
Financial statements of
Cerebral Palsy Parent Council of
Toronto – Participation House,
Markham

March 31, 2021

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Cerebral Palsy Parent Council of Toronto – Participation House, Markham ("Participation House"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Participation House as at March 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Participation House 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 audit opinion.

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 Participation House'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 Participation House or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Participation House's financial reporting process.

Auditor's 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 auditor's 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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.
- 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 Participation House'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 Participation House's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Participation House 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 28, 2021

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Statement of operations

Year ended March 31, 2021

	Ministry of Children, Community and Social services (Schedule A)	Ministry of Health	Total Operating Fund	Unrestricted General Reserve fund	Externally Restricted Capital Funds	Total 2021	Total 2020
Notes	\$	\$	\$	\$	\$	\$	\$
					(Note 9)		
Revenue							
Government subsidies	5,218,444	2,323,555	7,541,999	—	—	7,541,999	7,187,456
Residents' family benefits	626,237	—	626,237	—	—	626,237	694,415
Client fees	196,635	—	196,635	65,590	—	262,225	395,916
One-time funding, net of deferred capital contributions received	3,527,948	338,136	3,866,084	—	—	3,866,084	39,536
Other	376,184	18,413	394,597	210,808	6	605,411	392,855
Amortization of deferred capital contributions	218,909	476	219,385	20,575	—	239,960	215,878
Donations and fundraising	—	—	—	197,509	—	197,509	96,561
Temporary admissions	403	—	403	—	—	403	3,626
	10,164,760	2,680,580	12,845,340	494,482	6	13,339,828	9,026,243
Expenses							
Salaries	5,588,792	1,793,773	7,382,565	93,961	—	7,476,526	5,541,001
Employee benefits	827,793	346,243	1,174,036	34,897	—	1,208,933	1,130,234
Allocated administration costs	580,236	296,002	876,238	—	—	876,238	869,318
Repairs and maintenance	117,888	58,473	176,361	—	—	176,361	148,613
Utilities	134,011	17,017	151,028	—	—	151,028	144,568
Fundraising	—	—	—	1,633	—	1,633	39,226
Food costs	164,206	—	164,206	—	—	164,206	155,462
Sundry	2,074,726	61,012	2,135,738	27,737	—	2,163,475	52,182
Purchased services	91,539	1,388	92,927	—	—	92,927	109,804
Supplies	79,364	14,784	94,148	—	—	94,148	95,728
Amortization	424,973	476	425,449	79,071	—	504,520	485,678
Rent	—	67,983	67,983	—	—	67,983	61,127
Vehicle operation	16,410	7,625	24,035	—	—	24,035	52,829
Insurance	28,222	13,742	41,964	—	—	41,964	38,066
Mortgage interest	20,778	—	20,778	—	—	20,778	23,491
Recreation	316	—	316	2,439	—	2,755	5,370
Personal needs	13,483	—	13,483	—	—	13,483	16,388
Staff training	1,635	580	2,215	—	—	2,215	5,057
Staff travel	388	1,482	1,870	—	—	1,870	4,867
	10,164,760	2,680,580	12,845,340	239,738	—	13,085,078	8,979,009
Excess of revenue over expenses	—	—	—	254,744	6	254,750	47,234

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

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Statement of changes in fund balances

Year ended March 31, 2021

	Operating Fund \$	General Reserve Fund \$	Externally Restricted Capital Funds \$	2021 \$	2020 \$
			(Note 9)		
Balances, beginning of year	—	2,103,024	231,196	2,334,220	2,286,986
Excess of revenue over expenses	—	254,744	6	254,750	47,234
Interfund transfers	—	(2,876)	2,876	—	—
Balances, end of year	—	2,354,892	234,078	2,588,970	2,334,220

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

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Statement of financial position

