

**Better Living Health and
Community Services
Financial Statements
For the year ended March 31, 2015**

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Independent Auditor's Report

To the Members of Better Living Health and Community Services

We have audited the accompanying financial statements of Better Living Health and Community Services, which comprise the statement of financial position as at March 31, 2015, and the statements of operating revenue and expenses and change in fund balance, capital and endowment revenue and expenses and change in fund balances 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Better Living Health and Community Services as at March 31, 2015 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
May 11, 2015

**Better Living Health and Community Services
Statement of Financial Position**

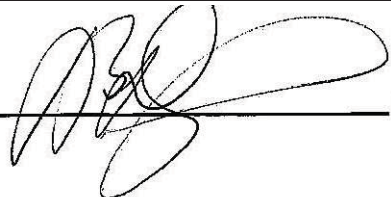
March 31	2015	2014
Assets		
Current		
Cash	\$ 9,459	\$ 250,777
Restricted cash and short-term investments (Note 2)	186,775	138,109
Short-term investments (Note 2)	133,048	178,422
Accounts receivable		
User fees receivable (Note 3)	171,136	92,613
Sales taxes recoverable	41,246	46,577
Grants receivable and other	94,151	31,814
Prepaid expenses	219	1,154
	636,034	739,466
Long-term investments (Note 2)	50,151	-
Capital assets (Note 4)	590,470	645,569
	\$ 1,276,655	\$ 1,385,035

Liabilities and Fund Balances

Current		
Government remittances payable	\$ 42,187	\$ 37,410
Accounts payable and accrued liabilities	326,594	304,132
Deferred revenue (Note 6)	186,775	138,109
Due to related organization (Note 7)	-	15,382
Current portion of vehicle loans payable	-	7,691
	555,556	502,724
Commitments (Note 8)		
Guarantee and Postponement of Claim (Note 10)		
Fund Balances		
Capital asset fund	590,470	637,878
Operating fund	130,629	244,433
	721,099	882,311
	\$ 1,276,655	\$ 1,385,035

On behalf of the Board:

 Director

 Director

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

Better Living Health and Community Services

Statement of Operating Revenue and Expenses and Change in Fund Balance

For the year ended March 31	2015	2014
Revenue		
Government subsidies		
Local Health Integration Network (LHIN)	\$ 2,703,442	\$ 2,383,995
LHIN - Palliative Care	322,885	322,775
City of Toronto	606,834	554,399
Community Support Services Network	16,584	45,126
Grants	32,650	63,209
Management services (Note 7)	456,952	456,952
User fees	1,202,258	957,479
Other income	5,676	2,209
Membership and course fees	196,113	155,587
Donations (Note 7)	273,675	236,708
	5,817,069	5,178,439
Expenses		
Salaries and purchased services	3,795,028	3,252,561
Benefits	549,758	486,495
Administrative and occupancy	486,608	512,364
Membership	94,916	103,434
Donations (Note 7)	222,917	51,921
Other	755,063	709,655
Community Support Services Network expenditures	16,584	45,126
	5,920,874	5,161,556
Excess (deficiency) of revenue over expenses	(103,805)	16,883
Operating fund balance, beginning of year	244,433	244,490
Interfund transfers	(9,999)	(16,940)
Operating fund balance, end of year	\$ 130,629	\$ 244,433

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

Better Living Health and Community Services
Statement of Capital and Endowment Revenue and Expenses and Change in
Fund Balances

For the year ended March 31, 2015

	Capital Asset Fund		Endowment Fund	
	2015	2014	2015	2014
Revenue				
Donations	\$ -	\$ 86,118	\$ -	\$ -
Government grants - capital asset funding	35,000	80,000	-	-
	35,000	166,118	-	-
Expenses				
Amortization of capital assets	92,237	113,470	-	-
Interest on vehicle loan	170	1,408	-	-
	92,407	114,878	-	-
Excess (deficiency) of revenue over expenses	(57,407)	51,240	-	-
Fund balance, beginning of year	637,878	538,142	-	31,556
Interfund transfers	9,999	48,496	-	(31,556)
Fund balance, end of year	\$ 590,470	\$ 637,878	\$ -	\$ -

