

**QUINTE VOCATIONAL SUPPORT SERVICES**  
**Financial Statements**

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Year Ended March 31, 2018

**ERIC REYNOLDS**  
**CHARTERED ACCOUNTANT**

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**QUINTE VOCATIONAL SUPPORT SERVICES**  
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Year Ended March 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of QUINTE VOCATIONAL SUPPORT SERVICES

I have audited the accompanying financial statements of QUINTE VOCATIONAL SUPPORT SERVICES, which comprise the financial position as at March 31, 2018 and the statements of operations, changes in net assets 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

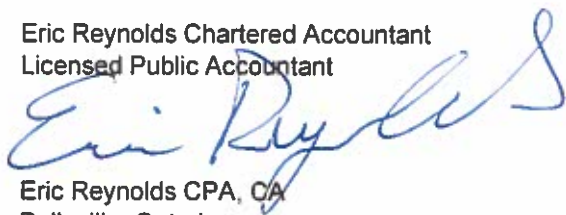
### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Company derives revenue from donations and fundraisers the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the corporation and I was not able to determine whether any adjustments might be necessary to revenue, excess revenue over expenses, assets, net assets and cash flows from operations.

**Qualified Opinion**

In my opinion, except for the effect of any adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations and fundraisers referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of QUINTE VOCATIONAL SUPPORT SERVICES as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Eric Reynolds Chartered Accountant  
Licensed Public Accountant



Eric Reynolds CPA, CA  
Belleville, Ontario

July 31, 2018

## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)  
Financial Position as at Mar 31, 2018

	Operating Fund \$	Capital Fund \$	Total 2018 \$	Total 2017 \$
<b>ASSETS</b>				
Current				
Cash	123,570	-	123,570	119,861
Accounts receivable	22,745	-	22,745	10,248
Inventory	1,386	-	1,386	1,327
Prepaid expenses and other assets	1,224	-	1,224	-
	148,925	-	148,925	131,436
Property, Plant and Equipment (note 3)				
Cost	-	2,521,452	2,521,452	2,506,038
Accumulated amortization	-	(1,172,419)	(1,172,419)	(1,108,439)
	-	1,349,033	1,349,033	1,397,599
	148,925	1,349,033	1,497,958	1,529,035
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Accounts payable and accrued liabilities	20,830	-	20,830	17,848
Due to governments	15,457	-	15,457	15,342
Funds held in trust	76,961	-	76,961	62,512
	113,248	-	113,248	95,702
Deferred Revenue (Note 4)	-	1,221,066	1,221,066	1,273,962
	113,248	1,221,066	1,334,314	1,369,664
Net Assets				
Externally Restricted	35,677	-	35,677	35,734
Invested in capital assets	-	127,967	127,967	123,637
	35,677	127,967	163,644	159,371
	148,925	1,349,033	1,497,958	1,529,035

See accompanying notes to the financial statements

Approved by:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

**QUINTE VOCATIONAL SUPPORT SERVICES**

(Incorporated without share capital)

Statement of Operations and Changes in Net Assets  
for the year ended Mar 31, 2018

	Operating Fund \$	Capital Fund \$	Total 2018 \$	Total 2017 \$
<b>Revenue</b>				
Sales	10,809	-	10,809	8,622
Grants - MCSS	757,701	-	757,701	754,911
United Way	15,100	-	15,100	15,345
Programs	30,090	-	30,090	32,225
HRDC student funding	4,509	-	4,509	2,989
Donations	4,100	-	4,100	6,940
Gain on Disposal of Equipment	-	-	-	20,865
Expenditure recoveries	15	-	15	1,985
Red's Diner	45,193	-	45,193	44,534
Passport Funding	17,555	-	17,555	10,946
Interest income	226	-	226	206
Amortization of Deferred Revenue	-	52,896	52,896	55,795
	<u>885,298</u>	<u>52,896</u>	<u>938,194</u>	<u>955,363</u>
<b>Expenses - Schedule of Expenses</b>	<u>869,941</u>	<u>63,980</u>	<u>933,921</u>	<u>965,132</u>
<b>Excess Revenue Over Expenses (Expense over revenue) for year</b>	15,357	(11,084)	4,273	(9,769)
<b>Investment in Capital Assets</b>	(15,414)	15,414	-	-
	(57)	4,330	4,273	(9,769)
<b>Net Assets - Beginning of the Year</b>	<u>35,734</u>	<u>123,637</u>	<u>159,371</u>	<u>169,140</u>
<b>Net Assets - End of Year</b>	<u>35,677</u>	<u>127,967</u>	<u>163,644</u>	<u>159,371</u>

See accompanying notes to the financial statements

## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)

