

LAMBTON COUNTY DEVELOPMENTAL SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

MPW

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

LAMBTON COUNTY DEVELOPMENTAL SERVICES

INDEX TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations – Building Fund	5
Statement of Operations – Operating Fund	6
Statement of Operations – Other Programs	7
Statement of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

To the Directors of Lambton County Developmental Services:

We have audited the accompanying financial statements of Lambton County Developmental Services, which comprise the statement of financial position and changes in net assets as at March 31, 2019 and March 31, 2018 and the statements of operations and cash flows for the years ended March 31, 2019 and March 31, 2018 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 the accounting requirements of the Ontario Ministry of Community and Social Services as described in Note 2, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Note 2 describes the accounting policies with respect to the corporation's capital assets; the note indicates that the corporation expenses the cost of capital asset additions funded by provincial subsidies and does not provide for amortization on any capital assets. In addition, capital asset balances may not be reduced for zero value disposals. Under Canadian accounting standards for not-for-profit organizations, capital assets should be capitalized and amortized over their estimate useful lives. Capital asset balances should also be reduced for

disposals. No determination of amortization expense for the year, capital asset disposals or the impact of these on the balances of accumulated amortization or capital asset cost has been made.

In addition, vacation and sick pay are not accrued in the financial statements. Under Canadian accounting standards for not-for-profit organizations, vacation pay should be recorded as a liability at year end. Had this occurred, additional accounts payable and accrued charges of \$735,996 would have been reported in the statement of financial position. The accumulated operating deficit would have decreased by the same amount and the statement of operations would have reported decreased expenses of \$15,769.

In common with many charitable organizations, the corporation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenue and expenditure and net assets.

Qualified Opinion

In our qualified opinion, except for the effects of not recording capital assets and amortization in accordance with Canadian accounting standards for not-for-profit organizations and not accruing vacation pay and such adjustments, if any, which might have been required had it been practical to extend our verification of revenue and expenditure from fundraising activities, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position and the changes in its financial position of the Corporation as at March 31, 2019 and March 31, 2018 and the results of its operations and cash flows for the years ended March 31, 2019 and March 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

MPW

Wyoming, Ontario
June 11, 2019

CHARTERED ACCOUNTANTS LLP
Licensed Public Accountants

Statement 1

LAMBTON COUNTY DEVELOPMENTAL SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	ASSETS			
	<u>Operating Fund</u>	<u>Building Fund</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Current Assets				
Cash and bank	\$ 401,597	\$ 52,526	\$ 454,122	\$ 537,133
Accounts receivable	29,891	-	29,891	73,022
Due from LCDS Foundation	6,002	-	6,002	-
HST receivable	55,331	-	55,331	41,854
Inventory and prepaids	107,460	-	107,460	189,682
Interfund receivable (payable)	1,274,760	(1,274,760)	-	-
	<u>1,875,040</u>	<u>(1,222,234)</u>	<u>652,806</u>	<u>841,692</u>
Capital Assets (Notes 2, 3 and 7)	-	6,685,242	6,685,242	6,714,135
Total Assets	<u>\$ 1,875,040</u>	<u>\$ 5,463,008</u>	<u>\$ 7,338,048</u>	<u>\$ 7,555,827</u>

	LIABILITIES			
Current Liabilities				
Accounts payable and accrued liabilities	\$ 1,187,163	3,275	\$ 1,190,440	\$ 1,303,615
Due to LCDS Foundation	-	-	-	23,140
Deferred revenue	27,983	-	27,983	27,694
Current portion- long term debt (Note 6)	98,500	36,070	134,570	124,000
Obligation under capital lease	-	6,930	6,930	6,930
	<u>1,313,647</u>	<u>46,275</u>	<u>1,359,922</u>	<u>1,485,379</u>
Long-Term Liabilities				
Long-term debt (Note 6)	1,002,787	640,595	1,643,382	1,783,813
Obligation under capital lease (Note 7)	-	22,462	22,462	29,392
	<u>1,002,787</u>	<u>663,057</u>	<u>1,665,844</u>	<u>1,813,205</u>
Total Liabilities	<u>2,316,434</u>	<u>709,332</u>	<u>3,025,766</u>	<u>3,298,584</u>

	NET ASSETS			
Unrestricted Net Assets (Statement 2)	(441,394)	(221,731)	(663,125)	(602,573)
Net Assets Invested in Capital Assets (Statement 2)	-	4,975,407	4,975,407	4,859,816
	<u>(441,394)</u>	<u>4,753,676</u>	<u>4,312,282</u>	<u>4,257,243</u>
Total Liabilities and Net Assets	<u>\$ 1,875,040</u>	<u>\$ 5,463,008</u>	<u>\$ 7,338,048</u>	<u>\$ 7,555,827</u>

