

**Better Living Health and
Community Services
Financial Statements
For the year ended March 31, 2016**

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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, 2016, and the statements of operating revenue and expenses and change in fund balance, capital asset fund revenue and expenses and change in fund balance 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, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
May 30, 2016

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

March 31	2016	2015
Assets		
Current		
Cash	\$ -	\$ 9,459
Restricted cash and short-term investments (Note 2)	154,068	186,775
Short-term investments (Note 2)	-	133,048
Accounts receivable		
User fees receivable (Note 3)	130,429	124,667
Sales taxes recoverable	47,654	41,246
Grants receivable and other	129,671	94,151
Prepaid expenses	28,501	219
Due from related organization (Note 7)	21,652	46,469
	511,975	636,034
Long-term investment (Note 2)	-	50,151
Capital assets (Note 4)	653,617	590,470
	\$ 1,165,592	\$ 1,276,655

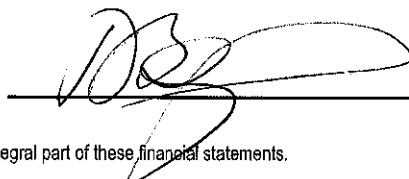
Liabilities and Fund Balances

Current		
Government remittances payable	\$ 47,076	\$ 42,187
Accounts payable and accrued liabilities	220,929	326,594
Deferred revenue - CSS (Note 6)	216,112	186,775
Current portion of vehicle loans payable (Note 8)	23,251	-
Current portion of obligation under capital lease (Note 9)	19,028	-
	526,396	555,556
Vehicle loans payable (Note 8)	29,225	-
Obligation under capital lease (Note 9)	85,840	-
	641,461	555,556
Commitments (Note 10)		
Guarantee and Postponement of Claim (Note 12)		
Fund Balances		
Capital asset fund	496,273	590,470
Operating fund	27,858	130,629
	524,131	721,099
	\$ 1,165,592	\$ 1,276,655

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	2016	2015
Revenue		
Government subsidies		
Local Health Integration Network (LHIN)	\$ 2,542,132	\$ 2,703,442
LHIN - Palliative Care	322,896	322,885
City of Toronto	615,226	606,834
Community Support Services Network	26,563	16,584
Grants	30,000	32,650
Management services (Note 7)	456,952	456,952
User fees	2,154,840	1,202,258
Other income	3,617	5,676
Membership and course fees	160,355	196,113
Ontario Sport and Recreation Communities Fund	44,543	-
Donations (Note 7)	132,364	273,675
	6,489,488	5,817,069
Expenses		
Salaries and purchased services	4,419,520	3,795,028
Benefits	672,445	549,758
Administrative and occupancy	510,686	486,608
Membership	85,420	94,916
Donations (Note 7)	94,999	222,917
Other	790,852	755,063
Community Support Services Network expenditures	26,563	16,584
	6,600,485	5,920,874
Deficiency of revenue over expenses	(110,997)	(103,805)
Operating fund balance, beginning of year	130,629	244,433
Interfund transfers	8,226	(9,999)
Operating fund balance, end of year	\$ 27,858	\$ 130,629

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

Better Living Health and Community Services
Statement of Capital Asset Fund Revenue and Expenses and Change in
Fund Balance

For the year ended March 31	2016	2015
Revenue		
Government grants - capital asset funding	\$ -	\$ 35,000
Gain on disposal of assets	1,254	-
Insurance proceeds	16,879	-
	<u>18,133</u>	<u>35,000</u>
Expenses		
Amortization of capital assets	103,587	92,237
Interest on vehicle loan	228	170
Interest on equipment lease	289	-
	<u>104,104</u>	<u>92,407</u>
Deficiency of revenue over expenses	(85,971)	(57,407)
Fund balance, beginning of year	590,470	637,878
Interfund transfers	(8,226)	9,999
Fund balance, end of year	\$ 496,273	\$ 590,470

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	2016	2015
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year		
Operating Fund	\$ (110,997)	\$ (103,805)
Capital Asset Fund	(85,971)	(57,407)
Adjustments required to reconcile deficiency of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	103,587	92,237
Gain on disposal of capital assets	(1,254)	-
Changes in non-cash working capital balances		
Accounts receivable		
User fees receivable	(5,762)	(32,054)
Sales taxes recoverable	(6,408)	5,331
Grants receivable and other	(35,520)	(62,337)
Prepaid expenses	(28,282)	935
Due from related organization	24,817	(46,469)
Government remittances payable	4,889	4,777
Accounts payable and accrued liabilities	(105,665)	22,462
Deferred revenue - CSS	29,337	48,666
	(217,229)	(127,664)
Investing activities		
Purchase of capital assets	(62,872)	(37,138)
Proceeds on disposal of capital assets	2,260	-
Restricted cash and short-term investments	32,707	(48,666)
Purchase of investments	-	(4,777)
Proceeds on redemption of investments	183,199	-
	155,294	(90,581)
Financing activities		
Due to related organization	-	(15,382)
Proceeds (repayment of) vehicle loan	52,476	(7,691)
	52,476	(23,073)
Decrease in cash during the year	(9,459)	(241,318)
Cash, beginning of year	9,459	250,777
Cash, end of year	\$ -	\$ 9,459

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

Better Living Health and Community Services

Notes to Financial Statements

March 31, 2016

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 for the Operating Fund and Capital Asset Fund are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other restricted contributions that do not have an appropriate restricted fund, are recognized in accordance with the deferral method.

