



Financial Statements

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

March 31, 2015

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



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, 2015, 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, 2015, 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.

Grant Thornton LLP

Markham, Canada
May 27, 2015

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, 2015

	Unrestricted			Building Fund	Restricted Capital Funds (Note 9)	2015 Total	2014 Total
	MCSS (Page 12)	MOH	Total Operating Fund				
Revenues							
Government subsidies	\$ 4,852,225	\$ 2,269,502	\$ 7,121,727	\$ -	\$ -	\$ 7,121,727	\$ 6,840,600
Residents' family benefits	661,914	-	661,914	-	-	661,914	657,619
One-time funding	309,313	-	309,313	-	-	309,313	298,790
Other	123,841	5,127	128,968	243,311	186	372,465	324,047
Donations and fund raising	-	-	-	232,941	-	232,941	129,216
Temporary admissions	6,373	-	6,373	-	-	6,373	3,379
	<u>5,953,666</u>	<u>2,274,629</u>	<u>8,228,295</u>	<u>476,252</u>	<u>186</u>	<u>8,704,733</u>	<u>8,253,651</u>
Expenditures							
Salaries	3,626,250	1,607,608	5,233,858	216,672	-	5,450,530	5,107,447
Employee benefits	786,296	362,958	1,149,254	44,484	-	1,193,738	1,128,878
Allocated administration costs	397,556	192,742	590,298	-	-	590,298	570,545
Utilities	157,376	12,916	170,292	-	-	170,292	172,169
Food costs	137,278	-	137,278	-	-	137,278	131,303
Personal needs	13,034	-	13,034	-	-	13,034	15,481
Special projects	-	-	-	19,527	-	19,527	-
Building and equipment repairs and maintenance	528,149	3,391	531,540	-	-	531,540	450,529
Purchased services	135,510	-	135,510	16,632	-	152,142	108,964
Supplies	72,954	22,938	95,892	-	-	95,892	93,667
Staff training	7,667	543	8,210	64	-	8,274	7,377
Sundry (rebates)	(24,625)	-	(24,625)	133,209	-	108,584	105,828
Rent	-	44,660	44,660	-	-	44,660	44,198
Mortgage interest	37,152	-	37,152	-	-	37,152	44,294
Insurance	21,808	9,138	30,946	-	-	30,946	30,694
Vehicle operation	47,242	22,089	69,331	-	-	69,331	73,135
Recreation	8,091	-	8,091	-	-	8,091	8,428
Depreciation	68,729	-	68,729	-	-	68,729	61,494
Staff travel	4,706	2,381	7,087	-	-	7,087	7,049
Bursary	-	-	-	500	-	500	500
	<u>6,025,173</u>	<u>2,281,364</u>	<u>8,306,537</u>	<u>431,088</u>	<u>-</u>	<u>8,737,625</u>	<u>8,161,980</u>
Excess (deficiency) of revenues over expenditures	(71,507)	(6,735)	(78,242)	45,164	186	(32,892)	91,671
Subsidy repayment (Note 3)	(2,725)	(232)	(2,957)	-	-	(2,957)	-
Fund balance (deficiency), beginning of year	(593,422)	(236,015)	(829,437)	1,728,525	221,487	1,120,575	1,028,904
Transfer	(2,876)	-	(2,876)	-	2,876	-	-
Fund balance (deficiency), end of year	\$ <u>(670,530)</u>	\$ <u>(242,982)</u>	\$ <u>(913,512)</u>	\$ <u>1,773,689</u>	\$ <u>224,549</u>	\$ <u>1,084,726</u>	\$ <u>1,120,575</u>

See accompanying notes to the financial statements.