Approved By The Board _____ *Director*
 _____ *Director*

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

Statement 2

LAMBTON COUNTY DEVELOPMENTAL SERVICES

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Operating Fund</u>	<u>Building Fund</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Unrestricted Net Assets				
Balance - beginning of year	\$ (454,834)	\$ (147,739)	\$ (602,573)	\$ (390,894)
Net Income (Loss) from Financial Statements	13,440	41,599	55,039	75,964
Capital/ debt expenditure out of revenue	-	(115,591)	(115,591)	(287,643)
Balance - end of year	<u>\$ (441,394)</u>	<u>\$ (221,731)</u>	<u>\$ (663,125)</u>	<u>\$ (602,573)</u>
Net Assets Invested in Capital Assets				
Balance - beginning of year	-	\$ 4,859,816	\$ 4,859,816	\$ 4,572,173
Capital asset additions (disposals)	-	(21,201)	(21,201)	456,444
Reduction (Increase) in long term debt	-	136,792	136,792	(168,801)
Balance - end of year	<u>\$ -</u>	<u>\$ 4,975,407</u>	<u>\$ 4,975,407</u>	<u>\$ 4,859,816</u>

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

LAMBTON COUNTY DEVELOPMENTAL SERVICES

STATEMENT OF OPERATIONS - BUILDING FUND
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Revenues		
Receipts from Operating Fund (Note 3)	62,800	58,989
Life insurance proceeds	-	10,000
Other	-	13,453
	<u>62,800</u>	<u>82,442</u>
 Expenditures		
Funeral expenses	-	6,337
Loss on disposal of capital assets	21,201	-
	<u>21,201</u>	<u>159,693</u>
 Excess Of Revenues Over Expenditures		
For The Year	<u><u>\$ 41,599</u></u>	<u><u>\$ 106,050</u></u>

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

LAMBTON COUNTY DEVELOPMENTAL SERVICES
 STATEMENT OF OPERATIONS - OPERATING FUND
 FOR THE YEAR ENDED MARCH 31, 2019

Revenues	Administration	Group Homes	Community Participation	SIL	Host Family	Other Programs (Sch. 1)	Total 2019	Total 2018
Ministry subsidy	\$ 15	\$ 7,011,737	\$ 2,162,409	\$ 1,419,891	\$ 1,261,226	\$ 174,352	\$ 12,029,600	\$ 11,753,869
Other grants and subsidies	-	-	111,543	9,998	22,315	-	143,856	251,842
Sales - Petrolia Enterprises	1,169	-	97,938	-	-	112,200	211,307	234,658
Rental income	43,028	245,312	9,485	19,025	-	62,172	379,023	376,912
Other income	91,081	-	27,257	-	-	74,002	192,340	178,834
Location Fundraising	4,917	-	-	-	-	20,000	24,917	24,786
	<u>140,180</u>	<u>7,257,049</u>	<u>2,408,632</u>	<u>1,448,914</u>	<u>1,283,541</u>	<u>442,726</u>	<u>12,981,043</u>	<u>12,820,901</u>
Expenditures								
Wages	880,996	5,859,720	1,361,656	1,110,243	622,117	144,526	9,979,258	8,784,916
Benefits	313,996	648,856	169,708	161,722	93,372	12,447	1,400,101	1,352,152
Purchased services	-	94,914	176,304	31,449	505,240	59,372	867,279	849,176
Recovery	(420,309)	(547,255)	(172,250)	(461,596)	(171,574)	(5,207)	(1,778,191)	(460,107)
Other expenses	641,781	932,772	442,998	162,270	55,840	263,495	2,499,156	2,294,905
	<u>1,416,464</u>	<u>6,989,007</u>	<u>1,978,416</u>	<u>1,004,088</u>	<u>1,104,995</u>	<u>474,633</u>	<u>12,967,603</u>	<u>12,821,042</u>
Excess Of Revenues Over Expenditures For The Year	<u>\$ (1,276,284)</u>	<u>\$ 268,042</u>	<u>\$ 430,216</u>	<u>\$ 444,826</u>	<u>\$ 178,546</u>	<u>\$ (31,907)</u>	<u>\$ 13,440</u>	<u>\$ (141)</u>
Administrative Allocation (Note 9)	1,276,283	(741,813)	(228,206)	(162,749)	(127,451)	(16,064)	-	-
	<u>1,276,283</u>	<u>(741,813)</u>	<u>(228,206)</u>	<u>(162,749)</u>	<u>(127,451)</u>	<u>(16,064)</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures For the Year	<u>\$ -</u>	<u>\$ (473,771)</u>	<u>\$ 202,010</u>	<u>\$ 282,077</u>	<u>\$ 51,095</u>	<u>\$ (47,971)</u>	<u>\$ 13,440</u>	<u>\$ (141)</u>

