



Grant Thornton

Financial Statements

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

March 31, 2016

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# Independent Auditor's Report

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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** (the "Agency"), which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

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 charitable organizations, the Agency derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Agency. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from donations and fund-raising activities, the excess (deficiency) of revenue over expenditures, and cash flows from operations for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015, and net assets (deficiency) as at April 1 2015 and 2014 and March 31, 2016 and 2015.

In addition, as described in Note 2, the Agency expenses capital asset additions funded by the current operating budget, the general reserve fund or capital replacement reserve fund as incurred. As well, capital assets financed by mortgage loans are recorded at the cost of the related loan and the depreciation 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, the effect of which, on the financial statements, 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, 2016, 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 25, 2016

Chartered Professional Accountants  
Licensed Public Accountants

# Cerebral Palsy Parent Council of Toronto Participation House, Markham Statement of Operations

Year ended March 31

	Unrestricted				Externally Restricted Capital Funds (Note 9)	2016 Total	2015 Total
	MCSS (Page 13)	MOH	Total Operating Fund	General Reserve Fund			
<b>Revenue</b>							
Government subsidies	\$5,006,579	\$2,300,695	\$7,307,274	\$ -	\$ -	\$7,307,274	\$7,121,727
Residents' family benefits	683,455	-	683,455	-	-	683,455	661,914
Client fees	217,995	-	217,995	199,245	-	417,240	233,523
One-time funding	245,300	27,799	273,099	-	-	273,099	309,313
Other	24,377	3,766	28,143	103,467	133	131,743	138,942
Donations and fundraising	-	-	-	123,227	-	123,227	232,941
Temporary admissions	4,624	-	4,624	-	-	4,624	6,373
	<u>6,182,330</u>	<u>2,332,260</u>	<u>8,514,590</u>	<u>425,939</u>	<u>133</u>	<u>8,940,662</u>	<u>8,704,733</u>
<b>Expenditures</b>							
Salaries	3,888,365	1,671,648	5,560,013	278,686	-	5,838,699	5,450,530
Employee benefits	796,854	357,303	1,154,157	56,342	-	1,210,499	1,193,738
Allocated administration costs	494,685	211,635	706,320	-	-	706,320	590,298
Building and equipment repairs and maintenance	359,112	20,848	379,960	-	-	379,960	531,540
Utilities	148,154	12,712	160,866	-	-	160,866	170,292
Food costs	144,988	-	144,988	-	-	144,988	137,278
Purchased services	90,225	-	90,225	33,843	-	124,068	152,142
Supplies	70,716	10,451	81,167	-	-	81,167	95,892
Depreciation	71,260	-	71,260	-	-	71,260	68,729
Sundry (rebates)	(5,850)	9,148	3,298	51,293	-	54,591	108,584
Rent	-	49,009	49,009	-	-	49,009	44,660
Vehicle operation	28,839	13,292	42,131	-	-	42,131	69,331
Insurance	25,103	10,602	35,705	-	-	35,705	30,946
Mortgage interest	34,484	-	34,484	-	-	34,484	37,152
Recreation	6,205	-	6,205	5,849	-	12,054	8,091
Personal needs	9,811	-	9,811	-	-	9,811	13,034
Staff training	7,969	1,626	9,595	129	-	9,724	8,274
Staff travel	4,587	2,922	7,509	-	-	7,509	7,087
Bursary	-	-	-	500	-	500	500
Special projects	-	-	-	-	-	-	19,527
	<u>6,175,507</u>	<u>2,371,196</u>	<u>8,546,703</u>	<u>426,642</u>	<u>-</u>	<u>8,973,345</u>	<u>8,737,625</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 6,823</b>	<b>\$ (38,936)</b>	<b>\$ (32,113)</b>	<b>\$ (703)</b>	<b>\$ 133</b>	<b>\$ (32,683)</b>	<b>\$ (32,892)</b>

See accompanying notes to the financial statements.

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

Year ended March 31

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	Operating <u>Fund</u>	General Reserve <u>Fund</u>	Externally Restricted Capital <u>Funds</u>	<b><u>2016</u></b> <b><u>Total</u></b>	2015 <u>Total</u>
Balance, beginning of year	\$ (913,512)	\$ 1,773,689	\$ 224,549	<b>\$1,084,726</b>	\$1,120,575
Excess (deficiency) of revenue over expenditures	(32,113)	(703)	133	<b>(32,683)</b>	(32,892)
Subsidy repayment (Note 3)	-	-	-	-	(2,957)
Interfund transfers	<u>913,512</u>	<u>(916,388)</u>	<u>2,876</u>	<u>-</u>	<u>-</u>
Balance, end of year	<b><u>\$ (32,113)</u></b>	<b><u>\$ 856,598</u></b>	<b><u>\$ 227,558</u></b>	<b><u>\$1,052,043</u></b>	<b><u>\$1,084,726</u></b>

See accompanying notes to the financial statements.

