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

March 31, 2019

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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, 2019, 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, 2019, 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
May 22, 2019

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Statement of operations
Year ended March 31, 2019

	Ministry of Community and Social services (Schedule 1)	Ministry of Health and Long-term care	Total Operating fund	Unrestricted General Reserve fund	Externally Restricted Capital Funds	Total 2019	Total 2018
Notes	\$	\$	\$	\$	\$	\$	\$
					(Note 10)		Restated (Note 3)
Revenue							
Government subsidies	5,084,357	2,323,555	7,407,912	—	—	7,407,912	7,096,665
Residents' family benefits	698,186	—	698,186	—	—	698,186	682,200
Client fees	228,719	—	228,719	184,929	—	413,648	440,693
One-time funding	—	28,499	28,499	—	—	28,499	23,462
Other	47,261	9,197	56,458	219,963	178	276,599	185,804
Amortization of deferred capital contributions	169,014	1,382	170,396	53,144	—	223,540	249,027
Donations and fundraising	—	—	—	178,797	—	178,797	179,321
Temporary admissions	5,334	—	5,334	—	—	5,334	5,538
	6,232,871	2,362,633	8,595,504	636,833	178	9,232,515	8,862,710
Expenses							
Salaries	3,723,083	1,623,756	5,346,839	337,837	—	5,684,676	5,510,660
Employee benefits	778,765	373,981	1,152,746	45,350	—	1,198,096	1,172,751
Allocated administration costs	569,499	240,296	809,795	—	—	809,795	657,169
Repairs and maintenance	109,160	6,339	115,499	—	—	115,499	127,271
Utilities	140,301	14,633	154,934	—	—	154,934	151,514
Fundraising	—	—	—	108,996	—	108,996	160,811
Food costs	152,701	—	152,701	—	—	152,701	141,915
Sundry	9,616	10,347	19,963	40,435	—	60,398	107,390
Purchased services	103,255	—	103,255	16,575	—	119,830	101,549
Supplies	67,939	12,677	80,616	62	—	80,678	79,910
Amortization	349,144	1,382	350,526	100,626	—	451,152	387,830
Rent	—	44,554	44,554	—	—	44,554	45,937
Vehicle operation	31,385	14,227	45,612	—	—	45,612	49,200
Insurance	25,864	10,792	36,656	—	—	36,656	35,617
Mortgage interest	26,241	—	26,241	—	—	26,241	29,031
Recreation	3,724	—	3,724	—	—	3,724	4,429
Personal needs	14,390	—	14,390	—	—	14,390	11,836
Staff training	4,372	7,306	11,678	75	—	11,753	3,968
Staff travel	2,371	3,051	5,422	—	—	5,422	6,817
One-time funding expenses	—	—	—	—	—	—	14,613
	6,111,810	2,363,341	8,475,151	649,956	—	9,125,107	8,800,218
Excess of revenue over expenses	121,061	(708)	120,353	(13,123)	178	107,408	62,492

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, 2019

	Operating Fund \$	General Reserve Fund \$	Externally Restricted Capital Funds \$	2019 \$	2018 \$
		(Note 3)	(Note 10)		Restated (Note 3)
Balances, beginning of year	—	1,946,001	233,577	2,179,578	2,117,086
Excess of revenue over expenses	120,353	(13,123)	178	107,408	62,492
Interfund transfers	(120,353)	125,990	(5,637)	—	—
Balances, end of year	—	2,058,868	228,118	2,286,986	2,179,578

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, 2018

	Notes	2019	2018
		\$	\$
			Restated (Note 3)
Assets			
Current assets			
Cash		892,867	1,125,511
Term deposit	4	626,098	616,287
Receivables		143,079	189,156
Prepaid expenses		12,195	32,684
		1,674,239	1,963,638
Capital assets	3 and 5	4,238,595	4,300,308
		5,912,834	6,263,946
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	477,597	770,121
Deferred revenue	7	164,875	169,827
Current portion of mortgages payable	9	49,895	47,148
		692,367	987,096
Mortgages payable	9	647,019	727,770
Deferred capital contributions	8	2,286,462	2,369,502
		3,625,848	4,084,368
Commitments and contingencies	11 and 12		
Net assets			
Unrestricted			
Operating Fund		—	—
General Reserve Fund	3	2,058,868	1,946,001
Externally restricted - Capital Funds	10	228,118	233,577
		2,286,986	2,179,578
		5,912,834	6,263,946

