TCE

Total Communication Environment

MAKING CONNECTIONS FOR LIFE

2018/2019 ANNUAL REPORT

TOTAL COMMUNICATION ENVIRONMENT

2018/2019 ANNUAL REPORT

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TCE MISSION STATEMENT

TCE believes that all people, including those with disabilities and augmented communication needs, have the right to live as active members of their community.

TCE facilitates and assists each person by providing supports and opportunities to become involved as full community members and to actualize their potential.

TCE envisions a community which welcomes its members, not in spite of their differences, but to celebrate these and to appreciate the contributions of all its citizenship.

TCE BOARD OF DIRECTORS

June 18, 2018 AGM to June 24, 2019 AGM

Lacey Sheng, Chairperson

Moriah Waddington, Treasurer

Susan Seally, Vice-Chairperson for June 2019

Coreen Blackburn, FSN Representative

Candice Presley, Past Chairperson

Aline Abi-Khalil

Christopher Wilson

Kenneth Anderson, as of February 28, 2019

Krista Simms

Marge McCabe

Pawel Mazurek

Clark Lindsay, until November 2018

Rui Xue, until November 2018

Greg Morrow, from February to April 2019

TOTAL COMMUNICATION ENVIRONMENT

CHAIR REPORT - JUNE 24, 2019

TCE has had another very busy and successful year. As this was my first year of being the Chair of the Board, I am happy to share with you the highlights of the 2018-2019 fiscal year.

Last year we observed many new developments in our sector. One encouraging example has been the emphasis on passport funding to enable person-directed planning. In addition, the Minister of Children, Community, and Social Services honoured us with a visit, announcing $384K for a new sprinkler system across our homes.

TCE's Board is very pleased with this past year's accomplishments. The Board, with the management team, progressed with the implementation of TCE's Strategic Plan. This included quarterly status reviews. All of the sub-committees of the board have had a fruitful year. I would like to thank all board members for their time and dedication.

I would like to thank Candice Presley for serving on the board since 2008, and as the Chair from 2014 to 2018. Candice has tirelessly given her time and resources to TCE and has been integral to the important advances that TCE has made.

TCE recognizes with gratitude, the life of Clark Lindsay. Clark, the Past-Chair of the Board's Governance Committee, for many years contributed his time, knowledge and talents to our organization. He will be dearly missed by TCE.

With a few vacant positions on the board, we have one new board member joining us this year. As Board members introduce themselves at the AGM, I am sure you will see they bring a wealth of experience and a variety of backgrounds to the table.

The Board looks forward to continue working with the people we serve, our staff, families and stakeholders to deliver our mission. The past year signaled financial uncertainty in the sector, which is being closely monitored by the board and the management team. TCE is committed to a collaborative effort to meet the industry's needs. Meanwhile, we appreciate the advocacy from the community on behalf of the people we serve.

I would like to thank the management team and staff who have done an excellent job in supporting the board over the past year.

I would like to thank the donors for their selfless contributions and the resulting positive impact on people's lives.

I would like to thank you all for a great year. We hope to see you all at the annual Douglas J. Fahey Memorial BBQ this summer.

Lacey Sheng
Chairperson

TOTAL COMMUNICATION ENVIRONMENT
EXECUTIVE DIRECTOR ANNUAL REPORT
APRIL 1, 2018 – MARCH 31, 2019

2018/19 was a busy year at TCE with the lots of achievements, progress and developments in every area of the organization.

Three gentlemen, new to our organization joined TCE this year and we are very pleased to welcome them and their families. Two of the men are brothers and moved together into Eleanor House. The other gentleman moved into Anderson House.

TCE began the year with 178 employees and ended the year with the same number. Fifteen employees left during the year, including our first retiree and we hired an equitable number of part-time and on-call staff. Overall, our staff turnover rate was 8.43%, which in comparison to other organizations locally is low.

Last summer a Wellness subcommittee was formed as a recommendation of the Employee Joint Health and Safety Committee. Its focus and mandate is promoting the health and wellbeing of TCE's employees. This committee includes part time, full time, relief, and office employees and is chaired by our Human Resources Advisor. The Wellness Committee distributed an online survey to all of TCE's employees requesting feedback on their current health and wellness interests and concerns, and potential participation in future wellness activities planned by the Wellness Committee based on feedback. Such activities may include walking groups, recipe sharing, fitness memberships, Facebook groups, and participation in sporting events.