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

March 31 2015 2014

Assets

Current

Cash	\$	867,001	\$	982,887
Receivables		122,727		60,133
Prepaid expenses		<u>11,523</u>		<u>10,536</u>
		1,001,251		1,053,556

Restricted cash and term deposits (Note 4) 618,885 607,808

Land and buildings (Note 5) 996,277 1,065,006

\$ 2,616,413 \$ 2,726,370

Liabilities

Current

Payables and accruals (Note 6)	\$	392,615	\$	417,222
Deferred revenue (Note 7)		142,795		123,567
Current portion of mortgages payable (Note 8)		<u>45,359</u>		<u>42,939</u>
		580,769		583,728

Mortgages payable (Note 8) 950,918 1,022,067

1,531,687 1,605,795

Net Assets (Deficiency)

Restricted

Capital Funds (Note 9) 224,549 221,487

Unrestricted

Operating Fund (913,512) (829,437)

Building Fund 1,773,689 1,728,525

1,084,726 1,120,575

\$ 2,616,413 \$ 2,726,370

Commitments and contingencies (Notes 10 and 11)

On behalf of the Board

_____ Director _____ Director

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

Year Ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating		
Excess (deficiency) of revenues over expenditures	\$ (32,892)	\$ 91,671
Subsidy repayment	(2,957)	-
Depreciation	68,729	61,494
Changes in non-cash operating working capital		
Receivables	(62,594)	12,511
Prepays	(987)	(178)
Payables and accruals	(24,607)	(28,920)
Deferred revenue	19,228	1,694
	<u>(36,080)</u>	<u>138,272</u>
Investing		
Increase in restricted cash and term deposits	<u>(11,077)</u>	<u>(10,915)</u>
Financing		
Repayment of mortgages payable	<u>(68,729)</u>	<u>(61,494)</u>
Net (decrease) increase in cash and cash equivalents	(115,886)	65,863
Cash and cash equivalents, beginning of year	<u>982,887</u>	<u>917,024</u>
Cash and cash equivalents, end of year	\$ <u>867,001</u>	\$ <u>982,887</u>

See accompanying notes to the financial statements.

Cerebral Palsy Parent Council of Toronto

Participation House, Markham

Notes to the Financial Statements

March 31, 2015

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 9 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, 2015

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, 2015

3. Subsidy repayment

During the year, the Agency had to repay excess subsidies received for certain services in the prior year at the request of the Ministries.

4. Restricted cash and term deposits

	<u>2015</u>	<u>2014</u>
Henderson capital replacement reserve	\$ 20,177	\$ 17,115
Building fund - internally restricted	<u>598,708</u>	<u>590,693</u>
	<u>\$ 618,885</u>	<u>\$ 607,808</u>

The internally restricted fund is invested in term deposit bearing interest at 1.10%, maturing in June 2015.

5. Land and buildings

		<u>2015</u>	<u>2014</u>
	Accumulated Cost Amortization	<u>Net Book Value</u>	<u>Net Book Value</u>
Henderson Group Home	\$ 420,000	\$ 178,306	\$ 256,772
Farintosh Group Home	<u>1,043,430</u>	<u>288,847</u>	<u>808,234</u>
	<u>\$ 1,463,430</u>	<u>\$ 467,153</u>	<u>\$1,065,006</u>

6. Payables and accruals

Included in payables and accruals are government remittances of \$59,415 (2014 - \$45,231).

7. Deferred revenue

	<u>2015</u>	<u>2014</u>
Beginning of year – Building Fund	\$ 123,567	\$ 121,873
Less amounts recognized as revenue	(62,573)	(84,606)
Add amounts received for future expenses	<u>81,801</u>	<u>86,300</u>
End of year – Building Fund	<u>\$ 142,795</u>	<u>\$ 123,567</u>

Cerebral Palsy Parent Council of Toronto

Participation House, Markham

Notes to the Financial Statements

March 31, 2015

8. Mortgages payable

	<u>2015</u>	<u>2014</u>
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.	\$ 241,694	\$ 256,772
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 March 25, 2017 and it will be refinanced.	<u>754,583</u>	<u>808,234</u>
	<u>996,277</u>	<u>1,065,006</u>
Current portion due in one year	<u>(45,359)</u>	<u>(42,939)</u>
	<u>\$ 950,918</u>	<u>\$ 1,022,067</u>

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

2016	\$ 45,400
2017	47,000
2018	48,700
2019	50,400
2020	52,100
Thereafter	<u>752,677</u>
	<u>\$ 996,277</u>

Both mortgages are being funded by the MCSS.