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, 2019

	2019	2018
	\$	\$
Notes		Restated (Note 3)
Operating activities		
Excess of revenue over expenses	107,408	62,492
Amortization of capital assets	451,152	387,830
Amortization of deferred capital contributions	(223,540)	(249,027)
Changes in non-cash operating working capital		
Receivables	46,077	(29,521)
Prepaid expenses	20,489	(9,376)
Accounts payable and accrued liabilities	(292,524)	291,112
Deferred revenue	(4,952)	12,602
	104,110	466,112
Financing activity		
Repayment of mortgages payable	(78,004)	(75,215)
Investing activities		
Purchase of capital assets	(389,439)	(533,644)
Receipt of capital contributions	140,500	330,615
Increase in term deposit	(9,811)	(6,429)
	(258,750)	(209,458)
Net (decrease) increase in cash	(232,644)	181,439
Cash, beginning of year	1,125,511	944,072
Cash, end of year	892,867	1,125,511

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, 2019

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 Community and Social Services ("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.

Revenue and expenses related to certain capital activities are reported in the Externally Restricted Capital Funds (Note 10).

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.

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
Leasehold improvements	Over the term of the lease
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 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.

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.

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 and capital assets and deferred capital contributions (the useful lives of assets).

3. Restatement

During the year, it was determined that prior years' amortization expense for the buildings was overstated. As a result, the prior years' amounts have been restated, and the impact of the restatement is as follows:

(i) On total net assets as at April 1, 2017:

	As at April 1, 2017, as previously reported \$	Change in balance \$	As at April 1, 2017, as restated \$
Total net assets	1,807,996	309,090	2,117,086

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2019

3. Restatement (continued)

(ii) On balances as at, and for the year ended, March 31, 2018:

	As at March 31, 2018, as previously reported \$	Change in balances \$	As at March 31, 2018, as restated \$
Assets			
Capital assets	3,974,742	325,566	4,300,308
Total assets	5,938,380	325,566	6,263,946
Net assets			
General Reserve Fund	1,620,435	325,566	1,946,001
Total net assets	1,854,012	325,566	2,179,578
Total liabilities and net assets	5,938,380	325,566	6,263,946
	For the year ended March 31, 2018, as previously reported \$	Change in balances \$	For the year ended March 31, 2018, as restated \$
Expenses			
Amortization	404,306	(16,476)	387,830
Total expenses	8,816,694	(16,476)	8,800,218
Excess of revenue over expenses	46,016	16,476	62,492

The 2018 comparative amounts included in these financial statements have been amended to include the above-noted amounts.

4. Term deposit

The term deposit bears interest at 1.75% (1.50% in 2018) and matures on June 3, 2019 (June 8, in 2018).

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2019

5. Capital assets

Capital assets consist of the following:

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
				Note 3
Land	323,845	—	323,845	323,845
Parking lots	444,864	215,869	228,995	258,653
Buildings	4,874,734	1,642,429	3,232,305	3,260,499
Furniture	191,750	74,110	117,640	125,494
Vehicle	227,349	187,083	40,266	67,690
Equipment	722,260	126,716	295,544	264,127
	6,784,802	2,246,207	4,238,595	4,300,308

6. Accounts payable and accrued liabilities

Included in Accounts payable and accrued liabilities are government remittances of \$97,867 (\$71,528 in 2018).

7. Deferred revenue

	2019 \$	2018 \$
Balance, beginning of year	169,827	157,225
Amounts received during the year	101,595	164,693
Amounts recognized as revenue	(106,547)	(152,091)
Balance, end of year	164,875	169,827

8. Deferred capital contributions

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

	2019 \$	2018 \$
Balance, beginning of year	2,369,502	2,287,914
Add: Contributions received	140,500	330,615
Less amortization	(223,540)	(249,027)
Balance, end of year	2,286,462	2,369,502

During the year ended March 31, 2019, Participation House received contributions of \$140,500 (\$272,241 in 2018) from MCSS for the purchase of capital assets, all of which was spent on eligible capital projects.