Our collective agreement with CUPE Local 2605 expired on March 31, 2018 and the Union and Employer successfully negotiated a renewal agreement, which was ratified on March 6, 2019. It will expire on March 31, 2020.

In late summer last year, we were contacted by the Workman's Safety Insurance Board (WSIB) to ask if we would be interested in participating in a voluntary audit process of our policies and procedures and documentation as they relate to WSIB, Return to Work, and Health and Safety policies. This review process took place over 3 days as the evaluator went through all of the above documentation. In summary, he was impressed with TCE's policies & procedures and documentation and made some recommendations to further improve our system.

The implementation of the new Human Resource Information System called *Inclusion* has been completed. Like any significant change, it is not without a few bumps. The company is very flexible and improvements and changes are made based on our feedback. Overall, we are very impressed and confident that it will improve accuracy, scheduling and save time.

Great strides have also been made through the hard work of our employees, management team, DJ McDonald and Project Lead Jackie Power on the Person Centre Training (PCT) project. Many more people we support now have plans, TCE has our own curriculum and we are in the process of rolling out a training plan for all staff teams. Our goal is to identify a staff member 'champion' in every home that shares the vision and passion to inspire and motivate their team.

The PCT is an ongoing multi-year project, which will affect every area of the organization because it is a shift in culture and the way we do things. If an individual loves to be active outdoors in all kinds of weather, dancing or yoga is their passion or want to learn how to quilt and join a quilting guild then it is important that the staff who they are matched with also enjoy the same activities or share similar interests. Their job is to support and also work as a community connector so that gradually the person can expand their circle of friends and relationships and not solely rely on paid people or family in their lives. Sounds simple and easy however many of us were educated and trained under the old 'medical model' of services which focused on care, protection and 'fixing the person' and we did it all. This evolution shifts to a more normative way of supporting people and authentically helping the person to take their rightful place as a member and citizen of their community.

As indicated in the Chairperson's Report, the Board has been very busy this year with a number of active committees, including the Board Education, Governance, Human Resources and the Housing sub-committees.

The Housing sub-Committee is made up of members from the board and staff, and led by Marge McCabe, Board member. There were meetings throughout the fall and winter with a number of different non-profit housing providers to introduce ourselves and let them know that we are interested in any future opportunities for partnerships in developments. In January, the Board approved a proposal to hold two Housing Workshop facilitated by two experienced facilitators who have worked extensively in the area of non-profit housing. Members of the board and management team met twice this winter and spring to explore options and share knowledge. We anticipate making decisions in the fall about the way forward with our Housing Plan.

Exciting news was shared this spring from the Ontario government about Passport funding which is individualized funding for people with developmental disabilities who are over 18. If an individual with developmental disabilities had applied for but not yet received funding on April 1, 2019 then they automatically received $5,000. Some people we support were already in receipt of passport funding. Any individuals who had not applied previously have now been assisted to do so and will be approved for $5,000. Although this is not a lot of money, it is quite significant because it opens the door to entitlement funding which could be increased over time. Many speculate that this will be the path forward in transforming the way funding for individuals with developmental disabilities will happen.

Individuals would be allocated a certain amount of funds and then they would have the ability to decide how to spend them, who they purchase supports and services from, privately or through an organization? From one provider or several? Pool resources with others and develop a plan? Approach an organization for some support but not all? The Housing Task Force approved many examples of such models that received pilot project funding and were successful.

There is a website that I would encourage all families to visit and if you require assistance please let us know. The website is hosted by Partners for Planning at their website: www.partnersforplanning.ca . In particular, I recommend that you go to the section under 'Resources'. There are lots of excellent videos on just about everything a family member could want or need to know i.e. Registered Disability Savings Plan (RDSP), Registered Disability Tax Credit, Legal Tips: Beyond the Basics, Tax Tips: Beyond the Basics, Passport funding, Henson Trusts, and other topics. Most are presented by a certified professional and they are free. They also have many other types of resources, including a sibling collaborative that TCE siblings may be interested in.