Statement of Cash Flows

for the year ended March 31, 2018

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net income (loss)	4,273	(9,769)
Items not affecting cash:		
Amortization of property, plant and equipment	63,980	68,405
Amortization of Deferred Revenue	(52,896)	(55,795)
Changes in non-cash working capital:		
Accounts receivable	(12,498)	17,729
Inventory	(59)	2,474
Prepaid expenses and other assets	(1,224)	-
Accounts payable and accrued liabilities	2,983	636
Due to governments	115	(393)
Funds held in trust	14,449	1,204
<b>Net cash provided by operating activities</b>	<b>19,123</b>	<b>24,491</b>
<b>Cash flows from investing and financing activities</b>		
Purchase of property, plant and equipment	(15,414)	(2,840)
<b>Net cash used in financing activities</b>	<b>(15,414)</b>	<b>(2,840)</b>
<b>Net increase in cash and cash equivalents</b>	3,709	21,651
Cash and cash equivalents at the beginning of the year	119,861	98,210
<b>Cash and cash equivalents at the end of the year</b>	<b>123,570</b>	<b>119,861</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	123,570	119,861

See accompanying notes to the financial statements

## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)

Notes to Financial Statements

Year Ended March 31, 2018

### 1. NATURE OF BUSINESS

The company was incorporated as Adult Resource Centre (Quinte) Inc. on March 31, 1989, under the Ontario Corporations Act, as a corporation without share capital. The company continued the activities formerly conducted by ARC Industries (owned and operated by Belleville and District Association for the Mentally Retarded). On November 8, 1993, supplementary letters patent were granted changing the name to Quinte Vocational Support Services and registering the corporation as a charitable organization under the Income Tax Act.

Quinte Vocational Support Services provides vocational and avocational programs, a community cleaning crew and home-based business.

Vocational programs include work and training opportunities, community vocational programs, a community cleaning crew and home-based business.

Avocational programs include life and living skills programs, community vocational participation and an arts and crafts group.

Ministry funding is provided for these programs in addition to the operation of its own business activities.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Company.

#### a) Cash and Cash equivalents

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short-term maturity of these investments, their carrying amount approximates fair value.

#### b) Use of Estimates

The preparation of financial statements, in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined. Significant financial statement items that require the use of estimates are useful life of property plant and equipment and accrued liabilities.

#### c) Fund Accounting

The financial statements include the activities of the corporation for which the board of Directors is legally accountable. In order to properly reflect its activities, the corporation maintains its accounts in accordance with the principles of fund accounting and the restricted method in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds in accordance with activities or objectives specified. For financial reporting purposes, the corporation has combined funds with similar characteristics into two fund groups: Operating Fund and Capital Asset Fund.



## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)  
Notes to Financial Statements  
Year Ended March 31, 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

**c) Fund Accounting Continued...**

The Operating Fund accounts for the costs of the programs and other operations of the corporation financed by grants, sales and other general income.

The Capital Asset Fund reports assets, liabilities, revenues and expenses related to the organization's property, plant and equipment.

**d) Inventories**

Inventories are valued at the lower of cost and market with cost being determined on a first-in, first-out basis. Market value is defined as current replacement cost.

**e) Financial Instruments**

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets at amortized cost except for investments which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable, prepaid expenses and property, plant and equipment.

Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

**f) Property, plant and equipment**

Property, plant and equipment are stated at acquisition cost. Gains or losses on disposal of individual assets are recognized in the year of disposal. Donated assets are stated at fair market value and are amortized consistently with other property, plant and equipment. Amortization of property, plant and equipment, which is based on estimated useful life, is calculated on the following bases and at the rates set out below.

<u>ASSET</u>	<u>BASIS</u>	<u>RATE</u>
	Declining balance	4%
Building	Declining balance	20%
Furniture and Equipment	Declining balance	30%
Automotive	Declining balance	30%
Computer Equipment	Straight-line	20%
Leasehold improvements	Declining balance	100%
Land improvements		

**g) Realization of Revenue and Expenditure**

The corporation follows the accrual basis of accounting. The corporation does not include in revenues or expenditures any amounts for goods or services which have not been received or rendered within the fiscal period.

Revenue from sales is recognized at the time goods are shipped or services are supplied to customers. Provision is made for expected collections losses based on the corporation's past experience. Revenue from grants is recognized upon submission of grant applications, based upon net operating expenditures.

## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)

Notes to Financial Statements

Year Ended March 31, 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

#### g) Realization of Revenue and Expenditure Continued...

Restricted contributions relating to Programs funded by the Ministry of Community and Social Services are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Any adjustments required to revenue on final Ministry approval will be recorded in the current fiscal year as an adjustment to net assets

#### h) Deferred Revenue Related to Property, Plant and Equipment

Grants and other revenue received related to the purchase of property, plant and equipment are deferred and amortized over future. The amortization period is based on the period used to amortize the corresponding property, plant and equipment.

### 3. PROPERTY, PLANT AND EQUIPMENT

	2018		2017	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Furniture and equipment	460,680	(410,685)	49,995	50,703
Automotive	249,603	(239,676)	9,927	14,180
Computer Equipment	57,688	(52,178)	5,510	1,880
Building	1,603,481	(469,880)	1,133,601	1,180,836
Land	150,000	-	150,000	150,000
	2,521,452	(1,172,419)	1,349,033	1,397,599

### 4. DEFERRED REVENUE RELATING TO PROPERTY, PLANT AND EQUIPMENT

As at March 31, deferred revenue related to property, plant and equipment is comprised of the following:

	2018	2017
	\$	\$
Beginning of the year	1,273,962	1,329,757
Add amount received to be recognized in following years	-	-
Deduct amount recognized as revenue in year	(52,896)	(55,795)
End of year	1,221,066	1,273,962

### 5. GOVERNMENT ASSISTANCE

Quinte Vocational Support has a Service Contract/CFSA Approval with the Ministry of Community and Social Services. A reconciliation report summarizes all revenues and expenditures for Adult Assessing and Counseling, Vocational Alternative Support for Adults and Adult Community Access Supports and identifies any resulting surplus or deficit that relates to the Service Contract / CFSA Approval.

A review of these reports show that above services to be in a neutral position as at March 31, 2018. Any surplus amounts are reflected in externally restricted net assets of the Operating Fund.

**QUINTE VOCATIONAL SUPPORT SERVICES**

(Incorporated without share capital)

Notes to Financial Statements

Year Ended March 31, 2018

**6. FINANCIAL RISKS**

It is management's opinion that the corporation is not exposed to significant interest, currency or credit risks from the instruments. The following analysis provides a measure of the risks at March 31, 2017.

**a) Liquidity risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to accounts payable.

**7. Contingency**

The organizations policy regarding vacation and sick time allows for staff to accrue up to 60 days. This time off can be used at any time. When a employee finishes working for the organization the accrued time expires and is not paid out. Thus this amount is not recorded as a liability on the balance sheet.

## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)

Schedule of Expenses

for year ended March 31, 2018

	Operating Fund \$	Capital Fund \$	Total 2018 \$	Total 2017 \$
<b>Expenses</b>				
Administration - other	5,180	-	5,180	6,327
Administration - staff	90,548	-	90,548	90,307
Advertising and promotion	4,468	-	4,468	4,320
Amortization or Property, plant and equipment	-	63,980	63,980	68,404
Client wages	7,643	-	7,643	6,113
Employee benefits	91,195	-	91,195	86,030
Insurance	15,130	-	15,130	16,167
Membership fees	150	-	150	1,884
Office	17,609	-	17,609	34,138
Professional fees	1,639	-	1,639	-
Programs	18,365	-	18,365	16,095
Purchased services	27,498	-	27,498	21,733
Red's Diner	42,053	-	42,053	48,134
Repairs and maintenance	42,576	-	42,576	39,014
Salaries -supervision	451,670	-	451,670	454,069
Shop supplies	829	-	829	5,968
Staff training	1,769	-	1,769	2,995
Telephone	6,675	-	6,675	7,451
Travel	(1,571)	-	(1,571)	1,230
Utilities	33,517	-	33,517	35,545
Vehicle operation	12,998	-	12,998	19,208
<b>Total</b>	<b>869,941</b>	<b>63,980</b>	<b>933,921</b>	<b>965,132</b>

## QUINTE VOCATIONAL SUPPORT SERVICES

(Incorporated without share capital)  
 Schedule of Administrative Revenues and Expenses  
 for year ended March 31, 2018

	2018 \$	2017 \$
<b>Revenues</b>		
Donations	-	-
	<hr/>	<hr/>
<b>ALLOCATED AS:</b>		
Administrative Donations	-	-
	<hr/> <hr/>	<hr/> <hr/>
 <b>EXPENDITURES</b>		
Salaries	82,888	82,949
Employee benefits	7,660	7,358
Professional fees	4,342	5,500
Insurance	380	350
Other	458	477
	<hr/>	<hr/>
	95,728	96,634
	<hr/> <hr/>	<hr/> <hr/>
 <b>ALLOCATED AS:</b>		
Administration - Staff	90,548	90,307
Administration - Other	5,180	6,327
	<hr/>	<hr/>
	95,728	96,634
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