

Financial statements of

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

March 31, 2017

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

March 31, 2017

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Independent Auditor's Report

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, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting described in Note 2.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2, 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 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 not-for-profit organizations, the Agency derives revenues from donations and fundraising, 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from donations and fundraising, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2017 and March 31, 2016, current assets as at March 31, 2017 and March 31, 2016, and net assets as at March 31 and April 1 for both years.

Qualified Opinion

In our opinion, except for the effects of the matter 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

Other Matter

The financial statements for the year then ended March 31, 2016 were audited by another auditor who issued a qualified opinion on May 25, 2016.

Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to the Ontario Ministry of Health and Long-term Care, the Ontario Ministry of Community and Social Services and the Central Local Health Integration Network. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Agency, the Ontario Ministry of Health and Long-term Care, the Ontario Ministry of Community and Social Services and the Central Local Health Integration Network and should not be distributed to or used by parties other than the Agency, the Ontario Ministry of Health and Long-term Care, the Ontario Ministry of Community and Social Services and the Central Local Health Integration Network.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 24, 2017

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Statement of operations
year ended March 31, 2017

	Ministry of		Total	Unrestricted	Externally Restricted	Total	Total
	Community and Social services (Schedule 1)	Health and Long-term care	Operating fund	General Reserve fund	Capital Funds (Note 8)	2017	2016
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Government subsidies	4,935,280	2,269,097	7,204,377	-	-	7,204,377	7,307,274
Residents' family benefits	684,170	-	684,170	-	-	684,170	683,455
Client fees	227,403	-	227,403	210,444	128	437,975	417,240
One-time funding	492,978	27,178	520,156	-	-	520,156	273,099
Other	71,629	8,423	80,052	196,976	-	277,028	131,743
Donations and fundraising	-	-	-	223,268	-	223,268	123,227
Temporary admissions	5,297	-	5,297	-	-	5,297	4,624
	6,416,757	2,304,698	8,721,455	630,688	128	9,352,271	8,940,662
Expenses							
Salaries	3,748,948	1,611,167	5,360,115	234,978	-	5,595,093	5,838,699
Employee benefits	796,235	332,237	1,128,472	55,062	-	1,183,534	1,210,481
Allocated administration costs	456,669	210,986	667,655	-	-	667,655	706,320
Building and equipment repairs and maintenance (Note 14)	684,476	33,453	717,929	66,554	-	784,483	379,960
Utilities	169,029	13,095	182,124	-	-	182,124	160,866
Fundraising	-	-	-	163,787	-	163,787	28,252
Food costs	144,309	-	144,309	-	-	144,309	144,988
Sundry	30,916	13,581	44,497	55,924	-	100,421	26,357
Purchased services	103,661	-	103,661	22,749	-	126,410	124,068
Supplies	73,051	12,738	85,789	-	-	85,789	81,167
Amortization	74,884	-	74,884	-	-	74,884	71,260
Rent	-	47,811	47,811	-	-	47,811	49,009
Vehicle operation	27,779	12,739	40,518	-	-	40,518	42,131
Insurance	25,079	10,543	35,622	-	-	35,622	35,705
Mortgage interest	28,948	-	28,948	-	-	28,948	34,484
Recreation	7,366	-	7,366	5,994	-	13,360	12,054
Personal needs	12,311	-	12,311	-	-	12,311	9,811
Staff training	5,345	2,879	8,224	459	-	8,683	9,724
Staff travel	3,231	4,202	7,433	-	-	7,433	7,509
Bursary	-	-	-	500	-	500	500
	6,392,237	2,305,431	8,697,668	606,007	-	9,303,675	8,973,345
Excess (deficiency) of revenue over expenses	24,520	(733)	23,787	24,681	128	48,596	(32,683)

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

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Statement of changes in fund balances
year ended March 31, 2017

	Operating Fund	General Reserve Fund	Externally Restricted Capital Funds (Note 8)	2017	2016
	\$	\$	\$	\$	\$
Balance, beginning of year	(32,113)	856,598	227,558	1,052,043	1,084,726
Excess (deficiency) of revenue over expenditures	23,787	24,681	128	48,596	(32,683)
Interfund transfers	8,326	(11,202)	2,876	-	-
Balance, end of year	-	870,077	230,562	1,100,639	1,052,043