Lastly, we are quite concerned that TCE, like other developmental service transfer payment agencies, have yet to receive our budget package for the current fiscal year 2019/20. Normally it would have been received by agencies in February with a submission date to the Ministry of March 31, 2019. Even more concerning is that our first monthly deposit of the new fiscal year, April 1, 2019 was short by the amount of 'stabilization' base funds that were added to our budget by the previous government. These funds, $315,000, was the first injection of new funding to our base budget in ten years. Due to many pressures including an unfunded legislated requirement to meet annual pay equity targets along with the yearly cost of living upward pressures, every year we have had to find efficiencies to meet the financial target. We were counting on the $315,000 to allow us to balance our budget this year and it is still unclear if we will receive any of these funds, which had been committed. The government has also made cuts that are not visible to the public but have a direct impact on agencies, such as the removal of the special allowance to ODSP recipients to pay for incontinence supplies. These costs are now downloaded to the organization because they are a necessity however we were never funded for them and it is now a $30,000+ added pressure.

We are looking for ways to increase revenue and reduce costs and if you or anyone you know has ideas to share, we would love to hear them. One of the things we will be exploring is having the people we support who can afford to (many have significant bank balances) pay for more of the items they require, activities they participate in or purchases they need. We will consult with families about decisions regarding finances but would like you to know the reasons why we really need your help and assistance this year.

Karen Belyea
Executive Director

FAMILY SUPPORT NETWORK (FSN)
REPORT TO THE JUNE 24, 2019 ANNUAL GENERAL MEETING

This report covers activities, which have taken place since our last Annual General Meeting on June 18, 2018.

<u>August Picnic/Barbeque</u>
A beautiful day at Andrew Haydon Park on Saturday, August 25th 2018, with entertainment by Jumpin'Jimmy Leroux and the best hamburgers of the summer, made for another wonderful barbeque. The Terry Fahey family again donated the food and drink, for which we are always grateful, and did all the cooking as well. Thank you to the Fahey Family and to all who assisted with set up and clean up. Lots of happy faces and full tummies!
This year's event will take place at Andrew Haydon Park at the Green Gazebo on Saturday, August 24th at 11am.
Bring your lawn chairs. Come earlier if you want to help set up.

<u>Christmas Parties</u>
The 2018 Christmas parties were again held in each home with entertainment and food and drink enjoyed by the residents and families. Thanks to Santa who distributed gifts and hugs, and to the staff who were the elves that purchased and wrapped the gifts. Lots of Christmas spirit in evidence at these parties.

Unfortunately, both the October 23rd fall meeting and the Annual FSN Pot Luck scheduled for April 9th were both cancelled. Can you believe a snow and sleet storm in April?
We would like to encourage family members to attend these events. There is always good information about TCE happenings and a chance for family members to ask questions and to socialize and network.

In the current climate of government cutbacks the families of those that TCE cares for may have to become advocates if we want the high quality and excellent care TCE provides to continue.
Please join the TCE Family Support Network

Coreen Blackburn, FSN Rep to the TCE Board

TOTAL COMMUNICATION ENVIRONMENT
TREASURER'S REPORT FOR 2018-2019

As the Treasurer for TCE, I am pleased to present the audited financial statements for the 2018-19 fiscal year. The statements have been included at the end of this report.

The statements were audited by KPMG for the fifth year in a row. I am happy to report that the auditor's opinion was clean, with no significant errors or issues noted. TCE will be going to tender to determine next year's auditors, in accordance with the by-laws.

Over the past year, the Finance committee met with the Executive Director (Karen Belyea) and the Director of Finance (Don Davidson) every month to discuss the previous month's financial results. We reviewed the financial statements in detail and discussed variances against budget and significant developments that had a financial impact.

It was a fairly typical year for TCE, with both revenues and expenses growing slightly. TCE continued to deal with pressures in the salaries and benefits expense, but once again received funding at year-end from the Ministry to cover many of them. The end result was a small surplus of $48k (0.4% of revenues).