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

March 31

2016

2015

**Assets**

Current

Cash	\$ 915,692	\$ 867,001
Receivables	62,585	122,727
Prepaid expenses	26,222	11,523
	<u>1,004,499</u>	<u>1,001,251</u>

Term deposits (Note 4)	627,648	618,885
Land and buildings (Note 5)	<u>925,017</u>	<u>996,277</u>
	<u>\$ 2,557,164</u>	<u>\$ 2,616,413</u>

**Liabilities**

Current

Payables and accruals (Note 6)	\$ 415,187	\$ 392,615
Deferred revenue (Note 7)	164,917	142,795
Current portion of mortgages payable (Note 8)	49,461	45,359
	<u>629,565</u>	<u>580,769</u>

Mortgages payable (Note 8)	<u>875,556</u>	<u>950,918</u>
	<u>1,505,121</u>	<u>1,531,687</u>

**Net assets (deficiency)**

Unrestricted

Operating Fund	(32,113)	(913,512)
General Reserve Fund	856,598	1,773,689
Externally restricted – Capital Funds (Note 9)	227,558	224,549
	<u>1,052,043</u>	<u>1,084,726</u>

\$ 2,557,164    \$ 2,616,413

Commitments and contingencies (Notes 10 and 11)

On behalf of the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

Year ended March 31

**2016**

**2015**

Increase (decrease) in cash

<b>Operating</b>		
Excess (deficiency) of revenue over expenditures	\$ (32,683)	\$ (32,892)
Subsidy repayment	-	(2,957)
Depreciation	71,260	68,729
Changes in non-cash operating working capital		
Receivables	60,142	(62,594)
Prepaid expenses	(14,699)	(987)
Payables and accruals	22,572	(24,607)
Deferred revenue	22,122	19,228
	<u>128,714</u>	<u>(36,080)</u>
<b>Financing</b>		
Repayment of mortgages payable	<u>(71,260)</u>	<u>(68,729)</u>
<b>Investing</b>		
Increase in term deposits	<u>(8,763)</u>	<u>(11,077)</u>
Net increase (decrease) in cash	48,691	(115,886)
Cash, beginning of year	<u>867,001</u>	<u>982,887</u>
Cash, end of year	<u>\$ 915,692</u>	<u>\$ 867,001</u>

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See accompanying notes to the financial statements.



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# **Cerebral Palsy Parent Council of Toronto**

## **Participation House, Markham**

### **Notes to the Financial Statements**

March 31, 2016

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#### **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.

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#### **2. Summary of significant accounting policies**

The Agency has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

##### **Fund accounting**

Revenue and expenditures related to the provision of home, recreation and involvement for clients funded by the Ontario Ministry of Community and Social Services ("MCSS") and the Ontario Ministry of Health and Long-Term Care ("MOH") are reported in the Operating Fund.

Revenue and expenditures related to activities not funded by government ministries are reported in the General Reserve Fund (previously the "Building Fund").

Revenue and expenditures related to certain capital activities are reported in the Externally Restricted Capital Funds. Refer to Note 9 for details.

##### **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. Transaction 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, term deposits, receivables, payables, 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.

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

March 31, 2016

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**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 general reserve fund or the capital replacement reserve fund are expensed as incurred.

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

**Revenue recognition**

The Agency follows the restricted fund method of accounting for restricted contributions. Externally restricted funds are recorded as revenue of the appropriate restricted fund when received or receivable.

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 expenditures are incurred.

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 General Reserve 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.

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

March 31, 2016

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**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 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.

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**3. Subsidy repayment**

In the prior year, the Agency repaid excess subsidies received for certain services, at the request of the Ministries.

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**4. Term deposits**

Term deposits bear interest at 0.85% and mature on May 31, 2016.

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**5. Land and buildings**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Farintosh Group Home	\$ 1,043,430	\$ 344,456	\$ <b>698,974</b>	\$ 754,583
Henderson Group Home	<u>420,000</u>	<u>193,957</u>	<u><b>226,043</b></u>	<u>241,694</u>
	<u>\$ 1,463,430</u>	<u>\$ 538,413</u>	<u><b>\$ 925,017</b></u>	<u>\$ 996,277</u>

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**6. Payables and accruals**

Included in payables and accruals are government remittances of \$83,946 (2015 - \$59,415).