(The accompanying notes are an integral part of these financial statements)

Schedule 1

LAMBTON COUNTY DEVELOPMENTAL SERVICES

STATEMENT OF OPERATIONS - OTHER PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2019

	Caregiver Respite	Recreation	Social Enterprise	Habitat Homes	Total 2019	Total 2018
Revenues						
Ministry subsidy	\$ 12,184	\$ -	\$ -	\$ 162,168	174,352	\$ 442,124
Sales - Petrolia Enterprises	-	-	112,200	-	112,200	119,784
Rental income	-	-	-	62,172	62,172	58,900
Other income	-	2,060	71,942	-	74,002	116,380
Location Fundraising	-	20,000	-	-	20,000	20,000
	<u>12,184</u>	<u>22,060</u>	<u>184,142</u>	<u>224,340</u>	<u>442,726</u>	<u>757,188</u>
Expenditures						
Wages	-	13,521	35,643	95,363	144,526	50,761
Benefits	-	1,817	3,240	7,390	12,447	4,896
Purchased services	8,749	-	-	50,623	59,372	47,184
Recovery	-	-	-	(5,207)	(5,207)	-
Other expenses	-	1,508	185,915	76,072	263,495	588,009
	<u>8,749</u>	<u>16,847</u>	<u>224,798</u>	<u>224,240</u>	<u>474,633</u>	<u>690,850</u>
Excess of revenues over expenditures for the year	<u>\$ 3,435</u>	<u>\$ 5,213</u>	<u>\$ (40,656)</u>	<u>\$ 100</u>	<u>\$ (31,907)</u>	<u>\$ 66,338</u>

LAMBTON COUNTY DEVELOPMENTAL SERVICES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

Operating Activities	<u>2019</u>	<u>2018</u>
Net surplus for the year	\$ 55,039	\$ 75,964
Changes in non-cash working capital balances:		
- accounts receivable	43,130	(40,855)
- GST receivable	(13,477)	(29,104)
- prepaid expenses and deposits	82,219	(142,840)
- accounts payable and accrued liabilities	(113,172)	584,515
- due to LCDS Foundation	(29,142)	35,973
- deferred revenue	289	(6,764)
	<u>24,886</u>	<u>476,889</u>
Investment Activities		
Disposal (purchase) of capital assets	21,201	(275,241)
	<u>21,201</u>	<u>(275,241)</u>
Financing Activities		
Increase (decrease) in long-term debt	(129,099)	77,399
	<u>(129,099)</u>	<u>77,399</u>
Net Increase in Cash	(83,012)	279,047
Cash Position, Beginning of Year	<u>537,134</u>	<u>258,087</u>
Cash Position, End of Year	<u>\$ 454,122</u>	<u>\$ 537,134</u>
Represented By:		
Cash and bank - Operating Fund	\$ 401,597	\$ 484,608
- Building Fund	52,526	52,526
	<u>\$ 454,122</u>	<u>\$ 537,134</u>
Interest Paid on long term debt	<u>\$ 47,686</u>	<u>\$ 43,518</u>

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

LAMBTON COUNTY DEVELOPMENTAL SERVICES

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019****1. Purpose of The Organization**

Lambton County Developmental Services (LCDS) is a charitable non-profit organization founded in 1955 to provide support services to individuals with developmental disabilities residing in the County of Lambton. LCDS was incorporated as a non-profit corporation under the laws of the Province of Ontario and is a registered charity under the Income Tax Act.

2. Significant Accounting Policies

LCDS follows the deferral method of accounting for contributions.

a) Basis for Presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and the accounting requirements of the Ontario Ministry of Community and Social Services.

b) Fund Accounting

The Operating Fund reports assets, liabilities, revenues and expenses related to LCDS's program Delivery and administrative activities. The Building Fund reports assets and liabilities related to LCDS's capital assets. Inter-fund loans outstanding are non-interest bearing with no set terms of repayment.

c) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Other revenue is recognized when it is earned; specifically, when the following conditions are met: services are provided or products are delivered to customers; there is clear evidence that an arrangement exists; amounts are fixed or can be determined; the ability to collect is reasonably assured.

d) Capital Assets and Amortization

Capital assets funded by government subsidies are expensed when acquired. Capital assets funded by provincial minor or major capital grants are capitalized in the Building Fund.