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

Better Living Health and Community Services Statement of Cash Flows

For the year ended March 31	2015	2014
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year		
Operating Fund	\$ (103,805)	\$ 16,883
Capital Asset Fund	(57,407)	51,240
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	92,237	113,470
Changes in non-cash working capital balances		
Accounts receivable		
User fees receivable	(78,523)	45,951
Sales taxes recoverable	5,331	16,317
Grants receivable and other	(62,337)	233,074
Prepaid expenses	935	2,590
Government remittances payable	4,777	1,016
Accounts payable and accrued liabilities	22,462	35,235
Deferred revenue	48,666	3,065
	<u>(127,664)</u>	<u>518,841</u>
Investing activities		
Purchase of capital assets	(37,138)	(200,570)
Restricted cash and short-term investments	(48,666)	28,491
Purchase of investments	(4,777)	(81,959)
	<u>(90,581)</u>	<u>(254,038)</u>
Financing activities		
Due from related foundation	-	53,717
Due to related organization	(15,382)	15,382
Bank overdraft	-	(70,489)
Repayment of vehicle loans	(7,691)	(12,636)
	<u>(23,073)</u>	<u>(14,026)</u>
Increase (decrease) in cash during the year	(241,318)	250,777
Cash, beginning of year	250,777	-
Cash, end of year	\$ 9,459	\$ 250,777

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

Better Living Health and Community Services

Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Better Living Health and Community Services (the "Organization") is an organization based in Toronto that enriches the lives of individuals, families and communities by offering services that support healthy and independent living through integrated programs and services.

The Organization is a not-for-profit charitable corporation incorporated without share capital under the laws of Canada and, as such, is exempt from income tax and may issue charitable receipts to donors. The Organization has continued under the provisions of the Canada Not-for-profit Corporations Act effective July 18, 2013.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Organization follows the restricted fund method of accounting for restricted contributions.

The Operating Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants and contributions for which a separate restricted fund has not been established.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Organization's capital assets.

Revenue Recognition

Restricted contributions and investment income earned on restricted contributions of the Operating Fund are deferred and recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue of the Operating Fund. Investment income earned on capital resources is recognized as revenue of the Capital Asset Fund. Other investment income is recognized as revenue of the Operating Fund when earned.

Better Living Health and Community Services

Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost less accumulated amortization.

The following capital assets are being amortized over their estimated useful life using the straight-line method at the following annual rates:

Furniture, fixtures and equipment	- 15 years
Computer equipment and software	- 4 years
Automobiles	- 5 years
Leasehold improvements	- 10 years

No amortization is recorded in the year of acquisition.

Financial Instruments

The Organization records fixed income investments at fair value with changes in fair value recognized in the statement of operating revenue and expenses or in the statement of capital and endowment revenue and expenses. User fees receivable, grants receivable, accounts payable and accrued liabilities, due to related organization and other financial liabilities are initially recognized at fair value and subsequently at amortized cost. Financial assets are tested for impairment when change in circumstances indicate that the asset could be impaired. Transaction costs are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Contributed Materials

Contributed materials (donations-in-kind) which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair market value at the date of contribution if the fair value can be reasonably estimated. Other donations in-kind that are not used in the normal operating activities of the Organization are not recorded in the financial statements.

Volunteer Services

The Organization's programs benefit from substantial services in the form of volunteer time which is not recorded in the Organization's financial statements.

Better Living Health and Community Services Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments

Short-term investments consists of term deposits with interest rates of 1.00% and 1.45% that mature in June and July 2015 (2014 - 1.30%, maturing April 2014 to June 2014).

Long-term investments consists of a Guaranteed Investment Certificate (GIC). The interest compounds annually at a rate of 1.55% that escalates to 2.65% over the 5 year term. The GIC matures in January 2020 (2014 - Nil).

3. User Fees Receivable

	<u>2015</u>		<u>2014</u>
User fees receivable	\$ 181,548	\$	103,025
Allowance for doubtful accounts	<u>(10,412)</u>		<u>(10,412)</u>
	<u>\$ 171,136</u>	\$	<u>92,613</u>

Better Living Health and Community Services Notes to Financial Statements

March 31, 2015

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures and equipment	\$ 164,073	\$ 78,376	\$ 164,073	\$ 64,894
Computer equipment and software	98,577	89,190	98,577	78,052
Automobiles	272,809	212,418	236,430	197,962
Leasehold improvements	555,871	248,623	558,532	195,463
Greenhouse under construction	127,747	-	124,328	-
	\$ 1,219,077	\$ 628,607	\$ 1,181,940	\$ 536,371
Net book value		\$ 590,470		\$ 645,569

5. Credit Facility

The Organization has a demand operating facility of \$50,000 which bears interest at the bank's prime rate plus 2.5% (2014 - prime rate plus 2.5%). As at March 31, 2015, this facility has not been used (2014 - \$Nil). The operating facility is secured by a General Security Agreement representing a first charge on all the present and after acquired personal property, and a guarantee from Thompson House of up to \$50,000.

6. Deferred Revenue

	2015	2014
Government grants	\$ -	\$ 23,050
Community Support Services Network	186,775	115,059
	\$ 186,775	\$ 138,109

Deferred revenue for government grants were amounts received from various government agencies that were restricted for purposes specified in the funding agreement.