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

March 31, 2016

**7. Deferred revenue**

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 142,795	\$ 123,567
Less amounts recognized as revenue	(156,194)	(62,573)
Add amounts received for future expenditures	<u>178,316</u>	<u>81,801</u>
Balance, end of year	<u>\$ 164,917</u>	<u>\$ 142,795</u>

**8. Mortgages payable**

	<u>2016</u>	<u>2015</u>
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, 2017 and it will be refinanced under similar terms.	\$ 698,974	\$ 754,583
Mortgage payable, refinanced during fiscal 2016, bears interest at 1.716%, is repayable in blended monthly instalments of \$1,748, and is secured by the Henderson Group Home and a general assignment of related rents. The mortgage matures on February 1, 2021 and it will be refinanced under similar terms.	<u>226,043</u>	<u>241,694</u>
Current portion due in one year	<u>925,017</u> <u>(49,461)</u>	<u>996,277</u> <u>(45,359)</u>
	<u>\$ 875,556</u>	<u>\$ 950,918</u>

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

2017	\$ 49,461
2018	50,756
2019	52,316
2020	53,870
2021	55,593
Thereafter	<u>663,021</u>
	<u>\$ 925,017</u>

Both mortgages are funded by the MCSS.

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

March 31, 2016

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**9. Externally restricted capital funds**

	Capital Campaign Fund	Henderson Capital Replacement Reserve Fund	<b>2016 Total</b>	2015 Total
Balance, beginning of year	\$ 204,372	\$ 20,177	\$ 224,549	\$ 221,487
Interest income	-	133	133	186
Transfer from Operating Fund	-	2,876	2,876	2,876
Balance, end of year	<u>\$ 204,372</u>	<u>\$ 23,186</u>	<u>\$ 227,558</u>	<u>\$ 224,549</u>

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

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**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:

2017	\$ 9,900
2018	5,500
2019	<u>4,100</u>
	<u>\$ 19,500</u>

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**11. Contingencies**

The Agency has guaranteed employee credit cards for certain of its employees up to \$30,000 (2015 - \$34,000).

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# Cerebral Palsy Parent Council of Toronto

## Participation House, Markham

### Notes to the Financial Statements

March 31, 2016

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#### 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 \$305,219 (2015 - \$289,405).

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#### 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 \$296,189 as at March 31, 2016 (2015 - \$211,148).

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#### 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.

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#### 15. Comparative amounts

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for 2016.

**Cerebral Palsy Parent Council of Toronto  
Participation House, Markham  
MCSS - Ministry of Community and Social Services Funded Projects**  
Year Ended March 31, 2016

	Detail Code 8847	Detail Code 8849	Detail Code 9131	Detail Code 9112	Detail Code 8915	Total
	Group Homes	Dedicated Supportive Housing	Community Participation Services & Supports	Cliffwood	Partnership Facility Renewal	
<b>Revenue</b>						
Government subsidies	\$ 4,512,431	\$ 51,461	\$ 275,313	\$ 167,374	\$ -	\$ 5,006,579
Residents' family benefits	683,455	-	-	-	-	683,455
Client fees	11,702	-	206,293	-	-	217,995
One-time funding	-	-	-	-	245,300	245,300
Other	13,361	11,016	-	-	-	24,377
Temporary admissions	4,624	-	-	-	-	4,624
	<u>5,225,573</u>	<u>62,477</u>	<u>481,606</u>	<u>167,374</u>	<u>245,300</u>	<u>6,182,330</u>
<b>Expenditures</b>						
Salaries	3,351,577	8,000	370,402	158,386	-	3,888,365
Employee benefits	701,287	-	75,869	19,698	-	796,854
Allocated administration costs	454,275	-	24,762	15,648	-	494,685
Building and equipment repairs and maintenance	107,103	13,795	-	-	238,214	359,112
Utilities	139,826	8,022	-	306	-	148,154
Food costs	144,988	-	-	-	-	144,988
Purchased services	81,520	3,553	-	5,152	-	90,225
Supplies	61,290	-	9,290	136	-	70,716
Depreciation	55,609	15,651	-	-	-	71,260
Sundry (rebates)	(5,636)	-	(214)	-	-	(5,850)
Vehicle operation	27,921	-	-	-	-	27,921
Insurance	19,119	4,000	1,252	918	-	28,839
Mortgage interest	27,656	6,828	-	732	-	35,216
Recreation	6,205	-	-	-	-	6,205
Personal needs	9,811	-	-	-	-	9,811
Staff training	7,672	-	297	-	-	7,969
Staff travel	4,416	-	61	110	-	4,587
	<u>5,194,639</u>	<u>59,849</u>	<u>481,719</u>	<u>201,086</u>	<u>238,214</u>	<u>6,175,507</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 30,934</b>	<b>\$ 2,628</b>	<b>\$ (113)</b>	<b>\$ (33,712)</b>	<b>\$ 7,086</b>	<b>\$ 6,823</b>