As at March 31, 2021

	Notes	2021 \$	2019 \$
Assets			
Current assets			
Cash		1,178,127	401,571
Term deposit	3	—	636,440
Receivables		903,817	431,780
Prepaid expenses		168,299	150,273
		2,250,243	1,620,064
Capital assets	4	3,795,781	4,201,743
		6,046,024	5,821,807
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	532,699	345,256
Deferred revenue	6	244,078	249,883
Current portion of mortgages payable	8	56,110	189,469
		832,887	784,608
Mortgages payable	8	476,607	426,691
Deferred capital contributions	7	2,147,560	2,276,288
		3,457,054	3,487,587
Commitments and contingencies	10 and 11		
Net assets			
Unrestricted			
Operating Fund		—	—
General Reserve Fund		2,354,892	2,103,024
Externally restricted – Capital Funds	9	234,078	231,196
		2,588,970	2,334,220
		6,046,024	5,821,807

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

Approved by the Board

_____, Director

_____, Director

Cerebral Palsy Parent Council of Toronto – Participation House, Markham**Statement of cash flows**

Year ended March 31, 2021

	Notes	2021 \$	2020 \$
Operating activities			
Excess of revenue over expenses		254,750	47,234
Amortization of capital assets		504,520	485,678
Amortization of deferred capital contributions	7	(239,960)	(215,878)
Changes in non-cash operating working capital			
Receivables		(472,037)	(288,701)
Prepaid expenses		(18,026)	(138,078)
Accounts payable and accrued liabilities		187,443	(132,341)
Deferred revenue		(5,805)	85,008
		210,885	(157,078)
Financing activity			
Repayment of mortgages payable		(83,443)	(80,754)
Investing activities			
Purchase of capital assets		(98,558)	(448,826)
Receipt of capital contributions	7	111,232	205,704
Term deposit interest valuation		(4,080)	(10,342)
Proceeds on maturity of term deposit	3	640,520	—
		649,114	(253,464)
Net increase (decrease) in cash		776,556	(491,296)
Cash, beginning of year		401,571	892,867
Cash, end of year		1,178,127	401,571

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

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2021

1. Nature of operations

Cerebral Palsy Parent Council of Toronto – 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 classified as a registered charity under Section 149.1 of the Income Tax Act (Canada) (the “Act”). Accordingly, it is exempt from taxation and will continue to be exempt as long as it continues to comply with certain requirements of the Act.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of Participation House are the representations of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as set out in Part III of the CPA Handbook (“ASNPO”). The significant accounting policies adopted by Participation house are as follows:

Fund accounting

Revenue and expenses related to the provision of home, recreation and involvement for clients funded by the Ontario Ministry of Children, Community and Social Services (“MCCSS”) and the Ontario Ministry of Health (“MOH”) are reported in the Operating Fund.

Revenue and expenses related to activities not funded by MCCSS or MOH are reported in the General Reserve Fund.

Revenue and expenses related to certain capital activities are reported in the Externally Restricted Capital Funds (Note 9).

Revenue recognition

Participation House follows the restricted fund method of accounting for contributions, whereby 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.

Deferred revenue amounts are restricted gifts that relate to activities recorded in general operations and, accordingly, are deferred and recognized as revenue of the Agency’s General Reserve Fund in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are recorded as deferred capital contributions. The amortization of deferred capital contributions is recorded as revenue in the Statement of operations on the same basis and over the same period as the amortization of the related capital assets.

Net investment income that is not externally restricted is recognized as it is earned in the Statement of operations in the General Reserve Fund. Other externally restricted net investment income is recognized in the Statement of operations of the appropriate Fund.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when Participation House becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for cash and term deposit.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Participation House's financial instruments and their respective measurement base are as follows:

Asset/liability	Measurement
Cash	Fair value
Receivables	Amortized cost
Term deposit	Fair value
Accounts payable and accrued liabilities	Amortized cost
Mortgages payable	Amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations.

Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution, when the amount can be reasonably estimated and the capital assets are used in the normal course of the agency's operations and would otherwise have been purchased.