Revenues increased by $107k (1%). Shortly before the fiscal year started, the Ministry of Children, Community and Social Services (MCCSS) announced the first increase in base funding in many years, in the amount of $315k. On the Statement of Operations, this is partially offset by lower funding for home repairs and improvements; however, in reality, TCE received $384k from MCCSS to install new sprinkler systems in the homes which must be deferred according to accounting standards and thus appears in "Deferred funding related to capital assets" on the Statement of Financial Position. MCCSS revenues also include $120k received for salary pressures related to residents' specific circumstances - such as medical needs - compared to $154k in the previous year. Looking at the other revenue categories, TCE received fewer donations than last year and collected less in resident fees, as two residents passed away.

Expenses increased by $140k (1%), mainly due to an increase of $129k in salaries and benefits. This was caused by salary increases due to pay equity legislation, a negotiated stipend paid to all employees, and staffing needs related to residents' specific circumstances.

The next highest variances were in Long-Term Care (LTC) and Purchased Services, and they happened to offset each other. LTC costs went down by $44k due to the loss of two residents, and Purchased Services increased by $43k due to ongoing license costs for TCE's new payroll/scheduling system and set-up costs to migrate TCE's emails to an online platform due to the aging of the server. Personal Needs increased by $30k, primarily due to an increase in the fees for some external day programs attended by residents. While Home Operations only went up by $17k, there were more repairs and maintenance which did not have specific Minor Capital funding from MCCSS, and thus had to be covered from the base budget.

On the Statement of Financial Position, you can see the assets owned by TCE and the liabilities it will have to pay in the future. Most of the fluctuations from year to year are typical and caused by timing rather than meaningful changes in TCE's operations. For example, if a pay date falls right before year-end, the ending cash balance will be a lot lower. The balances for capital assets and the related deferred funding decrease in a systematic way over time as the amounts are recognized on the Statement of Operations.

This year, many of the changes were partially attributable to transactions related to the new sprinkler systems. Cash and accounts payable are high since the vendor for the sprinklers was paid after year-end, as well as due to the timing of payroll. Capital assets and deferred funding increased due to the cost of the sprinklers and the Ministry funding received; capital assets also include new computers purchased to facilitate the use of the new payroll/scheduling software in the homes. Long-term debt continues to decline, as TCE is paying off its final two mortgages (Quinn Road and Anderson Place).

This was another year when the funding received from MCCSS at the end of the year took TCE from a deficit to a surplus position. TCE remains reliant on this unguaranteed funding to help it deal with growing pressures in the salary expense. While 2018-19 started off on an optimistic note with the announced increase in base funding, it ended on an uncertain note, as TCE did not receive its 2019-20 budget package from MCCSS at the normal time. In addition, the amounts it has received to date are short by the amount of the base funding increase, casting doubt on whether that increase will be maintained. We are now in mid-June and the funding for 2019-20 has yet to be confirmed. Given the current climate of public sector cuts in the province, there is a possibility that TCE's funding could be reduced. TCE is working on contingency plans in case such a scenario were to occur, with the goal of minimizing the impact on the quality of services offered to our residents.

Sincerely,

Moriah Waddington, CPA, CA
Treasurer

TCE'S AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 2018/2019

Financial Statements of

TOTAL COMMUNICATION ENVIRONMENT

Year ended March 31, 2019

TOTAL COMMUNICATION ENVIRONMENT
Financial Statements

Year ended March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Total Communication Environment

Opinion

We have audited the financial statements of Total Communication Environment (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 10, 2019

TOTAL COMMUNICATION ENVIRONMENT

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 1,112,130	$ 498,209
Accounts receivable	106,824	141,714
Prepaid expenses	14,389	21,164
	1,233,343	661,087
Capital assets (note 2)	5,131,397	4,858,615
	$ 6,364,740	$ 5,519,702
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,180,126	$ 662,567
Deferred revenue	147,798	76,819
Current portion of long-term debt (note 4)	56,200	22,343
	1,384,124	761,729
Long-term debt (note 4)	150,226	206,426
Deferred funding related to capital assets (note 5)	2,859,080	2,628,580
Net assets:		
Invested in capital assets	2,065,891	2,001,266
Restricted to capital reserve fund (note 8)	106,368	101,930
Unrestricted deficiency	(200,949)	(180,229)
	1,971,310	1,922,967
	$ 6,364,740	$ 5,519,702

See accompanying notes to financial statements.