No amortization is provided on any capital assets. Major categories of capital assets and totals have not been disclosed in these financial statements as management believes this information cannot be reasonably determined and does not provide meaningful additional information.

The organization has not tracked disposals of certain capital assets. The amount of an adjustment for disposals is not known at this time as management believes this information cannot be reasonably determined and does not provide meaningful additional information.

e) Donations

The policy of the Corporation is to recognize, as operating revenue, only those donations which have been specifically contributed for operating purposes. Donations made for capital purposes are recorded in the Building Fund. Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining the fair value of the volunteer hours, contributed services of donations in kind are not recognized in the financial statements.

LAMBTON COUNTY DEVELOPMENTAL SERVICES**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019****2. Significant Accounting Policies (Continued)****f) *Payments on Long-Term Debt***

Payments on the bank loans included as Building Fund liabilities are recorded as Operating Fund expenses (refer to Note 3).

g) *Measurement Uncertainty*

The preparation of these financial statements in accordance with Canadian generally accepted accounting principals requires management to make estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities at the balance sheet date and the reported amount of revenue and expenses for the year then ended. Actual results could differ from these estimates.

h) *Vacation & Sick Pay (Contingent Liability)*

Vacation pay is expensed when taken by employees and is not accrued at year end. At year end there was an unrecorded liability for vacation and sick pay totaling \$735,996.

3. Transfers from Operating Fund to the Building Fund

In previous years, the Building Fund has acquired capital assets which are provided to the various operating programs in return for recovery payments equal to the principal repayments required on the bank loans incurred to purchase these vehicles.

The bank loan repayments, principal and interest are made by the various programs and considered as direct operating expenses. The principal portion of the payments is shown as "receipts from operating funds" on the Statement of Operations - Building Fund.

Where the full purchase price is funded by the program, this amount is likewise considered a direct operating expense and included in the amount shown on the Statement of Operations – Building Fund as receipts from operating funds.

4. Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, accounts payable, long-term debt and capital leases. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency, liquidity, commodity or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The carrying amount of long-term debt and leases approximates fair value because the interest rates are consistent with current rates offered to LCDS for debt with similar terms.

5. Demand Loan

Royal Bank \$200,000 demand facility. Interest is at the Royal Bank Prime rate + 0.9%, payable monthly, and revolving in increments of \$5,000. At March 31, 2019, there was no balance outstanding.

LAMBTON COUNTY DEVELOPMENTAL SERVICES

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

6. Long-Term Debt	<u>2019</u>	<u>2018</u>
Operating Fund		
a) Mortgage payable with monthly blended payments of \$10,504 with interest at 4.00% per annum. The loan is secured by LCDS buildings (carrying value- \$5,324,388) and matures on December 21, 2021.	\$ 1,055,293	\$ 1,138,853
b) Mortgage payable with monthly payments of \$1,050 principal plus interest at 4.00% per annum. The loan is secured by a building (carrying value- \$184,710) and matures on March 25, 2023.	45,994	56,523
	1,101,287	1,195,376
Less: current portion	<u>(98,500)</u>	<u>(96,000)</u>
	\$ <u>1,002,787</u>	\$ <u>1,099,376</u>

The current portion of long-term debt and the following schedule of principal repayments have been prepared on the assumption all loans will be renewed at maturity on similar terms until amortized.

Building Fund

a) Mortgage payable with monthly payments of \$1,000, interest free. The loan is secured by a building (carrying value- \$268,021) and matures on August 1, 2032.	\$ 180,841	\$ 192,841
b) Mortgage payable with monthly payments of \$500, interest free. The loan is secured by a building (carrying value- \$165,085) and matures on April 10, 2042.	\$ 138,085	144,085
c) Mortgage payable with monthly blended payments of \$1,491.43, the interest rate is 4.12% per annum. The loan is secured by a building and held by the (carrying value - \$303,339) and matures on August 18, 2032.	\$ 184,228	194,308
d) Mortgage payable with montly principal payments of \$641. There is no interest bearing on the mortgage. The loan is secured by a building (carrying value- \$192,100) and matures October 1, 2041.	\$173,511	181,203
	676,665	712,437
Less: current portion	<u>(36,070)</u>	<u>(28,000)</u>
	\$ <u>640,595</u>	\$ <u>684,437</u>

LAMBTON COUNTY DEVELOPMENTAL SERVICES

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

6. Long-Term Debt (Continued)

Future principal repayment requirements are as follows:

	Operating Fund	Building Fund
2020	98,500	36,070
2021	101,000	36,570
2022	104,000	37,070
2023	105,500	37,570
2024 and thereafter	<u>692,287</u>	<u>493,315</u>
	<u>\$ 1,101,287</u>	<u>\$ 640,595</u>

7. Obligation under Capital Lease

In May of 2008 the Corporation entered into a lease with Lambton Shores Municipality for a property located on Ann Street in Forest, Ontario. The property was valued at \$94,894. No amortization is taken on the property as per the Corporation's policy outlined in Note 2. The lease is interest free and is secured by the property under lease.

