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

March 31, 2022

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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, 2022, 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, 2022, 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 25, 2022

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Statement of operations

Year ended March 31, 2022

	Ministry of Children, Community and Social services (Schedule A)	Ministry of Health	Total Operating Fund	Unrestricted General Reserve fund	Externally Restricted Capital Funds	Total 2022	Total 2021
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Government subsidies	4,973,297	2,371,633	7,344,930	—	—	7,344,930	7,541,999
Residents' family benefits	625,776	—	625,776	—	—	625,776	626,237
Client fees	197,141	—	197,141	121,321	—	318,462	262,225
One-time funding, excluding deferred capital contributions received	2,461,465	259,473	2,720,938	—	—	2,720,938	3,866,084
Other	7,160	19,029	26,189	212,699	—	238,888	605,411
Amortization of deferred capital contributions	234,363	476	234,839	12,831	—	247,670	239,960
Donations and fundraising	203	—	203	151,352	—	151,555	197,509
Gain on sale of capital asset	—	—	—	8,000	—	8,000	—
Temporary admissions	—	—	—	—	—	—	403
	8,499,405	2,650,611	11,150,016	506,203	—	11,656,219	13,339,828
Expenses							
Salaries	5,088,151	1,881,113	6,969,264	83,096	—	7,052,360	7,476,526
Employee benefits	836,482	305,721	1,142,203	12,661	—	1,154,864	1,208,933
Allocated administration costs	634,182	299,227	933,409	—	—	933,409	876,238
Repairs and maintenance	210,256	39,436	249,692	—	—	249,692	176,361
Utilities	157,571	14,441	172,012	—	—	172,012	151,028
Fundraising	—	—	—	7,600	—	7,600	1,633
Food costs	189,768	446	190,214	949	—	191,163	164,206
Sundry	11,965	8,092	20,057	20,323	—	40,380	27,737
Purchased services	122,744	—	122,744	—	—	122,744	92,927
Supplies	109,401	14,200	123,601	4,283	—	127,884	94,148
Amortization	319,791	476	320,267	140,218	—	460,485	504,520
Rent	—	62,155	62,155	—	—	62,155	67,983
Vehicle operation	23,158	—	23,158	20	—	23,178	24,035
Insurance	50,870	13,953	64,823	—	—	64,823	41,964
Mortgage interest	17,197	—	17,197	—	—	17,197	20,778
Recreation	750	—	750	5,160	—	5,910	2,755
Personal needs	6,151	—	6,151	—	—	6,151	13,483
Staff training	1,400	53	1,453	—	—	1,453	2,215
Staff travel	2,895	827	3,722	—	—	3,722	1,870
One-time funding expenses	716,673	10,471	727,144	—	—	727,144	2,135,738
	8,499,405	2,650,611	11,150,016	274,310	—	11,424,326	13,085,078
Excess of revenue over expenses	—	—	—	231,893	—	231,893	254,750

Notes

(Note 15)

(Note 9)

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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, 2022

	Operating Fund	General Reserve Fund	Externally Restricted Capital Funds	2022	2021
	\$	\$	\$	\$	\$
			(Note 9)		
Balances, beginning of year	—	2,354,892	234,078	2,588,970	2,334,220
Excess of revenue over expenses		231,893	—	231,893	254,750
Interfund transfers		(3,215)	3,215	—	—
Balances, end of year	—	2,583,570	237,293	2,820,863	2,588,970

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, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		1,089,254	1,178,127
Term deposit	3	642,542	—
Receivables		629,759	903,817
Prepaid expenses		13,728	168,299
		2,375,283	2,250,243
Capital assets			
	4	3,458,392	3,795,781
		5,833,675	6,046,024
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	532,959	532,699
Deferred revenue	6	61,258	244,078
Current portion of mortgages payable	8	39,916	56,110
		634,133	832,887
Mortgages payable			
	8	407,373	476,607
Deferred capital contributions	7	1,971,306	2,147,560
		3,012,812	3,457,054
Commitments and contingencies			
	10 and 11		
Net assets			
Unrestricted			
General Reserve Fund		2,583,570	2,354,892
Externally restricted – Capital Funds	9	237,293	234,078
		2,820,863	2,588,970
		5,833,675	6,046,024

