

COMMUNITY LIVING BRITISH COLUMBIA

Audited Financial Statements

March 31, 2018

COMMUNITY LIVING BRITISH COLUMBIA

Management's Report

Management's Responsibility for the Financial Statements

The financial statements of Community Living British Columbia as at March 31, 2018, and for the year then ended, have been prepared by management in accordance with the basis of accounting described in Note 2(a). Other significant accounting policies are described in Notes 2(b)-(f) to the financial statements.

Management is responsible for the integrity and objectivity of these financial statements, and for ensuring that the notes to the financial statements are consistent with the information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that the financial information produced is reliable. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation and review of the financial statements.

The Board of Directors ("Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal financial statements on a regular basis and external audited financial statements annually. The Board also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, PricewaterhouseCoopers LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on these financial statements. The external auditors have full and free access to management and the Board.

On behalf of Community Living British Columbia



Seonag Macrae
Chief Executive Officer



Richard Hunter
Vice President, Finance & Chief Financial Officer



May 17, 2018

Independent Auditor's Report

**To the Board of Directors of
Community Living British Columbia and
To the Minister of Social Development and Poverty Reduction, Province of British
Columbia**

We have audited the accompanying financial statements of Community Living British Columbia, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, 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 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.

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Opinion

In our opinion, the financial statements which comprise the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of matter

Without modifying our opinion, we draw your attention to note 2 of the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian Public Sector Accounting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

COMMUNITY LIVING BRITISH COLUMBIA

Statement of Financial Position

(Expressed in thousands of dollars)

As at March 31

	2018	2017
Financial Assets		
Cash	\$ 27,181	\$ 27,717
Accounts receivable (Note 5)	2,657	2,155
Employee retiring allowance amounts receivable (Note 6a)	761	742
	30,599	30,614
Liabilities		
Accounts payable and accrued liabilities	19,759	21,054
Employee retiring allowance liabilities (Note 6a)	1,698	1,591
Deferred operating contributions (Note 7)	7,334	4,843
Deferred capital contributions (Note 8)	11,395	10,591
	40,186	38,079
Net Debt	(9,587)	(7,465)
Non-Financial Assets		
Tangible capital assets (Notes 8 & 9)		
Funded by capital contributions	11,319	10,395
Unfunded	1,630	468
	12,949	10,863
Prepaid expenses	386	350
	13,335	11,213
Accumulated Surplus (Note 10)	\$ 3,748	\$ 3,748

Commitments, contractual obligations and contingencies (Note 15)

Approved on behalf of the Board:



Thomas P. Christensen
Chair



David Roy Everett
Finance & Audit Committee Chair

The accompanying notes are an integral part of these financial statements.

COMMUNITY LIVING BRITISH COLUMBIA
Statement of Operations and Accumulated Surplus

(Expressed in thousands of dollars)

For the year ended March 31

	2018 Budget	2018 Actual	2017 Actual
	(Note 16)		
Revenues			
Operating contributions from the Province of British Columbia	\$ 933,200	\$ 936,940	\$ 871,165
Cost sharing agreements with regional health authorities	15,600	15,572	15,309
Interest income	670	944	689
Other income	730	2,042	1,261
Capital contributions (Note 8)	3,600	3,330	3,197
	953,800	958,828	891,621
Expenses (Note 14)			
Supports and services:			
Developmental Disabilities Program	861,400	869,460	810,557
Personalized Supports Initiative	26,900	25,710	20,842
Provincial Services	4,900	4,791	4,644
Regional operations & administration	56,700	55,397	52,316
Amortization of tangible capital assets (Note 9)	3,900	3,470	3,262
	953,800	958,828	891,621
Annual surplus	\$ -	-	-
Accumulated surplus at beginning of year		3,748	3,748
Accumulated surplus at end of year		\$ 3,748	\$ 3,748

The accompanying notes are an integral part of these financial statements.

COMMUNITY LIVING BRITISH COLUMBIA

Statement of Changes in Net Debt

(Expressed in thousands of dollars)

For the year ended March 31

	2018 Budget	2018 Actual	2017 Actual
	(Note 16)		
Annual surplus	\$ -	\$ -	\$ -
Acquisition of tangible capital assets	(5,700)	(5,556)	(3,544)
Amortization of tangible capital assets	3,900	3,470	3,262
	(1,800)	(2,086)	(282)
(Increase) decrease in prepaid expenses		(36)	64
Increase in net debt		(2,122)	(218)
Net debt at the beginning of year		(7,465)	(7,247)
Net debt at the end of year		\$ (9,587)	\$ (7,465)

