



Financial Statements of

**OTTAWA-CARLETON ASSOCIATION
FOR PERSONS WITH
DEVELOPMENTAL DISABILITIES**

Year ended March 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Ottawa-Carleton Association For Persons With Developmental Disabilities

We have audited the accompanying financial statements of the Ottawa-Carleton Association For Persons With Developmental Disabilities, which comprise the statement of financial position as at March 31, 2015, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ottawa-Carleton Association For Persons With Developmental Disabilities as at March 31, 2015, and its results of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2015

Ottawa, Canada

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
	(Schedule 1)	
Assets		
Current assets:		
Cash (note 3)	\$ 1,120,025	\$ 713,898
Marketable securities	630,492	420,171
Accounts receivable	422,715	492,055
Grants receivable	-	638,811
Other receivable (note 9(b))	388,673	354,675
Prepaid expenses	147,961	237,272
	<u>2,709,866</u>	<u>2,856,882</u>
Tangible capital and intangible assets (note 2)	8,438,340	8,697,288
	<u>\$ 11,148,206</u>	<u>\$ 11,554,170</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,303,254	\$ 1,938,921
Deferred revenue	57,867	95,655
Current portion of long-term debt (note 5)	2,163,442	1,989,789
	<u>4,524,563</u>	<u>4,024,365</u>
Deferred contributions relating to tangible capital and intangible assets	2,868,703	2,989,939
Long-term debt (note 5)	432,098	1,398,764
Fund balances:		
Restricted (note 3)	1,101,647	1,045,259
Unrestricted	2,221,195	2,095,843
	<u>3,322,842</u>	<u>3,141,102</u>
Commitments and contingencies (note 9)		
	<u>\$ 11,148,206</u>	<u>\$ 11,554,170</u>

See accompanying notes to financial statements.

On behalf of the Board:


 _____ Director


 _____ Director

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
	(Schedule 2)	
Revenue:		
Government of Ontario grants (note 6)	\$ 23,694,634	\$ 23,463,849
Sales	972,260	946,216
Fees	1,860,204	1,678,801
Fundraising and donations	182,561	176,084
Investment	13,430	18,269
Amortization of deferred contributions related to tangible capital and intangible assets	304,103	294,957
Rent	24,000	20,800
	27,051,192	26,598,976
 Expenses:		
Salaries	17,042,850	16,366,459
Benefits	3,567,619	3,434,794
Staff travel	229,536	202,135
Staff training	220,991	244,762
Amortization of tangible capital and intangible assets	441,812	426,746
Interest	132,183	178,500
Fundraising	25,188	61,797
Client wages and benefits	290,437	303,854
Purchased services and other	1,791,815	1,501,467
Food and supplies	914,984	913,910
Occupancy costs	1,817,542	1,943,020
Vehicle costs	317,711	330,160
Client personal needs	76,784	56,858
	26,869,452	25,964,462
 Excess of revenue over expenses	 181,740	 634,514
Fund balances, beginning of year	3,141,102	2,506,588
 Fund balances, end of year	 \$ 3,322,842	 \$ 3,141,102

See accompanying notes to financial statements.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 181,740	\$ 634,514
Items not involving cash:		
Amortization of tangible capital and intangible assets	441,812	426,746
Amortization of deferred contributions related to tangible capital and intangible assets	(304,103)	(294,957)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	69,340	(80,869)
Decrease (increase) in grants receivable	638,811	(334,151)
Decrease (increase) in other receivable	(33,998)	152,208
Decrease (increase) in prepaid expenses	89,311	(41,753)
Increase in accounts payable and accrued liabilities	364,333	64,197
Increase (decrease) in deferred revenue	(37,788)	95,655
	<u>1,409,458</u>	<u>621,590</u>
Financing activities:		
Principal repayments on long-term debt	(793,013)	(429,165)
Increase in deferred contributions relating to tangible capital and intangible assets	182,867	383,179
	<u>(610,146)</u>	<u>(45,986)</u>
Investing activities:		
Acquisition of tangible capital and intangible assets	(182,864)	(401,983)
Decrease (increase) in marketable securities	(210,321)	34,644
	<u>(393,185)</u>	<u>(367,339)</u>
Increase in cash	406,127	208,265
Cash, beginning of year	713,898	505,633
Cash, end of year	<u>\$ 1,120,025</u>	<u>\$ 713,898</u>

See accompanying notes to financial statements.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements

Year ended March 31, 2015

Ottawa-Carleton Association For Persons With Developmental Disabilities (the "Association") was incorporated without share capital in the province of Ontario on March 18, 1960. Its principal activity is to support programs for the intellectually disabled in the Ottawa and Cornwall area.