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, 2022

	Notes	2022 \$	2021 \$
Operating activities			
Excess of revenue over expenses		231,893	254,750
Amortization of capital assets		460,485	504,520
Amortization of deferred capital contributions	7	(247,670)	(239,960)
Gain on sale of capital assets	4	(8,000)	—
Changes in non-cash operating working capital			
Receivables		274,058	(472,037)
Prepaid expenses		154,571	(18,026)
Accounts payable and accrued liabilities		260	187,443
Deferred revenue		(182,820)	(5,805)
		682,777	210,885
Financing activity			
Repayment of mortgages payable		(85,428)	(83,443)
Investing activities			
Purchase of capital assets		(123,096)	(98,558)
Proceeds on sale of capital assets	4	8,000	—
Receipt of capital contributions	7	71,416	111,232
Term deposit interest valuation		—	(4,080)
Proceeds on maturity (purchase) of term deposit	3	(642,542)	640,520
		(686,222)	649,114
Net (decrease) increase in cash		(88,873)	776,556
Cash, beginning of year		1,178,127	401,571
Cash, end of year		1,089,254	1,178,127

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, 2022

1. Nature of operations

Cerebral Palsy Parent Council of Toronto – Participation House, Markham ("Participation House" or the "Agency") is a project of the Cerebral Palsy Parent Council of Toronto, providing home, recreation and involvement for multiple disabled adults. Cerebral Palsy Parent Council of Toronto is classified as a registered charity under Section 149.1 of the Income Tax Act (Canada) (the "Act"). Accordingly, it is exempt from taxation and will continue to be exempt as long as it continues to comply with certain requirements of the Act.

2. Summary of significant accounting policies

Basis of presentation

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

Fund accounting

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

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

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

Revenue recognition

Participation House follows the restricted fund method of accounting for contributions, whereby contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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

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

Financial instruments

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

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Notes to the financial statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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

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

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

Capital assets

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

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

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

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

Contributed materials and services

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Agency's operations and would otherwise have been purchased.

Many volunteers are involved in assisting the Agency in carrying out its various activities. Because of the difficulty of determining their hours involved and their fair value, contributed services are not recognized in the financial statements.

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Allocation of expenses

Participation House has several locations which provide care for disabled adults. The costs of each location include the costs of personnel, premises and other expenses that are directly related to the location. Participation House also incurs a number of general support expenses that are common to the administration of the Agency and each of its locations.

All centralized organizational support expenses are allocated among the various locations. The allocated expenses include audit fees paid for external audit services; legal fees on general matters; administrative staff salaries and benefits, and miscellaneous office supplies. These expenses are allocated based on the proportionate percentage of the operating subsidies received per location in the prior year.

Use of estimates

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

3. Term deposit

As at March 31, 2022, Participation House held an interest bearing term deposit in the principal amount of \$642,542 bearing interest at 0.45% per annum and matures on April 26, 2022. The fair value as at March 31, 2022 is \$642,590. There are no term deposits held by Participation House as at March 31, 2021.

4. Capital assets

Capital assets consist of the following:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Land	323,845	—	323,845	323,845
Parking lots	444,864	304,842	140,022	169,680
Buildings	5,083,029	2,578,361	2,504,668	2,779,716
Furnishings	232,448	113,099	119,349	132,441
Vehicles	357,070	228,917	128,153	179,908
Equipment	923,785	681,430	242,355	210,191
	7,365,041	3,906,649	3,458,392	3,795,781

During the year, Participation House disposed of fully amortized vehicles with an original cost of \$90,241 for proceeds of \$8,000.

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Notes to the financial statements

March 31, 2022

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$43,976 as at March 31, 2022 (\$44,514 as at March 31, 2021).

6. Deferred revenue

	2022	2021
	\$	\$
Balance, beginning of year	244,078	249,883
Amounts received during the year	50,000	28,051
Amounts recognized as revenue	(232,820)	(33,856)
Balance, end of year	61,258	244,078

7. Deferred capital contributions

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

	2022	2021
	\$	\$
Balance, beginning of year	2,147,560	2,276,288
Add: contributions received	71,416	111,232
Less: amortization	(247,670)	(239,960)
Balance, end of year	1,971,306	2,147,560

During the year ended March 31, 2022, Participation House received contributions of \$71,416 (\$111,231 in 2021) from MCCSS for the purchase of capital assets, all of which was spent as at March 31, 2022 (\$20,387 was unspent as at March 31, 2021).

8. Mortgages payable

	2022	2021
	\$	\$
Mortgage payable, bears interest at 5% (4.065% in 2021), is repayable in blended monthly instalments of \$3,055 (\$4,375 in 2021), and secured by the Farintosh Group Home. This mortgage matures on February 25, 2034 and the 5% fixed rate expires on February 25, 2027.	329,568	395,975
Mortgage payable, bear interest at 1.299%, is repayable in blended monthly instalments of \$1,723, and is secured by the Frances DiCarlo (formerly Henderson House). This mortgage matures on February 1, 2026.	117,721	136,742
	447,289	532,717
Current portion	(39,916)	(56,110)
Long-term portion	407,373	476,607

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Notes to the financial statements
 March 31, 2022

8. Mortgages payable (continued)

During the year, Participation House renewed the Farintosh Group Home mortgage and on February 18, 2022 made a prepayment of \$30,760.