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2019

9. Mortgages payable

	2019 \$	2018 \$
Mortgage payable, 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 February 25, 2022	523,516	583,671
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). The mortgage matures on February 1, 2021	173,398	191,247
	696,914	774,918
Current portion	(49,895)	(47,148)
Long-term portion	647,019	727,770

Minimum principal repayments under the existing terms to the maturity dates are as follows:

	\$
2020	49,895
2021	188,343
2022	458,676
	696,914

Both mortgages are funded by the MCSS.

10. Externally restricted capital funds

	Capital Campaign Fund \$	Henderson Capital Accumulated Reserve Fund \$	2019 Total \$	2018 Total \$
Balance, beginning of year	204,372	29,205	233,577	230,562
Interest income	—	178	178	139
Transfer from Operating fund	—	(5,637)	(5,637)	2,876
Balance, end of year	204,372	23,746	228,118	233,577

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

Cerebral Palsy Parent Council of Toronto - Participation House, Markham

Notes to the financial statements

March 31, 2019

11. Commitments

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

	\$
2020	11,877
2021	9,091
2022	5,382
	<u>26,350</u>

12. Contingencies

The Agency has guaranteed employee credit cards for certain of its employees up to \$40,000 (\$42,000 in 2018).

13. 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 \$297,314 (\$291,720 in 2018).

14. 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 \$356,912 as at March 31, 2019 (\$331,111 in 2018).

15. 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.

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Schedule A – MCSS - Ministry of Community and Social Services Fund Projects
Year ended March 31, 2019

	2019						2018
	Detail code 8847	Detail code 9112	Detail code 9131	Detail code 8915	Detail code 8849	Detail code 9130	
	Group Living Residents	Supported Independent Living (Cliffwood)	Community Participation Services and Support	Partnership Facility Renewal - Capital	Dedicated Supportive Housing	Caregiver Respite Services & Supports	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Government subsidies	4,643,338	99,383	288,125	—	45,139	8,372	5,084,357
Residents' family benefits	698,186	—	—	—	—	—	698,186
Client fees	11,312	—	215,957	—	—	1,450	228,719
One-time funding	—	—	—	—	—	—	—
Other	36,068	45	132	—	11,016	—	47,261
Amortization of deferred capital contributions	169,014	—	—	—	—	—	169,014
Temporary admissions	5,334	—	—	—	—	—	5,334
	5,563,252	99,428	504,214	—	56,155	9,822	6,232,871
							5,965,240
							Restated (Note 3)
Expenditures							
Salaries	3,248,803	79,833	378,519	—	8,000	7,928	3,723,083
Employee benefits	692,161	5,737	79,941	—	—	926	778,765
Allocated administration costs	527,923	10,666	30,910	—	—	—	569,499
Repairs and Maintenance	97,522	—	—	—	11,638	—	109,160
Utilities	131,719	268	—	—	8,314	—	140,301
Food costs	152,701	—	—	—	—	—	152,701
Sundry	3,516	—	6,100	—	—	—	9,616
Purchased services	99,702	—	—	—	3,553	—	103,255
Supplies	58,655	140	8,175	—	—	969	67,939
Depreciation	331,295	—	—	—	17,849	—	349,144
Vehicle operation	30,792	593	—	—	—	—	31,385
Insurance	20,104	450	1,310	—	4,000	—	25,864
Mortgage interest	23,110	—	—	—	3,131	—	26,241
Recreation	3,724	—	—	—	—	—	3,724
Personal needs	14,390	—	—	—	—	—	14,390
Staff training	4,224	—	148	—	—	—	4,372
Staff travel	2,185	—	186	—	—	—	2,371
One Time Funding Expenses	—	—	—	—	—	—	—
	5,442,526	97,687	505,289	—	56,485	9,823	6,111,810
							5,802,572
Excess (deficiency) of revenue over expenditures	120,726	1,741	(1,075)	—	(330)	(1)	121,061
							162,668

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