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

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Statement of financial position
as at March 31, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	944,072	915,692
Term deposits (Note 3)	609,858	627,648
Receivables	159,635	62,585
Prepaid expenses	23,308	26,222
	1,736,873	1,632,147
Land and buildings (Note 4)	850,133	925,017
	2,587,006	2,557,164
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	479,009	415,187
Deferred revenue (Note 6)	157,225	164,917
Current portion of mortgages payable (Note 7)	44,455	49,461
	680,689	629,565
Mortgages payable (Note 7)	805,678	875,556
	1,486,367	1,505,121
Commitments and contingencies (Notes 9 and 10)		
Net assets (deficiency)		
Unrestricted		
Operating Fund	-	(32,113)
General Reserve Fund	870,077	856,598
Externally restricted - Capital Funds (Note 8)	230,562	227,558
	1,100,639	1,052,043
	2,587,006	2,557,164

Approved by the Board

_____ Director

_____ Director

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

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Statement of cash flows
year ended March 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	48,596	(32,683)
Amortization	74,884	71,260
Changes in non-cash operating working capital		
Receivables	(97,050)	60,142
Prepaid expenses	2,914	(14,699)
Accounts payable and accrued liabilities	63,822	22,572
Deferred revenue	(7,692)	22,122
	85,474	128,714
Financing activity		
Repayment of mortgages payable	(74,884)	(71,260)
Investing activity		
Increase (decrease) in term deposit	17,790	(8,763)
Net increase in cash	28,380	48,691
Cash, beginning of year	915,692	867,001
Cash, end of year	944,072	915,692

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

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2017

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

The financial statements have been prepared in accordance with the accounting principles stipulated by Participation House's agreement with the Ontario Ministry of Community and Social Services ("MCSS") for the purpose of satisfying filing requirements. These agreements predominantly reflect Canadian accounting standards for not-for-profit organizations ("ASNPO"), with the exception of the accounting for capital assets.

Fund accounting

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

Revenue and expenses related to activities not funded by MCSS or MOH are reported in the General Reserve Fund (previously, the "Building Fund").

Revenue and expenses related to certain capital activities are reported in the Externally Restricted Capital Funds (Note 8).

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 investments.

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

<u>Asset/liability</u>	<u>Measurement</u>
Cash	Fair value
Receivables	Amortized cost
Term deposits	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

Capital assets financed by mortgage loans are recorded at original cost. As required by the MCSS, amortization on these properties is recorded at an amount equal to the principal repayment on the related mortgage liability during the year.

Equipment, furniture, renovations, vehicles and other capital assets are expensed in the year of acquisition.

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Revenue recognition

The Agency follows the Restricted Fund method of accounting for restricted contributions. Externally restricted contributions 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 expenses 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 in 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.

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.

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 accounts receivable, accounts payable and accrued liabilities and deferred revenue.

3. Term deposit

Term deposit bears interest at 0.85% and matures on May 1, 2017.

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2017

4. Land and buildings

Land and buildings consist of the following:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Farintosh Group Home	2,318,231	(1,676,892)	641,339	698,974
Henderson Group Home	420,000	(211,206)	208,794	226,043
	2,738,231	(1,888,098)	850,133	925,017

5. Accounts payable and accrued liabilities

Included in Accounts payable and accrued liabilities are government remittances of \$73,444 (2016 - \$83,946).

6. Deferred revenue

	2017	2016
	\$	\$
Balance, beginning of year	164,917	142,795
Amounts received during the year	167,602	178,316
Amounts recognized as revenue	(175,294)	(156,194)
Balance, end of year	157,225	164,917

7. Mortgages payable

	2017	2016
	\$	\$
Mortgage payable, refinanced during fiscal 2017, bears interest at 4.10%, is repayable in blended monthly instalments of \$4,375, and is secured by the Farintosh Group Home. The mortgage matures on January 25, 2022	641,339	698,974
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	208,794	226,043
	850,133	925,017
Less current portion	(44,455)	(49,461)
Mortgages payable	805,678	875,556

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2017

7. Mortgages payable (continued)

Minimum principal repayments under the existing terms over the next five years and thereafter are as follows:

	\$
2018	44,455
2019	45,871
2020	47,277
2021	47,307
2022	26,182
Thereafter	639,041
	<u>850,133</u>

Both mortgages are funded by the MCSS.