Amortization is provided over the estimated useful lives of the assets on the straight-line basis, as follows:

Buildings	5–40 years
Parking lots	15 years
Furnishings	10 years
Vehicles	5 years
Equipment (including computers and software)	3 years

Participation House reviews the carrying amounts of its capital assets regularly. If the capital assets no longer have any long-term service potential to Participation House, the excess of the net carrying amount over any residual value is recognized as an expense in the Statement of operations.

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 various activities. Because of the difficulty of determining their hours involved and their fair value, contributed services are not recognized in the financial statements.

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2021

2. Summary of significant accounting policies (continued)

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 Agency and each of its locations.

All centralized organizational support expenses are allocated among the various locations. 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.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring some degree estimation and assumptions include allocation of expenses, receivables, accrued liabilities, deferred revenue, capital assets and deferred capital contributions (the useful lives of assets).

3. Term deposit

There are no term deposits held by Participation House as at March 31, 2021. As at March 31, 2020, Participation House has the term deposit in the principal amount of \$636,440 bearing interest at 1.95% per annum, this term deposit had matured on May 27, 2020.

4. Capital assets

Capital assets consist of the following:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	323,845	—	323,845	323,845
Parking lots	444,864	275,184	169,680	199,338
Buildings	5,054,757	2,275,041	2,779,716	3,074,542
Furnishings	232,438	99,997	132,441	104,857
Vehicles	447,303	267,395	179,908	237,209
Equipment	828,979	618,788	210,191	261,952
	7,332,186	3,536,405	3,795,781	4,201,743

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2021

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$44,514 as at March 31, 2021 (\$36,336 as at March 31, 2020).

6. Deferred revenue

	2021	2020
	\$	\$
Balance, beginning of year	249,883	164,875
Amounts received during the year	28,051	194,701
Amounts recognized as revenue	(33,856)	(109,693)
Balance, end of year	244,078	249,883

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets.

	2021	2020
	\$	\$
Balance, beginning of year	2,276,288	2,286,462
Add: Contributions received	111,232	205,704
Less amortization	(239,960)	(215,878)
Balance, end of year	2,147,560	2,276,288

During the year ended March 31, 2021, Participation House received contributions of \$111,231 (\$205,704 in 2020) from MCCSS for the purchase of capital assets, of which \$20,387 was unspent at year end (all were spent as at March 31, 2020).

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2021

8. Mortgages payable

	2021 \$	2020 \$
Mortgage payable, bears interest at 4.065%, is repayable in blended monthly instalments of \$4,375, and is secured by the Farintosh Group Home. This mortgage matures on February 25, 2034.	395,975	460,919
Mortgage payable, bears interest at 1.716%, is repayable in blended monthly instalments of \$1,748, and is secured by the Frances DiCarlo House (formerly Henderson House). This mortgage matured on February 1, 2021.	—	155,241
Mortgage payable, bears interest at 1.299%, is repayable in blended monthly instalments of \$1,723, and is secured by the Frances DiCarlo (formerly Henderson House). This mortgage matures on February 1, 2026.	136,742	—
	532,717	616,160
Current portion	(56,110)	(189,469)
Long-term portion	476,607	426,691

Minimum principal repayments under the existing terms to the maturity dates for each of the following fiscal year are as follows:

	\$
2022	56,110
2023	57,894
2024	59,713
2025	61,664
2026	297,336
	532,717

The aforementioned mortgages are funded by the MCCSS.

9. Externally restricted capital funds

	Capital Campaign Fund \$	Henderson Capital Replacement Reserve Fund \$	2021 Total \$	2020 Total \$
Balance, beginning of year	204,372	26,824	231,196	228,118
Interest income	—	6	6	202
Transfer from General Reserve Fund	—	2,876	2,876	2,876
Balance, end of year	204,372	29,706	234,078	231,196

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2021

9. Externally restricted capital funds (continued)

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 for future replacement or construction costs.

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 MCCSS. The funds must be placed in a segregated account.

