



Financial Statements

**Cerebral Palsy Parent Council of Toronto
Participation House, Markham**

March 31, 2014

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations and Changes in Fund Balances	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11
MCSS - Ministry of Community and Social Services Funded Projects	12
MOH - Ministry of Health - Long Term Care Division Funded Projects	13



Independent Auditor's Report

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4
T (416) 366-0100
F (905) 475-8906
www.GrantThornton.ca

To the Members of
**Cerebral Palsy Parent Council of Toronto
Participation House, Markham**

We have audited the accompanying financial statements of **Cerebral Palsy Parent Council of Toronto, Participation House, Markham**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in fund balances and statement of 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 qualified audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Agency derives revenue from donations from the public, 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 Agency and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures, assets and net assets.

In addition, as described in Note 2, the Agency expenses capital asset additions funded by the current operating budget, the building fund or capital replacement reserve fund as incurred and for capital assets financed by mortgage loans these are recorded at the cost of the related loan and the amortization recorded is equal to the principal paid on the mortgage as required by ministry funding requirements. These policies constitute a departure from Canadian accounting standards for not-for-profit organizations (ASNPO). The effect on the financial statements of these ASNPO departures is not reasonably determinable.

Qualified opinion

In our opinion, except for the effects of the matters described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of **Cerebral Palsy Parent Council of Toronto, Participation House, Markham** as at March 31, 2014, 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.



Markham, Canada
May 22, 2014

Chartered Accountants
Licensed Public Accountants

Cerebral Palsy Parent Council of Toronto Participation House, Markham Statement of Operations and Changes in Fund Balances

Year Ended March 31, 2014

	Unrestricted			Restricted Capital Funds (Note 8)	2014 Total	2013 Total
	MCSS (Page 12)	MOH (Page 13)	Total Operating Fund			
Revenues						
Government subsidies	\$ 4,684,830	\$ 2,155,770	\$ 6,840,600	\$ -	\$ 6,840,600	\$ 6,728,210
Residents' family benefits	657,619	-	657,619	-	657,619	636,228
One-time funding	290,790	8,000	298,790	-	298,790	237,015
Other	42,579	4,739	47,318	276,576	324,047	255,059
Donations and fund raising	-	-	-	129,216	129,216	129,004
Temporary admissions	3,379	-	3,379	-	3,379	3,809
	<u>5,679,197</u>	<u>2,168,509</u>	<u>7,847,688</u>	<u>405,792</u>	<u>8,253,651</u>	<u>7,989,325</u>
Expenditures						
Salaries	3,435,244	1,498,576	4,933,820	173,627	5,107,447	4,970,215
Employee benefits	752,341	364,401	1,116,742	12,136	1,128,878	1,098,905
Allocated administration costs	392,006	178,539	570,545	-	570,545	582,686
Utilities	160,149	12,020	172,169	-	172,169	196,268
Food costs	131,303	-	131,303	-	131,303	133,468
Personal needs	15,481	-	15,481	-	15,481	12,289
Special projects	-	-	-	-	-	44,386
Building and equipment repairs and maintenance	149,232	7,363	156,595	-	156,595	151,330
Purchased services	74,934	-	74,934	34,030	108,964	119,232
Supplies	75,880	17,787	93,667	-	93,667	99,204
Staff training	4,136	3,177	7,313	64	7,377	2,910
Sundry	14,956	-	14,956	90,872	105,828	74,209
Rent	-	44,198	44,198	-	44,198	45,639
Mortgage interest	44,294	-	44,294	-	44,294	46,684
Insurance	21,539	9,155	30,694	-	30,694	31,935
Vehicle operation	50,732	22,403	73,135	-	73,135	77,497
Recreation	7,928	-	7,928	500	8,428	5,770
Depreciation	61,494	-	61,494	-	61,494	59,194
Staff travel	3,301	3,748	7,049	-	7,049	7,087
One-time funding expenditures	286,166	7,768	293,934	-	293,934	235,150
Bursary	5,681,116	2,169,135	7,850,251	500	8,161,980	7,994,558
	<u>(1,919)</u>	<u>(626)</u>	<u>(2,545)</u>	<u>94,063</u>	<u>91,671</u>	<u>(5,233)</u>
Excess (deficiency) of revenues over expenditures	(588,627)	(235,389)	(824,016)	1,634,462	1,028,904	1,034,137
Fund balance (deficiency), beginning of year	<u>(2,876)</u>	<u>-</u>	<u>(2,876)</u>	<u>2,876</u>	<u>-</u>	<u>-</u>
Transfer	-	-	-	-	-	-
Fund balance (deficiency), end of year	<u>\$ (593,422)</u>	<u>\$ (236,015)</u>	<u>\$ (829,437)</u>	<u>\$ 1,728,525</u>	<u>\$ 1,120,575</u>	<u>\$ 1,028,904</u>