9. Restricted capital funds

	Capital Campaign Fund	Henderson Capital Replacement Reserve Fund	<u>2015</u> <u>Total</u>	2014 <u>Total</u>
Balance, beginning of year	\$ 204,372	\$ 17,115	\$ 221,487	\$ 218,458
Interest income	-	186	<u>186</u>	<u>153</u>
Excess of revenues over expenditures	204,372	17,301	221,673	218,611
Transfer from operating fund	-	2,876	<u>2,876</u>	<u>2,876</u>
Balance, end of year	<u>\$ 204,372</u>	<u>\$ 20,177</u>	<u>\$ 224,549</u>	<u>\$ 221,487</u>

Cerebral Palsy Parent Council of Toronto

Participation House, Markham

Notes to the Financial Statements

March 31, 2015

9. 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.

10. 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 2019. Minimum rent payable for these items in aggregate and for each of the following years is as follows:

2016	\$	31,000
2017		9,900
2018		5,500
2019		<u>4,100</u>
	\$	<u>50,500</u>

11. Contingencies

The Agency has guaranteed employee credit cards for certain of its employees up to \$34,000 (2014 - \$34,000).

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.

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 \$289,405 (2014 - \$267,664).

Cerebral Palsy Parent Council of Toronto

Participation House, Markham

Notes to the Financial Statements

March 31, 2015

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 balance sheet. The residents' trust funds amounted to \$211,148 as at March 31, 2015 (2014 - \$194,777).

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 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.

15. 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, 2015

	Detail Code 8847	Detail Code 8849	Detail Code 9131	Detail Code 9112	Detail Code 8917	Detail Code 8915	
	Group Homes	Dedicated Supportive Housing	Community Participation Services & Supports	Cliffwood	PFR Fire Code Retrofit	Partnership Facility Renewal	Total
Revenues							
Government subsidies	\$ 4,371,387	\$ 46,783	\$ 276,681	\$ 157,374	\$ -	\$ -	\$ 4,852,225
Residents' family benefits	661,914	-	-	-	-	-	661,914
One-time funding	26,900	25,571	4,582	-	55,100	197,160	309,313
Other	29,329	11,016	83,496	-	-	-	123,841
Temporary admissions	6,373	-	-	-	-	-	6,373
	<u>5,095,903</u>	<u>83,370</u>	<u>364,759</u>	<u>157,374</u>	<u>55,100</u>	<u>197,160</u>	<u>5,953,666</u>
Expenditures							
Salaries	3,221,595	8,000	264,572	132,083	-	-	3,626,250
Employee benefits	706,415	-	63,134	16,747	-	-	786,296
Allocated administration costs	360,186	-	22,326	15,044	-	-	397,556
Utilities	149,117	7,849	-	410	-	-	157,376
Food costs	137,278	-	-	-	-	-	137,278
Personal needs	13,034	-	-	-	-	-	13,034
Building and equipment repairs and maintenance	235,502	36,495	3,644	-	52,701	199,807	528,149
Purchased services	116,779	3,553	12,110	3,068	-	-	135,510
Supplies	62,331	-	10,267	356	-	-	72,954
Staff training	7,497	-	170	-	-	-	7,667
Sundry (recovery)	(24,240)	-	(385)	-	-	-	(24,625)
Mortgage interest	29,615	7,537	-	-	-	-	37,152
Insurance	16,027	4,000	1,113	668	-	-	21,808
Vehicle operation	45,627	-	-	1,615	-	-	47,242
Recreation	8,091	-	-	-	-	-	8,091
Depreciation	53,651	15,078	-	-	-	-	68,729
Staff travel	4,555	-	131	20	-	-	4,706
	<u>5,143,060</u>	<u>82,512</u>	<u>377,082</u>	<u>170,011</u>	<u>52,701</u>	<u>199,807</u>	<u>6,025,173</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (47,157)</u>	<u>\$ 858</u>	<u>\$ (12,323)</u>	<u>\$ (12,637)</u>	<u>\$ 2,399</u>	<u>\$ (2,647)</u>	<u>\$ (71,507)</u>