The Association is a registered charitable organization under paragraph 149(1)(f) of the Income Tax Act (Canada) and while registered is not subject to income taxes and may issue tax deductible receipts to donors.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Basis of presentation:

The Association uses the restricted fund method of accounting for contributions for not-for-profit organizations.

The accounts of the Association comprise three funds: Operating, Property and Memorial.

The Operating fund includes all revenue and expenses related to the ongoing activities of the Association with the exception of those expenses related to land and buildings.

The Property fund reflects the cost of land and buildings owned by the Association and any related debt.

The Memorial fund is an accumulation of bequests made to the Association and interest earned. These funds are restricted by the Board and are not designated for any specific programs. However, the Board may approve expenses from the fund and the Executive Director may approve expenses from interest revenue of the fund.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry all such financial instruments at fair value.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(c) Tangible capital and intangible assets:

The Association capitalizes tangible capital and intangible assets purchased with a cost of \$5,000 or more.

Tangible capital assets are recorded at cost. Contributed tangible 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 life of an asset are capitalized. When a tangible capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value. Tangible capital assets are amortized on a straight-line basis using the following annual rates.

Asset	Rate
Tangible capital assets:	
Buildings	2.5% - 8.3%
Computer hardware	33.3%
Solar panels	5%
Vehicles	33.3%
Intangible assets:	
Computer software	33.3%

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

Tangible capital and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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 estimated undiscounted 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 by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(d) Revenue recognition:

Government of Ontario grants, sales, fees, other grants and investment revenue are recorded on the accrual basis. Fundraising and donations revenue is recorded when they are received. The unused portion of Ministry of Community and Social Services (MCSS) grants received for uncompleted multi-year programs is recorded as deferred revenue. Capital grants and contributions for capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(e) Expenses:

In the statement of operations, the Association presents its expenses by object, except for fundraising, purchased services, and occupancy costs which are presented by function.

Expenses are recognized in the year incurred and are recorded in the applicable function to which they are directly related. The Association does not allocate expenses between functions after initial recognition.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period they become known.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Tangible capital and intangible assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Land	\$ 1,871,390	\$ -	\$ 1,871,390	\$ 1,871,390
Buildings	11,223,789	4,867,585	6,356,204	6,602,348
Solar panels	328,167	117,421	210,746	223,550
Vehicles	48,384	48,384	-	-
Intangible assets:				
Computer software	16,637	16,637	-	-
	\$ 13,488,367	\$ 5,050,027	\$ 8,438,340	\$ 8,697,288

At March 31, 2014, cost and accumulated amortization of tangible capital and intangible assets amounted to \$13,305,503 and \$4,608,215, respectively. During the year, the Association did not dispose of any capital assets (2014 - \$121,356).

3. Restricted funds:

Restricted funds are designated for specific purposes:

(i) Operating fund - restricted cash:

	2015		2014	
Individual and day program	\$	46,447	\$	48,688
Group homes		31,270		32,670
Other		56,778		44,435
	\$	134,495	\$	125,793

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

3. Restricted funds (continued):

(ii) Property fund:

	2015	2014
MCSS programs	\$ 264,139	\$ 256,014
Property maintenance	121,337	88,526
	\$ 385,476	\$ 344,540

(iii) Memorial fund:

	2015	2014
Bequests	\$ 572,865	\$ 562,502
Interest	8,811	12,424
	\$ 581,676	\$ 574,926
	\$ 1,101,647	\$ 1,045,259

During the year, the Association transferred \$8,811 (2014 - \$12,424) from the Memorial fund to the Property fund for future repairs to various properties.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$363,326 (2014 - \$314,740), which includes amounts payable for sales and payroll-related taxes.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