See accompanying notes to the financial statements.

**Cerebral Palsy Parent Council of Toronto
Participation House, Markham
Statement of Financial Position**

March 31 2014 2013

Assets

Current			
Cash	\$	982,887	\$ 917,024
Receivables		60,133	72,644
Prepaid expenses		<u>10,536</u>	<u>10,358</u>
		<u>1,053,556</u>	<u>1,000,026</u>
Restricted cash and term deposits (Note 3)		607,808	596,893
Land and buildings (Note 4)		<u>1,065,006</u>	<u>1,126,500</u>
	\$	<u>2,726,370</u>	\$ <u>2,723,419</u>

Liabilities


Current			
Payables and accruals (Note 5)	\$	417,222	\$ 446,142
Deferred revenue (Note 6)		123,567	121,873
Current portion of mortgages payable (Note 7)		<u>42,939</u>	<u>43,000</u>
		<u>583,728</u>	<u>611,015</u>
Mortgages payable (Note 7)		<u>1,022,067</u>	<u>1,083,500</u>
		<u>1,605,795</u>	<u>1,694,515</u>

Net Assets (Deficiency)

Restricted			
Capital Funds (Note 8)		221,487	218,458
Unrestricted			
Operating Fund		(829,437)	(824,016)
Building Fund		<u>1,728,525</u>	<u>1,634,462</u>
		<u>1,120,575</u>	<u>1,028,904</u>
	\$	<u>2,726,370</u>	\$ <u>2,723,419</u>

Commitments and contingencies (Notes 9 and 10)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

**Cerebral Palsy Parent Council of Toronto
Participation House, Markham
Statement of Cash Flows**

Year Ended March 31

2014

2013

Increase (decrease) in cash and cash equivalents

Operating		
Excess (deficiency) of revenues over expenditures	\$ 91,671	\$ (5,233)
Depreciation	61,494	59,194
Changes in non-cash operating working capital		
Receivables	12,511	90,605
Prepays	(178)	681
Payables and accruals	(28,920)	55,583
Deferred revenue	1,694	27,483
	<u>\$ 138,272</u>	<u>228,313</u>
Investing		
(Decrease) increase in restricted cash and term deposits	<u>(10,915)</u>	<u>236,748</u>
Financing		
Repayment of mortgages payable	<u>(61,494)</u>	<u>(59,194)</u>
Net increase in cash and cash equivalents	65,863	405,867
Cash and cash equivalents, beginning of year	<u>917,024</u>	<u>511,157</u>
Cash and cash equivalents, end of year	<u>\$ 982,887</u>	<u>\$ 917,024</u>

See accompanying notes to the financial statements.

Cerebral Palsy Parent Council of Toronto

Participation House, Markham

Notes to the Financial Statements

March 31, 2014

1. Nature of operations

Participation House, Markham (Participation House or the "Agency") is a project of the Cerebral Palsy Parent Council of Toronto, providing home, recreation and involvement for multiple disabled adults. Cerebral Palsy Parent Council of Toronto is a registered charitable organization and is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

The Agency has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Fund accounting

Revenues and expenses related to the provision of home, recreation and involvement for clients funded by the ministries are reported in the Operating Fund.

Revenues and expenses related to activities not funded by the governments are reported in the Building Fund.

Revenues and expenses related to certain capital activities are reported in the Restricted Capital Funds. Refer to Note 8 for details.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions and term deposits with maturities of three months or less.

Financial Instruments

Initial measurement

The Agency's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transactions costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Agency measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and term deposits, accounts receivable, accounts payable and mortgages payable.

