discretionary income to eligible adult recipients under the Developmental Services Act. These allowances cannot be used to supplement the Organization budget nor to pay for goods and services considered to be the responsibility of the Organization. The balance in this account represents the accumulated excess of personal needs allowance received over the actual expenditures to date.



RYGIEL SUPPORTS FOR COMMUNITY LIVING
Notes to Financial Statements
Year Ended March 31, 2016

10. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the Capital Assets Fund include the unamortized portions of contributed capital assets and restricted contributions relating to the Province of Ontario capital grants used to acquire various residences and other capital assets. The changes for the year in the deferred contributions balance reported in the Capital Asset Fund are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 1,126,425	\$ 1,199,425
Amounts amortized into income	(73,000)	(73,000)
Grants received (repaid) in the current year	175,800	-
Balance, end of year	<u>\$ 1,229,225</u>	<u>\$ 1,126,425</u>

11. CONTINGENT LIABILITIES

Liabilities are accrued to record the estimated costs related to required renovations as the Organization is obligated or likely to be obligated to incur such costs. The Organization has estimated and accrued a total cost of \$111,801 (2015 - \$293,472) for required renovations. Any additional costs above the accrued amount will be recognized and expensed in the year incurred. These potential estimated expenses cannot be determined at this time.

The Organization has guaranteed two loans of another non-profit organization. As at March 31, 2016, the outstanding balance of the loans are \$158,978 and \$110,128 (2015 - \$190,982 and \$140,128), respectively.

12. INTERFUND TRANSFERS

The Board of Directors has approved an interfund transfer from the Capital Donation Fund to the Unrestricted Fund of \$200,000 to provide assistance with covering the operating expenses that have not been funded.

13. MCSS/MCYS FUNDED PROGRAMS

The Organization has various contracts with the Ministry of Community and Social Services ("MCSS") and Ministry of Community and Youth Services ("MCYS") (collectively the "Ministries"). These contracts require that all surplus or deficits resulting from operational activities of the Organization be subject to approval and direction of the Ministries. One requirement of the Organization's contracts with the Ministry is the production by management of Transfer Payment Annual Reconciliation Reports ("TPAR") which summarizes all revenues and expenditures and any resulting surplus or deficits that relate to the contracts. All TPAR reports up to 2015 have been approved. The current year payable of \$41,845 (2015 - \$25,591) is subject to approval and the amount may change based on the discretion of the Ministries. Refer to Schedule 1 for further details.

14. PAY EQUITY

Although not funded, the Organization continues to meet its annual Pay Equity obligations under the Ontario Pay Equity Act through prudent management of expenditures. This practice is precarious in nature and not sustainable.



RYGIEL SUPPORTS FOR COMMUNITY LIVING
Notes to Financial Statements
Year Ended March 31, 2016

15. COMMITMENTS

The Organization has entered into a lease agreement for its premises expiring in September 2021. Minimum lease payments, inclusive of certain common costs, in the aggregate and for each of the next five years are as follows:

Year ending March 31, 2017	\$	197,196
2018		349,417
2019		356,405
2020		363,533
2021		370,804
Subsequent		<u>378,220</u>
		<u>\$ 2,015,575</u>

In addition to the commitment to lease the property as described above the Organization has also entered a commitment to sub-lease a portion of the premise. The lease is a 5 year term commencing October 1, 2016 with an option to renew for an additional 5 years. The annual base rent is \$75,957 with an increase on the annual anniversary dates.

16. ECONOMIC DEPENDENCE

The Organization derives a significant portion of its contributions from MCSS which is subject to annual compliance requirements and consequently the ongoing operations are considered to be dependent on continued funding from MCSS.

17. EMPLOYEE FUTURE BENEFITS

The defined contribution plan is funded jointly by employer and employee contributions. The Organization's contribution to the plan for the year was \$303,492 (2015 - \$281,218).

18. COMPARATIVE FIGURES

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements.



RYGIEL SUPPORTS FOR COMMUNITY LIVING
SCHEDULE OF OPERATIONS FOR MCSS/MCYS FUNDED PROGRAMS
YEAR ENDED MARCH 31, 2016

	8847 Supported Group Living (Note 13)	9110 Intensive Support Residences (Note 13)	9112 Supported Independent Living (Note 13)	9130 Caregiver Respite Supports (Note 13)	9131 Community Participation Supports (Note 13)	Total MCSS Programs (Note 13)	A510 Out of Home Respite (Note 13)	A353 Intensive Treatment Services (Note 13)	A352 Access Intake Service Planning (Note 13)	A354 Service Coordination Process (Note 13)	Total MCYS Programs (Note 13)	Total MCSS/MCYS Programs (Note 13)
REVENUE												
MCSS/MCYS	11,171,944	2,202,014	182,712	135,328	517,937	14,209,935	283,250	199,625	2,445	1,630	486,950	14,696,885
Other	1,150,188	201,619	7,762		55,355	1,414,924						1,414,924
TOTAL REVENUE	\$ 12,322,132	\$ 2,403,633	\$ 190,474	\$ 135,328	\$ 573,292	\$ 15,624,859	\$ 283,250	\$ 199,625	\$ 2,445	\$ 1,630	\$ 486,950	\$ 16,111,809
EXPENDITURES												
Salaries and benefits	9,999,838	1,944,387	39,044	47,757	441,150	12,472,176	24,392	12,706	2,445	1,630	41,173	12,513,349
Travel	57,811	14,090	234		285	72,420	205	146			351	72,771
Training	26,504	7,795			270	34,569					-	34,569
Program	378,668	81,870	132,794	77,239	36,349	706,920	239,618	169,908			409,526	1,116,446
Building occupancy	1,031,913	66,889	6,021		62,479	1,167,302					-	1,167,302
Administrative	22,885	8,399	115	4,401	2,677	38,477					-	38,477
Allocated central admin	817,902	280,189	13,679		43,380	1,155,150					-	1,155,150
TOTAL EXPENDITURES	\$ 12,335,521	\$ 2,403,619	\$ 191,887	\$ 129,397	\$ 586,590	\$ 15,647,014	\$ 264,215	\$ 182,760	\$ 2,445	\$ 1,630	\$ 451,050	\$ 16,098,064
EXCESS OF REVENUE OVER EXPENDITURES	\$ (13,389)	\$ 14	\$ (1,413)	\$ 5,931	\$ (13,298)	\$ (22,155)	\$ 19,035	\$ 16,865	\$ -	\$ -	\$ 35,900	\$ 13,745
SURPLUS RECOVERY	\$ -	\$ 14	\$ -	\$ 5,931	\$ -	\$ 5,945	\$ 19,035	\$ 16,865	\$ -	\$ -	\$ 35,900	\$ 41,845