5. Long-term debt:

	2015	2014
2.225%, due August 1, 2019 with monthly blended principal and interest payments of \$1,020, secured by property at 855 Maryland Avenue, Ottawa	\$ 93,121	\$ 103,153
2.180%, due September 1, 2019 with monthly blended principal and interest payments of \$797, secured by property at 937 Fairlawn Avenue, Ottawa	82,139	89,746
3.258%, due March 1, 2016 with monthly blended principal and interest payments of \$1,018, secured by property at 152 Byron Avenue, Ottawa	95,434	104,389
1.836%, due May 1, 2018 with monthly blended principal and interest payments of \$893, secured by property at 1141 Sydney St., Cornwall	106,156	113,265
2.320%, due June 1, 2017 with monthly blended principal and interest payments of \$1,009, secured by property at 748-750 Lynn St., Cornwall	128,458	137,480
2.400%, due October 1, 2015 with monthly blended principal and interest payments of \$906, secured by property at 1401 Second Ave, Cornwall	97,402	105,825
Prime rate plus 1.00%, due March 24, 2016 with monthly principal payments of \$9,505 plus applicable interest charges, secured by property at 229 Colonnade Rd., Ottawa	1,644,363	1,733,342
5.410%, due August 13, 2015 with monthly blended principal and interest payments of \$5,980, secured by property at 229 Colonnade Rd., Ottawa	157,174	785,108
3.98%, due November 1, 2017 with monthly blended principal and interest payments of \$2,083, secured by property at 229 Colonnade Rd., Ottawa	191,293	216,245
	<u>2,595,540</u>	<u>3,388,553</u>
Current portion of long-term debt	2,163,442	1,989,789
	<u>\$ 432,098</u>	<u>\$ 1,398,764</u>

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

5. Long-term debt (continued):

Principal due within each of the next five years on mortgages payable and bank loan is as follows:

2016	\$ 2,163,442
2017	229,479
2018	16,813
2019	108,250
2020	77,556
	\$ 2,595,540

6. Government of Ontario grants:

The Association receives grants for certain programs from MCSS.

The final amount of grant revenue recorded in the Operating fund of the Association for the current year will not be approved until MCSS has reviewed the Association's financial and statistical returns for the year. The management of the Association considers the amount recorded as revenue from MCSS to be accurate. Any adjustments arising from MCSS' review would be recorded in the period in which the adjustment is made.

	2015	2014
Government of Ontario grants - Operating	\$ 23,370,120	\$ 22,552,769
Government of Ontario grants - Property:		
Mortgage debt retirement	-	584,630
Other	324,514	326,450
	\$ 23,694,634	\$ 23,463,849

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

7. Capital management:

The Association considers its capital to consist of its fund balances.

The Association's overall objective in managing its capital is to safeguard its ability to continue as a going concern, provide services and benefits to its stakeholders and fund ongoing operations. The Association manages its capital by establishing restricted funds. Management continually monitors the impact of changes in economic conditions on its funding commitments.

The Association is subject to externally imposed capital requirements in the Property fund. Certain properties included in land and buildings, have been funded in full or part by MCSS. The disposition of these properties and the subsequent disposition of the proceeds require the approval of MCSS.

The Association's overall strategy with respect to capital remains unchanged from the year ended March 31, 2014.

8. Cash in trust:

The Association has cash held in trust totaling \$218,488 (2014 - \$200,871) on behalf of its clients.

9. Commitments and contingencies:

(a) Operating leases:

The minimum lease payments under operating leases for premises and equipment are as follows:

2016	\$	352,548
2017		225,937
2018		130,360
2019		85,501
2020		41,312
Thereafter		72,800
	\$	908,458

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

9. Commitments and contingencies (continued):

(b) Self-insurance:

The Association assumes the cost of extended health and drug coverage up to \$20,000 per individual per year for non-union employees. Costs in excess of \$20,000 or the employees claims made in the previous year, whichever is greater, are insured.

For union employees, the Association assumes the cost of extended health care benefits and the cost of drug coverage up to \$40,000 per individual per year.

The Association has an amount receivable from its insurer of \$364,152 (2014 - \$354,675) related to this plan, in other receivables.

10. Pension plan:

The Association sponsors a defined contribution pension plan which covers all management employees. The Association makes contributions to this plan on behalf of the non-unionized members.

Unionized members in Ottawa are members of the Multi Sector Pension Plan (MSPP). The Association makes contributions to the MSPP on behalf of its CUPE members.

The Association made employer contributions to both plans totaling \$401,426 (2014 - \$377,814), which are included in the reported expenses of the respective programs.