For financial assets measured at cost or amortized cost, the Agency regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Agency determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Cerebral Palsy Parent Council of Toronto
Participation House, Markham
Notes to the Financial Statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets financed by mortgage loans are recorded at cost and include only the costs outlined in the capital cost budget. The total amount recorded as capital assets equals the amount of the related loan. All replacements and additions funded by current operating budgets, the building fund or the capital replacement reserve fund are expensed as incurred.

Amortization of the cost of assets capitalized matches the mortgage loan principal paid during the year.

Revenue recognition

The Agency follows the deferral method of accounting for its contributions.

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

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations under the building fund. Other externally restricted net investment income is recognized in the statement of operations of the appropriate fund.

Contributed materials and services

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Agency's operations and would otherwise have been purchased.

Many volunteers are involved in assisting the Agency in carrying out its service delivery activities. Because of the difficulty of determining their hours involved and their fair value, contributed services are not recognized in the financial statements.

Allocation of expenses

Participation House has several locations which provide care for disabled adults. The costs of each location include the costs of personnel, premises and other expenses that are directly related to the location. Participation House also incurs a number of general support expenses that are common to the administration of the organization and each of its locations.

All centralized organizational support expenses are allocated among the various locations through an appropriate basis of allocation that is applied consistently each year. The allocated expenses include audit fees paid for external audit services; legal fees on general matters; administrative staff salaries and benefits, and miscellaneous office supplies. These expenses are allocated based on the proportionate percentage of the operating subsidies received per location in the prior year.

Cerebral Palsy Parent Council of Toronto
Participation House, Markham
Notes to the Financial Statements

March 31, 2014

3. Restricted cash and term deposits

	<u>2014</u>	<u>2013</u>
Henderson capital replacement reserve	\$ 17,115	\$ 14,086
Building fund - internally restricted	<u>590,693</u>	<u>582,807</u>
	<u>\$ 607,808</u>	<u>\$ 596,893</u>

The internally restricted fund is invested in term deposit bearing interest at 1.35%, maturing in June 2014.

4. Land and buildings

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net</u>	<u>2013 Net</u>
Henderson Group Home	\$ 420,000	\$ 163,228	\$ 256,772	\$ 271,403
Farintosh Group Home	<u>1,043,430</u>	<u>235,196</u>	<u>808,234</u>	<u>855,097</u>
	<u>\$ 1,463,430</u>	<u>\$ 398,424</u>	<u>\$1,065,006</u>	<u>\$1,126,500</u>

5. Payables and accruals

Included in payables and accruals are government remittances of \$45,231 (2013 - \$43,043).

6. Deferred revenue

	<u>2014</u>	<u>2013</u>
Beginning of year – Building Fund	\$ 121,873	\$ 94,390
Less amounts recognized as revenue	(84,606)	(58,708)
Add amounts received for future expenses	<u>86,300</u>	<u>86,191</u>
End of year – Building Fund	<u>\$ 123,567</u>	<u>\$ 121,873</u>

Cerebral Palsy Parent Council of Toronto
Participation House, Markham
Notes to the Financial Statements

March 31, 2014

7. Mortgages payable

2014 2013

Mortgage payable bears interest at 3.035%, is repayable in blended monthly instalments of \$1,885 and is secured by the Henderson Group Home and a general assignment of related rents. The mortgage matures on February 1, 2016 and it will be refinanced.

\$ 256,772 \$ 271,403

Mortgage payable bears interest at 3.75%, is repayable in blended monthly instalments of \$4,790, and is secured by the Farintosh Group Home. The mortgage matures on February 25, 2015 and it will be refinanced.

808,234 855,097
1,065,006 1,126,500
(42,939) (43,000)

Current portion due in one year

\$ 1,022,067 \$ 1,083,500

Minimum principal repayments on the existing terms over the next five years are as follows:

2015	\$ 42,900
2016	43,000
2017	46,000
2018	47,600
2019	49,300
Thereafter	<u>836,206</u>
	\$ 1,065,006

Both mortgages are being funded by the MCSS.