Approved by the Board:

MWaddington Director

SSealley Director

TOTAL COMMUNICATION ENVIRONMENT

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
MCCSS Legal Agreements	$ 11,324,196	$ 11,134,824
Residents' fees	934,518	964,822
Donations	74,426	138,606
Other income	5,923	4,528
Amortization of deferred funding related to capital assets	153,900	143,235
	12,492,963	12,386,015
Expenses:		
Salaries and benefits	10,515,738	10,386,913
Home operation	606,204	589,296
Amortization	156,383	156,119
Personal needs	589,584	559,378
General and administration	54,042	65,937
Vehicle operations	268,074	285,425
Long-term care	119,234	162,899
Purchased services	117,689	74,205
Staff travel	17,672	24,026
	12,444,620	12,304,198
Excess of revenue over expenses	$ 48,343	$ 81,817

See accompanying notes to financial statements.

TOTAL COMMUNICATION ENVIRONMENT

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	Invested in capital assets	Restricted to capital reserve fund (note 8)	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	$ 2,001,266	$ 101,930	$ (180,229)	$ 1,922,967	$ 1,841,150
Excess of revenue over expenses	–	–	48,343	48,343	81,817
Acquisition (disposal) of capital assets	429,165	–	(429,165)	–	–
Amortization of capital assets	(156,383)	–	156,383	–	–
Net decrease in debt principal (note 4)	22,343	–	(22,343)	–	–
Net change in deferred funding related to capital assets	(230,500)	–	230,500	–	–
Interfund transfer	–	4,438	(4,438)	–	–
Balance, end of year	$ 2,065,891	$ 106,368	$ (200,949)	$ 1,971,310	$ 1,922,967

See accompanying notes to financial statements.

TOTAL COMMUNICATION ENVIRONMENT

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 48,343	$ 81,817
Items not involving cash:		
Amortization of capital assets	156,383	156,119
Amortization of deferred funding relating to capital assets	(153,900)	(143,235)
Changes in non-cash operating working capital:		
Accounts receivable	34,890	(72,226)
Prepaid expenses	6,775	(5,632)
Accounts payable and accrued liabilities	517,559	33,120
Government payable	–	(27,712)
Deferred revenue	70,979	(50,115)
	681,029	(27,864)
Financing activities:		
Repayment of long-term debt	(22,343)	(21,945)
Additional deferred funding of capital assets	384,400	23,109
	362,057	1,164
Investing activities:		
Acquisition of capital assets	(429,165)	(112,452)
Increase (decrease) in cash	613,921	(139,152)
Cash, beginning of year	498,209	637,361
Cash, end of year	$ 1,112,130	$ 498,209

See accompanying notes to financial statements.

Total Communication Environment ("TCE" or the "Organization") was incorporated, without share capital, in November 1979. The Organization's mandate is to provide and maintain residential care facilities and activities for individuals with developmental disabilities and special communication needs. As a registered charitable organization, TCE is not subject to income tax.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following significant accounting policies:

(a) Basis of presentation:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) 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 when they become receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Capital assets:

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of a capital asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Land and buildings are recorded at cost. Buildings are amortized using the declining balance basis at the rate of 5%. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Vehicles not funded by grants are recorded at cost and amortized using the declining balance basis at the rate of 30% per year.

Office equipment and computer equipment are recorded at cost and amortized on a straight-line basis over five years and three years, respectively.

(d) Capital replacement reserve fund:

The fund is to be used for capital replacement and major repair work. The fund is increased by amounts as approved by the Ministry of Children, Community and Social Services ("MCCSS").

(e) Contributed services:

Volunteers contribute many hours each year to assist the Organization in carrying out its mandate. However, due to the difficulty in determining their fair value, these contributed services have not been recognized in the financial statements.