10. Commitments

Participation House has entered into operating lease agreements to lease certain equipment and office leases. Minimum lease payments for these items in aggregate and for each of the following fiscal years are as follows:

	\$
2022	78,441
2023	75,750
2024	27,159
	<u>181,350</u>

11. Contingencies

The Agency has guaranteed employee credit cards for certain of its employees in aggregate, up to \$175,000 (\$36,000 in 2020).

12. 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.

Participation House matches the employee contributions up to a maximum of 4.25% for union employees and 5.25% for non-union employees (5.25% in 2020) of the wages. The total contributions made by Participation House during the year were \$234,088 (\$273,808 in 2020), of which \$170,344 made for union employees and \$63,744 for non-union employees (\$222,040 made for union employees and \$51,768 for non-union employees in 2020).

13. 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 Statement of financial position. The Residents' Trust Funds amounted to \$498,498 as at March 31, 2021 (\$419,243 as at March 31, 2020).

14. 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 accounts payable and accrued liabilities 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 its mortgages payable and the term deposit.

15. Uncertainties related to COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus.

Although the duration and impact of COVID-19 is unknown at this time, and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of Participation House in future periods. Participation House does not believe there is a significant impact on the valuation of the assets.

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Schedule A – MCCSS – Ministry of Children, Community and Social Services Fund Projects
Year ended March 31, 2021

	Detail code 8847	Detail code 9112	Detail code 9131	Detail code 8915	Detail code 8849	Detail code 9130	2021 Total	2020 Total
	Group Living Residents	Supported Independent Living (Cliffwood)	Community Participation Services and Support	Partnership Facility Renewal - Capital	Dedicated Supportive Housing	Caregiver Respite Services & Supports		
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Government subsidies	4,780,463	98,406	283,443	—	45,132	11,000	5,218,444	4,863,901
Residents' family benefits	626,237	—	—	—	—	—	626,237	694,415
Client fees	9,427	—	187,208	—	—	—	196,635	217,196
One-time funding, net of deferred capital contributions received	3,527,948	—	—	—	—	—	3,527,948	39,536
Other	365,162	—	—	—	11,022	—	376,184	111,364
Amortization of deferred capital contributions	218,909	—	—	—	—	—	218,909	186,418
Temporary admissions	403	—	—	—	—	—	403	3,626
	9,528,549	98,406	470,651	—	56,154	11,000	10,164,760	6,116,456
Expenditures								
Salaries	5,122,085	83,442	366,938	—	8,000	8,327	5,588,792	3,703,639
Employee benefits	762,997	2,969	59,804	—	—	2,023	827,793	764,680
Allocated administration costs	533,099	10,841	31,283	—	5,013	—	580,236	585,869
Repairs and Maintenance	109,018	—	—	—	8,870	—	117,888	145,075
Utilities	125,603	126	—	—	8,282	—	134,011	128,654
Food costs	164,206	—	—	—	—	—	164,206	155,462
Sundry	2,068,626	—	6,100	—	—	—	2,074,726	8,636
Purchased services	89,170	—	—	—	2,369	—	91,539	93,431
Supplies	73,689	144	4,881	—	—	650	79,364	79,987
Amortization	406,474	—	—	—	18,499	—	424,973	339,344
Vehicle operation	16,088	322	—	—	—	—	16,410	35,432
Insurance	23,370	558	1,627	—	2,667	—	28,222	26,153
Mortgage interest	18,322	—	—	—	2,456	—	20,778	23,491
Recreation	316	—	—	—	—	—	316	5,370
Personal needs	13,483	—	—	—	—	—	13,483	16,388
Staff training	1,635	—	—	—	—	—	1,635	3,661
Staff travel	388	—	—	—	—	—	388	2,811
	9,528,569	98,402	470,633	—	56,156	11,000	10,164,760	6,118,083
Excess (deficiency) of revenue over expenditures	(20)	4	18	—	(2)	—	—	(1,627)

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