8. Externally restricted capital funds

			2017	2016
	Capital Campaign Fund	Henderson Capital Replacement Reserve Fund	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	204,372	23,186	227,558	224,549
Interest income	-	128	128	133
Transfer from Operating Fund	-	2,876	2,876	2,876
Balance, end of year	<u>204,372</u>	<u>26,190</u>	<u>230,562</u>	<u>227,558</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.

9. Commitments

Participation House has entered into agreements to lease certain equipment. Minimum rent payable for these items in aggregate and for each of the following years is as follows:

	\$
2018	11,530
2019	10,840
2020	6,495
2021	3,710
	<u>32,575</u>

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2017

10. Contingencies

The Agency has guaranteed employee credit cards for certain of its employees up to \$42,000 (2016 - \$30,000).

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.

Participation House matches the employee contributions up to a maximum of 5.25% of the wages. The total contributions made by Participation House during the year were \$293,209 (2016 - \$305,219)

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 Statement of financial position. The Residents' Trust Funds amounted to \$297,016 as at March 31, 2017 (2016 - \$296,189).

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 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 term deposits and its mortgages payable.

14. Building and equipment repairs and maintenance

Included in building equipment repairs and maintenance expense is \$492,039 (2016 - \$238,214) of expenses related to one-timing funding received from the MCSS and \$27,178 (2016 - \$13,732) related to one-timing funded received from the MOH.

15. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Schedule 1

MCSS - Ministry of Community and Social Services Fund Projects
year ended March 31, 2017

							2017	2016
	Detail code 8847	Detail code 8849	Detail code 9112	Detail code 9131	Detail code 8915	Detail code 8917		
	Group Living Residents	Dedicated Supportive Housing	Supported Independent Living (Cliffwood)	Community Participation Services & Support	Partnership Facility Renewal -Capital	Partnership Facility Renewal - Fire Code Retrofit	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Government subsidies	4,512,431	45,139	102,397	275,313	-	-	4,935,280	5,006,579
Residents' family benefits	684,170	-	-	-	-	-	684,170	683,455
Client fees	11,516	-	-	215,887	-	-	227,403	217,995
One-time funding	-	4,678	-	-	481,000	7,300	492,978	24,377
Other	59,795	11,016	-	521	-	-	71,332	245,300
Temporary admissions	5,297	-	297	-	-	-	5,594	4,624
	5,273,209	60,833	102,694	491,721	481,000	7,300	6,416,757	6,182,330
Expenditures								
Salaries	3,286,488	8,000	79,288	375,172	-	-	3,748,948	3,888,365
Employee benefits	707,931	-	7,505	80,799	-	-	796,235	796,854
Allocated administration costs	414,808	-	17,843	24,018	-	-	456,669	494,685
Building and equipment repairs and maintenance	178,425	14,012	-	-	484,783	7,256	684,476	359,112
Utilities	159,921	8,823	285	-	-	-	169,029	148,154
Food costs	144,309	-	-	-	-	-	144,309	144,988
Sundry (rebates)	30,916	-	-	-	-	-	30,916	(5,850)
Purchased services	99,836	3,553	272	-	-	-	103,661	90,225
Supplies	62,879	-	263	9,909	-	-	73,051	70,716
Depreciation	57,635	17,249	-	-	-	-	74,884	71,260
Vehicle operation	26,896	-	883	-	-	-	27,779	28,839
Insurance	19,068	4,000	730	1,281	-	-	25,079	25,103
Mortgage interest	25,218	3,730	-	-	-	-	28,948	34,484
Recreation	7,366	-	-	-	-	-	7,366	6,205
Personal needs	12,311	-	-	-	-	-	12,311	9,811
Staff training	4,520	-	73	752	-	-	5,345	7,969
Staff travel	3,126	-	-	105	-	-	3,231	4,587
	5,241,653	59,367	107,142	492,036	484,783	7,256	6,392,237	6,175,507
Excess(deficiency) of revenue over expenditures	31,556	1,466	(4,448)	(315)	(3,783)	44	24,520	6,823

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