8. Restricted capital funds

	Capital Campaign Fund	Henderson Capital Replacement Reserve Fund	2014 Total	2013 Total
Balance, beginning of year	\$ 204,372	\$ 14,086	\$ 218,458	\$ 215,456
Interest income	-	153	153	126
Excess of revenues over expenditures	204,372	14,239	218,611	215,582
Transfer from operating fund	-	2,876	2,876	2,876
Balance, end of year	<u>\$ 204,372</u>	<u>\$ 17,115</u>	\$ 221,487	<u>\$ 218,458</u>

Cerebral Palsy Parent Council of Toronto

Participation House, Markham

Notes to the Financial Statements

March 31, 2014

8. Restricted capital funds (continued)

The Henderson Capital Replacement Reserve Fund reports only restricted resources that are to be used for capital expenditures of the Henderson Group Home based on guidelines provided by the MCSS. The funds must be placed in a segregated account.

The Capital Campaign Fund was established in fiscal 2007 for the purpose of accumulating donations to assist in financing the costs of the Farintosh Group Home. Construction of the Farintosh Group Home was completed in July 2008, and all subsequent donations received are restricted against future replacement or construction cost.

9. Commitments

Participation House has entered into agreements to lease certain equipment, the administration office space and the facility at Tony Wong Place for various periods until 2017. Minimum rent payable for these items in aggregate and for each of the following years is as follows:

2015	\$	81,000
2016		26,000
2017		<u>4,000</u>
	\$	<u>111,000</u>

10. Contingencies

The Agency has guaranteed employee credit cards for certain of its employees up to \$34,000 (2013 - \$32,000).

11. Employee future benefits

Participation House offers a Retirement Savings Plan to its non-union employees. As part of the collective agreement, all full time and part time union employees who had passed the probationary period are covered under the Multi Sector Pension Plan ("MSPP"). This Pension Plan is a defined benefit plan and has a two year vesting period. According to the agreement with MSPP, Participation House has no obligation to provide benefits established by MSPP beyond the obligation to make contributions pursuant to the Collective Agreement.

For both plans, the employer matched the employee contributions up to a maximum of 5.25% of the wages. The total contributions made by Participation House during the year were \$267,664 (2013 - \$266,865).

12. Residents' trust funds

Participation House holds funds in trust for residents. The funds do not belong to Participation House, and accordingly are not included on the balance sheet. The residents' trust funds amounted to \$194,777 as at March 31, 2014 (2013 - \$196,060).

**Cerebral Palsy Parent Council of Toronto
Participation House, Markham
Notes to the Financial Statements**

March 31, 2014

13. Financial instrument risks

The Agency's main financial instrument risk exposure is detailed as follows.

Liquidity risk

The Agency's liquidity risk represents the risk that the Agency could encounter difficulty in meeting obligations associated with financial liabilities. The Agency is, therefore, exposed to liquidity risk with respect to its payables and mortgages payable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Agency is exposed to interest rate risk with respect to term deposits and its mortgages payable.

14. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

**Cerebral Palsy Parent Council of Toronto
Participation House, Markham
MCSS - Ministry of Community and Social Services Funded Projects
Year Ended March 31, 2014**