11. Financial risk management:

(a) Market, interest rate and foreign currency risk:

The Association believes it is not exposed to significant market, interest rate or foreign currency risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Notes to Financial Statements (continued)

Year ended March 31, 2015

11. Financial risk management (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

There has been no change to the risk exposures from 2014.

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Schedule 1 - Statement of Financial Position

March 31, 2015

	Operating Fund		Property Fund		Memorial Fund	Total
	Unrestricted	Restricted	Unrestricted	Restricted		
Assets						
Current assets:						
Cash	\$ 1,223,372	\$ 134,495	\$ (631,210)	\$ 385,476	\$ 7,892	\$ 1,120,025
Marketable securities	-	-	56,708	-	573,784	630,492
Accounts receivable	422,715	-	-	-	-	422,715
Other receivable	388,673	-	-	-	-	388,673
Prepaid expenses	147,961	-	-	-	-	147,961
	2,182,721	134,495	(574,502)	385,476	581,676	2,709,866
Tangible capital and intangible assets	-	-	8,438,340	-	-	8,438,340
	\$ 2,182,721	\$ 134,495	\$ 7,863,838	\$ 385,476	\$ 581,676	\$ 11,148,206
Liabilities and Fund Balance						
Current liabilities						
Accounts payable and accrued liabilities	\$ 2,303,254	\$ -	\$ -	\$ -	\$ -	\$ 2,303,254
Deferred revenue	57,867	-	-	-	-	57,867
Current portion of long-term debt	-	-	2,163,442	-	-	2,163,442
	2,361,121	-	2,163,442	-	-	4,524,563
Deferred contributions relating to tangible capital assets	-	-	2,868,703	-	-	2,868,703
Long-term debt	-	-	432,098	-	-	432,098
Fund balances:						
Restricted	-	134,495	-	385,476	581,676	1,101,647
Unrestricted	(178,400)	-	2,399,595	-	-	2,221,195
	(178,400)	134,495	2,399,595	385,476	581,676	3,322,842
	\$ 2,182,721	\$ 134,495	\$ 7,863,838	\$ 385,476	\$ 581,676	\$ 11,148,206

OTTAWA-CARLETON ASSOCIATION FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Schedule 2 - Statement of Operations and Changes in Fund Balances

Year ended March 31, 2015

	Operating Fund		Property Fund		Memorial Fund	Total
	Unrestricted	Restricted	Unrestricted	Restricted		
Revenue:						
Government of Ontario grants	\$ 23,370,120	\$ -	\$ 316,389	\$ 8,125	\$ -	\$ 23,694,634
Sales	943,942	-	28,318	-	-	972,260
Fees	1,860,204	-	-	-	-	1,860,204
Fundraising and donations	68,781	102,030	-	-	11,750	182,561
Investment	3,910	-	709	-	8,811	13,430
Amortization of deferred contributions related to tangible capital assets	-	-	304,103	-	-	304,103
Rent	-	-	-	24,000	-	24,000
	26,246,957	102,030	649,519	32,125	20,561	27,051,192
Expenses:						
Salaries	17,042,850	-	-	-	-	17,042,850
Benefits	3,567,619	-	-	-	-	3,567,619
Staff travel	229,536	-	-	-	-	229,536
Staff training	220,991	-	-	-	-	220,991
Amortization of tangible capital and intangible assets	-	-	441,812	-	-	441,812
Interest	116	-	132,067	-	-	132,183
Fundraising	9,864	15,324	-	-	-	25,188
Client wages and benefits	290,437	-	-	-	-	290,437
Purchased services and other	1,708,811	78,004	-	-	5,000	1,791,815
Food and supplies	914,984	-	-	-	-	914,984
Occupancy costs	1,817,542	-	-	-	-	1,817,542
Vehicle costs	317,711	-	-	-	-	317,711
Client personal needs	76,784	-	-	-	-	76,784
	26,197,245	93,328	573,879	-	5,000	26,869,452
Excess of revenue over expenses	49,712	8,702	75,640	32,125	15,561	181,740
Fund balance, beginning of year	(228,112)	125,793	2,323,955	344,540	574,926	3,141,102
Interfund transfers	-	-	-	8,811	(8,811)	-
Fund balance, end of year	\$ (178,400)	\$ 134,495	\$ 2,399,595	\$ 385,476	\$ 581,676	\$ 3,322,842