Community Support Service ("CSS") Network deferred revenue are membership fees received from various agencies which are restricted for the purposes of fulfilling the network's mission. The network's mission is to share and adopt best practices in the CSS sector to support goals of the Central LHIN's Integrated Health Services Plan, as well as provide a communication mechanism amongst groups/organizations in the Central LHIN in order to identify opportunities to integrate services.

Better Living Health and Community Services Notes to Financial Statements

March 31, 2015

7. Related Party Transactions

Amounts due to a related organization were due to Better Living at Thompson House ("Thompson House", formerly Don Mills Foundation for Seniors) in which the Organization has significant influence as both organizations share a number of common board members and managerial personnel. Thompson House is a charitable community organization ensuring an optimal quality of life for seniors through a continuum of care and services. Thompson House is a not-for-profit charitable entity incorporated without share capital under the laws of Ontario and, as such, is exempt from income tax. The amounts due to a related organization are non-interest bearing and have no set terms of repayment.

Related party transactions for the year ended March 31, 2015 were as follows:

Pursuant to a lease agreement, effective October 1, 2010 for a term of 25 years, the Organization leases the offices required to operate Membership Services from Thompson House for basic rent of \$100,000 per year. In addition to basic rent, the Organization reimburses Thompson House for their proportionate share of operating costs as follows:

Waste collection	20%
Snow removal	50%
Fire alarm system repairs and maintenance	40%
Electricity, gas and water utilities	15%

Pursuant to a management agreement, effective April 1, 2008 for a term of 25 years, the Organization provides the following services to Thompson House: management, administrative, accounting, data processing, Ministry of Health reporting and payroll. A management fee of \$456,952 was charged to Thompson House for the year ended March 31, 2015 (2014 - \$456,952).

Pursuant to a Personal Support Services ("PSS") agreement, effective February 1, 2015, ending March 31, 2016, the Organization provides PSS to Thompson House. The total fees earned for 2015 is \$77,714 (2014 - \$Nil).

The Organization donated \$222,916 to Thompson House during the year (2014 - \$51,921).

Donations received from Thompson House for the year were \$102,702 (2014 - \$24,015) and from Better Living Charitable Foundation (the "Foundation") \$122,500 (2014 - \$177,500). The Organization exercises significant influence over the Foundation as both entities share a number of common board members and managerial personnel. The Foundation was established with a mandate to raise funds to support the efforts of the Organization and Thompson House in the fulfillment of their goals and objectives. The Foundation is a not-for-profit charitable organization incorporated under the provisions of the Canada Not-for-profit Corporations Act. The resources of the Foundation are disbursed to the Organization and Thompson House as required. All disbursements must be approved by the Foundation's Board of Directors.

Better Living Health and Community Services Notes to Financial Statements

March 31, 2015

8. Commitments

The Organization is committed under an operating lease for the rental of office space to October 2035 for basic rent of \$100,000 per year, as disclosed in Note 7.

The Organization is also committed under operating leases for vehicle and office equipment extending for varying periods to June 2018. Minimum lease payments under the terms of these leases over the next three years are as follows;

2016	\$	38,605
2017		11,687
2018		1,348

9. Financial Instruments

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. The Organization is exposed to credit risk with respect to user fees. In order to reduce its credit risk, the Organization reviews a new user's credit history before extending credit and conducts regular reviews of its existing users' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. This risk has not changed from the prior year.

Better Living Health and Community Services Notes to Financial Statements

March 31, 2015

10. Guarantee and Postponement of Claim

The Organization is the guarantor of an Infrastructure Ontario Loan approved for Thompson House in the amount of \$1,192,405. As of March 31, 2015, the outstanding principal balance for this loan was \$793,648 (2014 - \$884,650). As the guarantor, the Organization irrevocably and unconditionally guarantees the due and punctual payment and performance of all debts, liabilities and obligations including any professional, construction and completion costs, over and above the original budgeted costs relating to the project, including all bills for services and materials supplied in connection with the project (collectively the "guaranteed obligations") and any ultimate unpaid balance thereof.

Under the guarantee and postponement of claim agreement the Organization has agreed that all present and future debts, liabilities and obligations (collectively the "assigned obligations") of Thompson House to the Organization are postponed to the payment of the guaranteed obligations and are assigned to Ontario Infrastructure Projects Corporation as continuing security for the payment of the liability of the guarantee. The Organization is however entitled to receive any payments on account of any assigned obligations in the form of salaries and any other permitted payments made by Thompson House in the ordinary course of business prior to a default in the payment of any guaranteed obligations.

11. Comparative Figures

Comparative figures have been reclassified in order to comply with the current year's presentation.