The following is a schedule of future minimum lease payments under the capital lease expiring April 2023 together with the balance of the obligation under capital lease.

Year Ending March 31,	2020	6,930
	2021	6,930
	2022	6,930
	2023	6,930
	2024 and thereafter	<u>1,674</u>
	Total minimum lease payments	<u>\$ 29,394</u>

8. Lease Commitment

The Corporation has agreed to lease premises for use as residences from Nainstay Non-Profit Buildings Inc. The lease expires in 2020 and annual lease payments are \$20,700. The lease for the group homes is based on \$164.30 per month per tenant (maximum 6 tenants per home).

9. Contract With Ministry Of Community And Social/Youth Services (MCSS/MCYS)

The Corporation has a service contract with MCSS/MCYS. One requirement of the contract is the production by management of a TPAR report which requires management to allocate administration surplus/deficit.

LAMBTON COUNTY DEVELOPMENTAL SERVICES

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

10. Related Party Transactions

Nainstay Non-Profit Buildings Inc. (Nainstay), a charitable non-profit organization, provides rental housing accommodation to LCDS for use by their clients. LCDS provides certain building maintenance and health and safety services to Nainstay. A financial summary of Nainstay as at March 31, 2019 and 2018 is as follows:

		<u>2019</u>	<u>2018</u>
	Financial Position		
Total assets		<u>\$1,080,830</u>	<u>\$1,335,233</u>
Total liabilities		\$936,521	\$1,158,622
Total net assets		<u>144,309</u>	<u>176,611</u>
		<u>\$1,080,830</u>	<u>\$1,335,233</u>
	Restricted Cash and Deposits		
Replacement reserve		\$ 138,189	\$ 126,934
Subsidy surplus fund		<u>5,516</u>	<u>5,516</u>
		<u>\$ 143,705</u>	<u>\$ 132,450</u>
	Results of Operations		
Total revenues		\$ 436,805	\$ 820,299
Total expenses		<u>480,363</u>	<u>752,053</u>
Excess of revenue over expenses		<u>\$ (43,558)</u>	<u>\$ 68,246</u>
	Cash Flows		
Cash from operations		\$ 168,953	\$ 158,107
Cash used in investing activities		(11,255)	(3,679)
Cash used in financing activities		<u>(141,708)</u>	<u>(137,499)</u>
Increase (decrease) in cash		<u>\$ 15,990</u>	<u>\$ 16,929</u>

(Note continued on following page)

LAMBTON COUNTY DEVELOPMENTAL SERVICES

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

The following are significant accounting policies of Nainstay which differ from LCDS:

- a) **Capital Asset Replacement Reserve Fund-** In accordance with the CMHC mortgage covenants and OHC operating budgets, capital asset replacement reserves are maintained and credited annually at the present rate of \$1,530 for the Petrolia Home, and annually adjusted amounts for all OHC programs. The fund is to be used only for the replacement of capital assets and not for ordinary maintenance and minor repairs to the buildings and grounds.
- b) **Amortization-** In accordance with the Canada Mortgage and Housing Corporation (CMHC) mortgage covenants and approved operating budgets with Ontario Ministry of Municipal Affairs and Housing (OHC), the buildings are amortized annually in an amount equal to the principal reduction on the mortgages during the year. No amortization has been claimed on furniture and appliances since replacement reserves have been set up.

10. Related Party Transactions (Continued)

LCDS has an economic interest in the Lambton County Developmental Services Foundation. The LCDS Foundation is a separately incorporated entity that carries out fundraising activities to exclusively support the ongoing mission and vision of LCDS. All money raised will be donated to LCDS.

During the year LCDS received \$132,682 in donations from the LCDS Foundation (2018 - \$28,938). As at March 31, 2019 the LCDS Foundation had net assets of \$408,344 (2018 - \$450,546).

11. Economic Dependence

LCDS received 93% of its total revenue for the year (2018 - 93%) from the Ministry of Community and Social Services.

12. Comparative Amounts

Certain comparative amounts have been restated to conform to current year presentation.