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

	2018	2017
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ -	\$ -
Items not involving cash:		
Recognition of deferred capital contributions	(3,330)	(3,197)
Amortization of tangible capital assets	3,470	3,262
	140	65
Decrease in non-cash working capital	746	5,843
	886	5,908
Financing activities		
Additions to deferred capital contributions	4,134	2,815
	4,134	2,815
Capital activities		
Purchase of tangible capital assets	(5,556)	(3,544)
	(5,556)	(3,544)
(Decrease) increase in cash	(536)	5,179
Cash, beginning of year	27,717	22,538
Cash, end of year	\$ 27,181	\$ 27,717
Supplemental information:		
Interest received	\$ 944	\$ 748

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)

March 31, 2018

1. Authority and purpose

Community Living British Columbia ("CLBC") was established on July 1, 2005 under the Community Living Authority Act as a Crown Corporation of the Province of British Columbia. CLBC is accountable to the provincial government through the Minister of Social Development and Poverty Reduction (the "Minister") and is dependent on the Ministry of Social Development and Poverty Reduction ("SDPR") for funding.

CLBC provides community living support to adults with either a developmental disability or a significant limitation in adaptive functioning along with a diagnosis of Fetal Alcohol Spectrum Disorder or Pervasive Developmental Disorder.

Supports and services are delivered throughout the province of British Columbia by independent service providers under contract with CLBC and by the Provincial Assessment Centre of CLBC.

Under the Community Living Authority Act, CLBC is exempt from both federal and provincial income and capital taxes.

2. Significant accounting policies

a) Basis of accounting

These financial statements have been prepared in accordance with section 23.1 of the Budget Transparency and Accountability Act of British Columbia.

In accordance with that Act, CLBC's accounting policies and practices conform to Canadian public sector accounting standards ("PSAS") as modified by the accounting policy for government transfers that are restricted for tangible capital assets ("capital contributions") described in Note 2(b).

This modified basis of accounting is different from PSAS with respect to the timing of revenue recognition for capital contributions. PSAS requires that capital contributions are recognized as revenue when the related expenditures are incurred. If CLBC had recorded capital contributions under PSAS rather than the accounting policy described in Note 2(b), capital contributions recognized as revenue and the annual surplus for the year ended March 31, 2018 would have increased by \$924 (2017 – decreased by \$173). As at March 31, 2018, deferred capital contributions used to purchase tangible capital assets would have decreased and the accumulated surplus would have increased by \$11,319 (2017 – increased by \$10,395). Under PSAS, the total cash flows from operating, financing, and capital activities for the years ended March 31, 2018 and 2017 would have been the same as reported in these financial statements.

b) Revenue recognition

Operating contributions are accounted for in accordance with PS 3410 – *Government Transfers*. Under PS 3410, contributions without stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, and contributions that are subject to stipulations are recognized as revenue in the period when such stipulations are met.

Capital contributions are deferred and recognized as revenue at the same rate as the amortization, and any impairment, of the tangible capital asset.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

March 31, 2018

2. Significant accounting policies (continued)

b) Revenue recognition (continued)

Cost sharing agreements with the Province of British Columbia and related entities, interest income and other income are recognized as revenue in the period the transactions or events giving rise to the revenues occur.

c) Financial instruments

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities.

Financial instruments are accounted for in accordance with PS 3450 – *Financial Instruments*. Accounts receivable are carried at cost less a valuation allowance. Accounts payable and accrued liabilities are carried at cost or an estimate thereof.

d) Tangible capital assets

Tangible capital assets are initially recorded at cost. When a tangible capital asset no longer contributes to CLBC's ability to provide services, or the future economic benefit to be provided by a tangible capital asset has permanently declined below its book value, the carrying value of the asset is reduced to reflect the decline in value. Amortization is calculated on a straight-line basis over the assets' estimated useful lives or lease terms at the following rates:

Leasehold improvements	Lease term to a maximum of 5 years
Vehicles	7 years
Furniture and equipment	5 years
Information systems	3-5 years

Information systems work-in-progress represents the unamortized costs incurred 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.

e) Employee future benefits

Liabilities 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 pro-rated on service. That method incorporates management's best estimate of future salary levels, 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)

March 31, 2018

2. Significant accounting policies (continued)

f) New accounting standards adopted

Effective April 1, 2017, CLBC adopted sections PS 2200 – *Related Party Disclosures*, PS 3210 – *Assets*, PS 3320 – *Contingent Assets*, PS 3380 – *Contractual Rights and* PS 3420 – *Inter-entity Transactions*. The adoption of these standards does not have a material impact on the financial statements.

3. Measurement uncertainty

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the determination of accrued liabilities. Actual results could differ from these estimates.

4. Comparatives

Certain comparative figures have been reclassified to conform to the current year's presentation.