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	$ 2,560,000	$ –	$ 2,560,000	$ 2,560,000
Baxter House (Golden Avenue residence)	650,026	361,438	288,588	303,777
Eleanor Drive residence	345,526	232,656	112,870	55,928
Wilson House residence	305,002	204,433	100,569	105,862
Quinn Road residence	665,331	336,488	328,843	342,980
Kirkwood Avenue residence	665,643	375,052	290,591	238,428
Hillmount Crescent residence	400,455	180,195	220,260	171,686
Anderson Place residence	170,727	63,964	106,763	61,140
Wyman residence	454,106	211,235	242,871	196,305
Riverbend residence	615,542	262,305	353,237	371,828
Rosebella residence	283,854	97,697	186,157	145,128
Starwood residence	385,043	75,593	309,450	273,559
Leasehold improvements - Kilbarron	116,118	115,529	589	1,178
Leasehold improvements - Admin	28,527	26,304	2,223	7,928
Vehicles	76,318	68,103	8,215	11,735
Office equipment	42,108	42,108	–	–
Computer equipment	116,658	96,487	20,171	11,153
	$ 7,880,984	$ 2,749,587	$ 5,131,397	$ 4,858,615

Cost and accumulated amortization at March 31, 2018 amounted to $7,451,819 and $2,593,204, respectively.

2. Capital assets (continued):

The residence at 644 Golden Avenue, an adult group home, was purchased in 1986 with all of the funding provided by the Lion's Homes for Deaf People ("LHDP"). The deed is in the name of TCE, however, TCE has an agreement with LHDP that if TCE ceases to exist, or ceases to operate the Golden Avenue residence as a group home for deaf multi-handicapped persons, the property will be sold with the net proceeds after mortgage repayment used to repay the funding that was provided by LHDP. In 2005, the residence was rebuilt and re-named Baxter House. In 2016, MCCSS repaid the outstanding balance on this mortgage as part of their funding to TCE.

The residence at 16 Eleanor Drive, an adult group home, was purchased in 1989 with all of the funding provided by MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, all proceeds from sale will be repaid to MCCSS.

The residence at 5 Eisenhower Crescent (Wilson House), an adult group home, was purchased in 1992 with 80% of the funding provided by MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, 80% of the proceeds from its sale will be repaid to MCCSS.

The residence at 2785 Quinn Road, an adult group home, was acquired by way of mortgage financing with assistance from the Ministry of Housing ("MOH"). In 2000, Quinn Road funding was transferred to MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, proceeds from its sale will repay the mortgage holder, with remaining funds paid to MCCSS.

The residence at 575 Kirkwood Avenue, an adult group home, was purchased in 1996 with all of the funding provided by the LHDP. The deed is in the name of TCE, however, should TCE cease to exist or cease to operate the residence as a group home for deaf multi-handicapped persons, the property will be sold with all the proceeds from sale returned to the LHDP. During the 2011 fiscal year, additional funding for improvements was received from the Canada Mortgage and Housing Corporation ("CMHC") in the form of a forgivable loan.

The residence at 24 Hillmount Crescent, an adult group home, was purchased in 1999 with all of the funding provided by MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, all proceeds from sale will be repaid to MCCSS. During the 2011 fiscal year, additional funding for improvements was received from CMHC in the form of a forgivable loan.

The residence at 42 Leeming Road (Anderson Place), an adult group home, was acquired by way of mortgage financing with assistance from MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, proceeds from its sale will repay the mortgage holder, with all of the remaining funds to be paid to MCCSS.

2. Capital assets (continued):

The residence at 3554 Wyman Crescent, an adult group home, was purchased in 2005 with all of the funding provided by MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, all of the proceeds from sale will be repaid to MCCSS. In 2014, MCCSS repaid the outstanding balance on this mortgage in full as part of their funding of TCE.

Land on Riverbend Drive was purchased in the 2008 fiscal year with all of the funding provided by MCCSS. The Organization constructed a home at this site which opened in December 2008 as an adult group home. Almost all of the cost of construction was funded by MCCSS. Should the Riverbend residence cease to be used as a group home, all of the proceeds from sale will be paid to MCCSS less the Organization's initial contribution.

The residence at 1838 Rosebella Avenue, an adult group home, was purchased during the 2009 fiscal year with all of the funding provided by MCCSS. The deed is in the name of TCE, however, should the residence cease to operate as a group home, proceeds from its sale will be repaid to MCCSS. In 2014, MCCSS repaid the outstanding balance on this mortgage in full as part of their funding of TCE.