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, 2016

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 asset fund revenue and expenses. User fees receivable, grants receivable, due from related organization, accounts payable and accrued liabilities, vehicle loan payable 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, 2016

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 a term deposit with an interest rate of 1.00% that matures in April 2016 (2015 - interest rates of 1.00% and 1.45%, maturing in June and July 2015) and a non-redeemable Guaranteed Investment Certificate (GIC) earning interest at a rate of 0.85% that matures in August 2016 (2015 - compound interest annually at a rate of 1.55% that escalates to 2.65% over the 5 year term, maturing in January 2020).

3. User Fees Receivable

	<u>2016</u>	<u>2015</u>
User fees receivable	\$ 140,841	\$ 135,079
Allowance for doubtful accounts	<u>(10,412)</u>	<u>(10,412)</u>
	<u>\$ 130,429</u>	<u>\$ 124,667</u>

Better Living Health and Community Services
Notes to Financial Statements

March 31, 2016

4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures and equipment	\$ 267,571	\$ 90,504	\$ 164,073	\$ 78,376
Computer equipment and software	98,577	95,495	98,577	89,190
Automobiles	288,934	184,869	272,809	212,418
Leasehold improvements	555,871	314,215	555,871	248,623
Greenhouse under construction	127,747	-	127,747	-
	\$ 1,338,700	\$ 685,083	\$ 1,219,077	\$ 628,607
Net book value		\$ 653,617		\$ 590,470

Included in furniture, fixtures and equipment is an asset under capital lease with a cost of \$103,498 (2015 - \$Nil) and accumulated amortization of \$Nil (2015 - \$Nil). Greenhouse under construction has not been amortized as it is not yet in use.

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% (2015 - prime rate plus 2.5%). As at March 31, 2016, this facility has not been used (2015 - \$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 - CSS

	2016	2015
Community Support Services Network	\$ 216,112	\$ 186,775

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, 2016

7. Related Party Transactions

Amounts due from a related organization were due from 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 from a related organization are non-interest bearing and have no set terms of repayment.

Related party transactions for the year ended March 31, 2016 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, 2016 (2015 - \$456,952).

Pursuant to a Personal Support Services ("PSS") agreement, the Organization provides PSS to Thompson House. The total fees earned for 2016 is \$685,364 (2015 - \$77,714) recorded as User Fees revenue on the Statement of Operating Revenue and Expenses and Change in Fund Balance,

The Organization donated \$94,999 to Thompson House during the year (2015 - \$222,916).

Donations received from Thompson House for the year were \$Nil (2015 - \$102,702) and from Better Living Charitable Foundation (the "Foundation") \$105,487 (2015 - \$122,530). 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, 2016

8. Vehicle Loans Payable

	2016	2015
Vehicle loan, interest rate 0.49%, repayable in monthly payments of \$977, due June 2018	\$ 26,238	\$ -
Vehicle loan, interest rate 0.49%, repayable in monthly payments of \$977, due June 2018	26,238	-
	52,476	-
Less: current portion	(23,251)	-
	\$ 29,225	\$ -

Principal repayments for the next 3 years are as follows:

2017	\$	23,251
2018		23,366
2019		5,859
	\$	52,476

9. Obligation under Capital Lease

	2016	2015
Equipment lease, interest rate 3.287%, future minimum lease payment \$1,857 per month, maturity May 2021	\$ 104,868	\$ -
Less: current portion	(19,028)	-
	\$ 85,840	\$ -

Future minimum payments consist of the following:

2017	\$	22,285
2018		22,285
2019		22,285
2020		22,285
2021		22,285
Thereafter		2,889
Net minimum lease payments	\$	114,314
Less: imputed interest		(9,446)
Balance of obligation	\$	104,868

Better Living Health and Community Services Notes to Financial Statements

March 31, 2016

10. 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, office equipment and space rental, extending for varying periods to January 2021. Minimum lease payments under the terms of these leases over the next five years are as follows:

2017	\$	37,145
2018		15,208
2019		13,860
2020		13,860
2021		10,395

11. 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.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk in respect of its government remittances payable, accounts payable and accrued liabilities, vehicle loans payable and obligation under capital lease.

Better Living Health and Community Services Notes to Financial Statements

March 31, 2016

12. 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, 2016, the outstanding principal balance for this loan was \$699,943 (2015 - \$793,648). 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.

13. Economic Dependence

The Organization is economically dependent on the funding from the Local Health Integration Network, City of Toronto and user fees.