5. Accounts receivable

	2018	2017
Due from the Province of British Columbia	\$ 408	\$ 309
GST recoverable	691	381
Due from health authorities	321	230
Other receivables	2,194	1,686
	3,614	2,606
Valuation allowance	(957)	(451)
	\$ 2,657	\$ 2,155

6. Employee future benefits

a) Employee retiring allowance benefits

Employees with 20 years of service and having reached a certain age are entitled to receive certain lump sum payments upon retirement. These retiring allowance benefit payments are based upon final salary levels and the number of years of service.

Where employees of CLBC have accrued service with other British Columbia government organizations, under an agreement between CLBC and the BC Public Service Agency ("PSA"), the portion of retiring allowance benefits attributable to periods of employee service other than at CLBC, is recoverable from the PSA.

Retiring allowance liabilities and the related receivable from PSA as of March 31, 2018 and 2017 are based on an actuarial valuation as at March 31, 2017. The next actuarial valuation will be as at March 31, 2020.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

March 31, 2018

6. Employee future benefits (continued)

a) Employee retiring allowance benefits (continued)

	2018	2017
Benefit obligation, beginning of year	\$ 1,591	\$ 1,563
Service cost	110	90
Interest cost	54	63
Benefit payments	(57)	(137)
Actuarial loss	-	12
Benefit obligation, end of year	\$ 1,698	\$ 1,591

Amount recoverable from PSA	761	742
Assumed discount rate	3.40%	3.40%
Assumed rate of compensation increase	3.75%	3.75%

	2018	2017
Service cost	\$ 110	\$ 90
Interest cost	54	63
Actuarial loss	-	12
Benefits expense	\$ 164	\$ 165

b) Employee pension benefits

CLBC and its employees contribute to the Public Service Pension Plan (the "Plan"), a multi-employer defined benefit plan administered by the British Columbia Pension Corporation. The Plan has approximately 59,000 active members of which 556 (2017 – 524) are employees of CLBC.

CLBC's contributions to the Plan of \$3,360 (2017 – \$3,136) were expensed during the year.

The most recent actuarial valuation, as at March 31, 2017, indicated a funding surplus of \$1,896 for basic pension benefits. The next actuarial valuation will be as at March 31, 2020 with results available in 2021.

7. Deferred operating contributions

Deferred operating contributions represent unspent amounts received from the Province of British Columbia that are restricted for specific operating purposes. Amounts recognized as revenue in the Statement of Operations are recorded as operating contributions from the Province of British Columbia.

	2018	2017
Deferred operating contributions, beginning of year	\$ 4,843	\$ 97
Restricted operating contributions received	43,909	17,674
Amounts recognized as revenue	(41,418)	(12,928)
Deferred operating contributions, end of year	\$ 7,334	\$ 4,843

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

March 31, 2018

8. Deferred capital contributions

Deferred capital contributions represent amounts received from the Province of British Columbia, restricted for the purposes of acquiring tangible capital assets, which have not been recognized as revenue.

Deferred capital contributions:	2018			2017
	Spent	Unspent	Total	
Balance, beginning of year	\$ 10,395	\$ 196	\$ 10,591	\$ 10,973
Contributions received	-	4,134	4,134	2,815
Contributions used to purchase tangible capital assets	4,254	(4,254)	-	-
Amounts recognized as revenue	(3,330)	-	(3,330)	(3,197)
Balance, end of year	\$ 11,319	\$ 76	\$ 11,395	\$ 10,591

Funded and unfunded tangible capital assets at net book value:

	2018			2017
	Funded	Unfunded	Total	
Balance, beginning of year	\$ 10,395	\$ 468	\$ 10,863	\$ 10,581
Purchases	4,254	1,302	5,556	3,544
Amortization	(3,330)	(140)	(3,470)	(3,262)
Balance, end of year	\$ 11,319	\$ 1,630	\$ 12,949	\$ 10,863