The residence at 75 Starwood, an adult group home, was purchased in 2014 by way of a mortgage agreement. Funding for payments is provided by MCCSS. The deed is in the name of TCE, however, should the residence cease to be operated as a group home, all proceeds from sale will be paid to MCCSS. In 2017, MCCSS repaid the outstanding balance on this mortgage as part of their funding to TCE.

3. Financial instruments:

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and mortgages payable. The book values of the cash, accounts receivable, accounts payable and accrued liabilities, and mortgages payable approximate their fair values due to their short-term nature. It is management's opinion that the Organization is not exposed to significant interest, credit or exchange rate risks.

4. Long-term debt:

	2019	2018
Anderson Place mortgage payable at $823 monthly including interest at 2.18%, due September 1, 2019.	$ 42,550	$ 51,456
Quinn Road mortgage payable at $1,343 monthly including interest at 1.568%, due April 1, 2020.	163,876	177,313
	206,426	228,769
Less: current portion of long-term debt	56,200	22,343
	$ 150,226	$ 206,426

Principal repayments required over the next two years are as follows:

2020	$ 56,200
2021	150,226
	$ 206,426

5. Deferred funding relating to capital assets:

Funds received from the various entities that provided assistance in acquiring or renovating the adult group homes have been recorded as deferred revenue and will be recognized as income at the same rate as the corresponding properties are amortized. Funding and donations received specifically in relation to the acquisition of vehicles are also deferred and are being recognized in income at the same rate as the corresponding vehicles are amortized.

	2019	2018
Private funding for Baxter House	$ 24,385	$ 25,666
MCCSS funding for Baxter House	192,304	202,425
MCCSS funding for Eleanor Drive residence	166,394	114,652
MCCSS and private funding for Wilson House residence	103,604	109,057
LHDP funding for Kirkwood Avenue residence	228,052	175,155
CMHC funding for Kirkwood Avenue residence	111,543	117,414
MCCSS funding for Hillmount Crescent residence	184,921	141,154
CMHC funding for Hillmount Crescent residence	58,490	61,568
MCCSS funding for Wyman Crescent residence	194,266	147,391
MCCSS funding for Quinn residence	316,232	332,876
Private funding for Riverbend residence	150,090	157,989
MCCSS funding for Riverbend residence	552,860	581,958
Privately donated funding for vehicles	9,103	13,005
MCCSS funding for Starwood building	452,689	426,315
MCCSS funding for Rosebella building	67,312	21,955
MCCSS funding for Anderson Place	46,835	–
	$ 2,859,080	$ 2,628,580

During the year ended March 31, 2011, the Organization received a forgivable loan from CMHC relating to renovations for the Kirkwood and Hillmount residences. These loan proceeds have been recorded as deferred revenue under the understanding that there is no reason to believe that the conditions under which the loan will be forgiven would not be met. As such the amounts will be amortized and recognized as revenue on the same basis of the assets to which they relate.

6. Bank indebtedness:

The Organization has a line of credit for financing of up to $600,000 due on demand. Interest is calculated at bank prime plus 0.90%. As at year end, there was an outstanding balance of $Nil (2018 - $Nil) on this line of credit.

7. Contract with the Ministry of Children, Community and Social Services:

A requirement of the contract with MCCSS is the production, by management, of a Transfer Payment Annual Reconciliation ("TPAR") which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract. The surplus for the March 2019 year end after authorized code allocations amounted to $26,233 payable to MCCSS (2018 - $Nil).

8. Capital reserve fund:

Under the terms of its funding agreement with MCCSS for the Quinn Road and Leeming Road residences, TCE is required to set aside certain funds each year as a reserve. This year, the fund increased by $4,438 (2018 - decrease of $13,674).

9. Commitments:

TCE has annual premises, office equipment and vehicle lease commitments over the next five years as follows:

2020	$ 241,025
2021	190,997
2022	132,888
2023	121,827
2024	111,863
	$ 798,600

10. Economic dependence:

The Organization receives the majority of its revenue from the Ministry of Children, Community and Social Services. In management's opinion, the Organization's continued operations are dependent on the continuance of this funding.

11. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

TCE
Total Communication Environment

Homes for individuals with multiple disabilities and special communication needs.

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