	Detail Code 8847	Group Homes	Detail Code 8849	Dedicated Supportive Housing Svcs & Supports	Detail Code 9131	Community Participation - Indirect	Detail Code 9136	Self-Managed Support	Detail Code 9112	Cliffwood	Detail Code 9132	Professional & Specialized Services	Detail Code 8852	Repairs & Maintenance	Total
Revenues															
Government subsidies	\$ 4,172,025	\$ 46,783	\$ 263,023	\$ 45,625	\$ 157,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,684,830
Residents' family benefits	657,619	-	-	-	-	-	-	-	-	-	-	-	-	-	657,619
One-time funding	-	4,678	-	-	-	-	-	-	-	-	36,450	-	249,662	-	290,790
Other	31,563	11,016	-	-	-	-	-	-	-	-	-	-	-	-	42,579
Temporary admissions	3,379	-	-	-	-	-	-	-	-	-	-	-	-	-	3,379
	<u>4,864,586</u>	<u>62,477</u>	<u>263,023</u>	<u>45,625</u>	<u>157,374</u>	<u>36,450</u>	<u>249,662</u>	<u>3,379</u>	<u>5,679,197</u>						
Expenditures															
Salaries	3,084,272	8,000	182,741	39,557	120,674	-	-	-	-	-	-	-	-	-	3,435,244
Employee benefits	685,519	-	45,090	6,182	15,550	-	-	-	-	-	-	-	-	-	752,341
Allocated administration costs	357,395	-	21,061	-	13,550	-	-	-	-	-	-	-	-	-	392,006
Utilities	152,802	6,636	-	-	711	-	-	-	-	-	-	-	-	-	160,149
Food costs	131,303	-	-	-	-	-	-	-	-	-	-	-	-	-	131,303
Personal needs	15,481	-	-	-	-	-	-	-	-	-	-	-	-	-	15,481
Building and equipment repairs and maintenance	133,358	15,874	-	-	-	-	-	-	-	-	-	-	-	-	149,232
Purchased services	71,381	3,553	-	-	-	-	-	-	-	-	-	-	-	-	74,934
Supplies	66,460	-	8,992	-	428	-	-	-	-	-	-	-	-	-	75,880
Staff training	3,621	-	515	-	-	-	-	-	-	-	-	-	-	-	4,136
Sundry	14,956	-	-	-	-	-	-	-	-	-	-	-	-	-	14,956
Mortgage interest	36,310	7,984	-	-	-	-	-	-	-	-	-	-	-	-	44,294
Insurance	15,718	4,000	1,127	-	694	-	-	-	-	-	-	-	-	-	21,539
Vehicle operation	45,475	-	3,559	-	1,698	-	-	-	-	-	-	-	-	-	50,732
Recreation	7,928	-	-	-	-	-	-	-	-	-	-	-	-	-	7,928
Depreciation	46,863	14,631	-	-	-	-	-	-	-	-	-	-	-	-	61,494
Staff travel	3,301	-	-	-	-	-	-	-	-	-	-	-	-	-	3,301
One-time funding expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>4,872,143</u>	<u>60,678</u>	<u>263,085</u>	<u>45,739</u>	<u>153,305</u>	<u>36,431</u>	<u>249,735</u>	<u>3,301</u>	<u>4,069</u>	<u>19</u>	<u>36,431</u>	<u>249,735</u>	<u>286,166</u>	<u>5,681,116</u>	
Excess (deficiency) of revenues over expenditures	\$ (7,557)	\$ 1,799	\$ (62)	\$ (114)	\$ 4,069	\$ 19	\$ (73)	\$ (1,919)							

Cerebral Palsy Parent Council of Toronto
Participation House, Markham
MOH - Ministry of Health - Long Term Care Division Funded Projects
Year Ended March 31, 2014

	<u>St. Lukes</u>	<u>Cedarcrest</u>	<u>Hagerman</u>	<u>Tony Wong Place</u>	<u>Total</u>
Revenues					
Government subsidies	\$ 797,131	\$ 350,203	\$ 312,158	\$ 696,278	\$ 2,155,770
Other	-	-	-	4,739	4,739
One-time funding	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
	<u>805,131</u>	<u>350,203</u>	<u>312,158</u>	<u>701,017</u>	<u>2,168,509</u>
Expenditures					
Salaries	489,463	227,005	257,962	524,146	1,498,576
Employee benefits	123,276	51,025	65,836	124,264	364,401
Allocated administration costs	67,093	31,206	29,208	51,032	178,539
Utilities	2,562	3,716	3,149	2,593	12,020
Building and equipment repairs and maintenance	2,915	1,144	1,224	2,080	7,363
Supplies	17,730	2,083	(5,855)	3,829	17,787
Staff training	1,465	421	428	863	3,177
Rent	9,961	12,513	10,263	11,461	44,198
Insurance	3,339	1,500	1,337	2,979	9,155
Vehicle operation	8,168	3,667	3,270	7,298	22,403
Staff travel	1,538	418	-	1,792	3,748
One-time funding expenditures	<u>7,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,768</u>
	<u>735,278</u>	<u>334,698</u>	<u>366,822</u>	<u>732,337</u>	<u>2,169,135</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 69,853</u>	<u>\$ 15,505</u>	<u>\$ (54,664)</u>	<u>\$ (31,320)</u>	<u>\$ (626)</u>