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

March 31, 2018

9. Tangible capital assets

	Leasehold improve- ments	Vehicles	Furniture and equipment	Information systems	Information systems work-in- progress	Total
Cost:						
March 31, 2016	\$ 2,862	\$ 1,038	\$ 1,312	\$ 23,175	\$ 1,488	\$ 29,875
Additions	520	78	82	-	2,864	3,544
Disposals	-	-	(2)	(5,883)	-	(5,885)
Transfers	-	-	-	2,176	(2,176)	-
March 31, 2017	\$ 3,382	\$ 1,116	\$ 1,392	\$ 19,468	\$ 2,176	\$ 27,534
Additions	1,302	123	420	-	3,711	5,556
Disposals	-	(64)	(119)	(5,303)	-	(5,486)
Transfers	-	-	-	2,903	(2,903)	-
March 31, 2018	\$ 4,684	\$ 1,175	\$ 1,693	\$ 17,068	\$ 2,984	\$ 27,604
Accumulated Amortization:						
March 31, 2016	\$ 1,703	\$ 730	\$ 1,018	\$ 15,843	\$ -	\$ 19,294
Additions	364	82	121	2,695	-	3,262
Disposals	-	-	(2)	(5,883)	-	(5,885)
Transfers	-	-	-	-	-	-
March 31, 2017	\$ 2,067	\$ 812	\$ 1,137	\$ 12,655	\$ -	\$ 16,671
Additions	400	80	92	2,898	-	3,470
Disposals	-	(64)	(119)	(5,303)	-	(5,486)
Transfers	-	-	-	-	-	-
March 31, 2018	\$ 2,467	\$ 828	\$ 1,110	\$ 10,250	\$ -	\$ 14,655
Net Book Value:						
March 31, 2017	\$ 1,315	\$ 304	\$ 255	\$ 6,813	\$ 2,176	\$ 10,863
March 31, 2018	\$ 2,217	\$ 347	\$ 583	\$ 6,818	\$ 2,984	\$ 12,949

10. Accumulated surplus

The accumulated surplus of \$3,748 at March 31, 2018 and 2017 includes \$1,272 resulting from the transfer of the net assets of the Interim Authority for Community Living British Columbia to CLBC on October 7, 2005. CLBC has issued and registered to the Minister of Finance one share with a par value of ten dollars, which is also included in accumulated surplus.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

March 31, 2018

11. Financial instruments

In management's opinion, CLBC is not exposed to significant credit, currency, interest rate, liquidity and market risks relating to the valuation of financial instruments.

Cash is held in a savings account and is insured by the Credit Union Deposit Insurance Corporation. CLBC routinely monitors receivables for credit risk through analysis of the nature, terms and aging of receivables. CLBC's maximum exposure to credit risk at March 31, 2018 is \$29,838 (2017 - \$29,872) of which \$28,601 (2017 - \$28,637) is insured by the Credit Union Deposit Insurance Corporation, or is due from the Province of British Columbia, its health authorities or the Government of Canada.

Accounts payable and accrued liabilities are payable within one year.

12. Related party transactions

CLBC is related to various British Columbia public sector entities through common control by the Province of British Columbia. Transactions with these entities and the Province of British Columbia are recorded at fair value.

The financial statements include transactions and balances with related parties as follows:

	2018		2017	
	Province of BC	BC public sector entities	Province of BC	BC public sector entities
For the year ended March 31:				
Operating contributions from the Province of British Columbia	\$ 936,940	\$ -	\$ 871,165	\$ -
Supports and services:				
Developmental Disabilities Program	-	2,550	-	-
As at March 31:				
Deferred operating contributions	7,334	-	4,843	-
Deferred capital contributions	11,395	-	10,591	-

13. Segment reporting

CLBC operates in one business segment as described in Note 1.

COMMUNITY LIVING BRITISH COLUMBIA

Notes to the Financial Statements

(Expressed in thousands of dollars)

March 31, 2018

14. Expenses by object

	2018	2017
Contracted supports and services	\$ 896,843	\$ 833,051
Compensation and benefits	43,222	40,793
Facilities	5,044	5,435
Communications and information technology	4,354	4,172
General expenses	3,911	3,289
Administration	1,984	1,619
Amortization of tangible capital assets	3,470	3,262
	\$ 958,828	\$ 891,621

15. Commitments, contractual obligations and contingencies

a) Operating lease commitments

CLBC leases premises under operating leases. Minimum future lease payments as at March 31, 2018 are as follows:

Year ending March 31,	
2019	\$ 4,107
2020	3,927
2021	3,646
2022	2,273
2023	857
2024 and beyond	2,017

b) Contractual obligations

Contracted supports and services are primarily delivered by independent service providers under the terms of contracts which have termination notice periods of between 30 and 90 days.

c) Litigation

The nature of CLBC's activities is such that there is occasional litigation where CLBC is named as a defendant. With respect to known claims, management is of the opinion that CLBC has valid defences and appropriate insurance or other coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on CLBC's financial position and results of operations. Where it is determined that a liability is likely to exist and the amount can be reasonably determined, the amount is recorded as an accrued liability and an expense.

16. Budgeted figures

Budgeted figures are provided for comparison purposes and represent the approved budget as disclosed in the CLBC 2017/18 Service Plans.

17. Accounting standards not yet adopted

PS 3430 – *Restructuring Transactions* has been issued by the Public Sector Accounting Board and is required to be implemented for fiscal years beginning on or after April 1, 2018.