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

	\$
2023	39,916
2024	41,184
2025	42,587
2026	83,138
2027	240,464
	<u>447,289</u>

The aforementioned mortgages are funded by the MCCSS.

8. Externally restricted capital funds

	Capital Campaign Fund \$	Henderson Capital Replacement Reserve Fund \$	2022 Total \$	2021 Total \$
Balance, beginning of year	204,372	29,706	234,078	231,196
Interest income	—	—	—	6
Transfer from General Reserve Fund	—	3,215	3,215	2,876
Balance, end of year	204,372	32,921	237,293	234,078

The Capital Campaign Fund was established in fiscal 2007 for the purpose of accumulating donations to assist in financing the costs of the Farintosh Group Home. Construction of the Farintosh Group Home was completed in July 2008, and all subsequent donations received are restricted for future replacement or construction costs.

The Henderson Capital Replacement Reserve Fund reports only restricted resources that are to be used for capital expenditures of the Henderson Group Home based on guidelines provided by the MCCSS. The funds must be placed in a segregated account.

9. Commitments

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

	\$
2023	75,750
2024	73,059
2025	21,899
	<u>170,708</u>

Cerebral Palsy Parent Council of Toronto – Participation House, Markham

Notes to the financial statements

March 31, 2022

10. Contingencies

The Agency has guaranteed employee credit cards for certain of its employees in aggregate, up to \$60,000 (\$175,000 in 2021).

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 4.25% for union employees and 5.25% for non-union employees of the wages. The total contributions made by Participation House during the year were \$219,513 (\$234,088 in 2021), of which \$155,435 made for union employees and \$64,078 for non-union employees (\$170,344 made for union employees and \$63,744 for non-union employees in 2021).

12. Residents' trust funds

Participation Households 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 \$617,116 as at March 31, 2022 (\$498,498 as at March 31, 2021).

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 its mortgages payable and the term deposit.

15. Corresponding figures

Certain prior year corresponding figures have been reclassified to conform to the current year's financial statement presentation. The reclassification relate primarily to the presentation of one-time funding expenses in the amount of \$2,135,738 as a separate line item on the statement of operations. These expenses were previously included in sundry expenses.

Cerebral Palsy Parent Council of Toronto – Participation House, Markham
Schedule A – MCCSS – Ministry of Children, Community and Social Services Fund Projects
Year ended March 31, 2022

	Group Living Residents	Community Participation Services and Support	Dedicated Supportive Housing	2022 Total	2021 Total
	\$	\$	\$	\$	\$
Revenue					
Government subsidies	4,633,556	294,564	45,177	4,973,297	5,218,444
Residents' family benefits	614,760	—	11,016	625,776	626,237
Client fees	—	197,141	—	197,141	196,635
One-time funding, net of deferred capital contributions received	2,461,465	—	—	2,461,465	3,527,948
Other	6,400	760	—	7,160	376,184
Amortization of deferred capital contributions	234,363	—	—	234,363	218,909
Donations and fundraising	203	—	—	203	—
Temporary admissions	—	—	—	—	403
	7,950,747	492,465	56,193	8,499,405	10,164,760
Expenditures					
Salaries	4,750,601	329,550	8,000	5,088,151	5,588,792
Employee benefits	733,236	103,246	—	836,482	827,793
Allocated administration costs	587,791	40,578	5,813	634,182	580,236
Repairs and Maintenance	199,015	583	10,658	210,256	117,888
Utilities	149,289	—	8,282	157,571	134,011
Food costs	188,593	1,176	—	189,769	164,206
Sundry	11,965	—	—	11,965	—
Purchased services	109,769	12,976	—	122,745	91,539
Supplies	106,270	3,037	93	109,400	79,364
Amortization	300,770	—	19,021	319,791	424,973
Vehicle operation	22,493	664	—	23,157	16,410
Insurance	48,203	—	2,667	50,870	28,222
Mortgage interest	15,538	—	1,659	17,197	20,778
Recreation	750	—	—	750	316
Personal needs	6,151	—	—	6,151	13,483
Staff training	820	580	—	1,400	1,635
Staff travel	2,820	75	—	2,895	388
One time funding expenses	716,673	—	—	716,673	2,074,726
	7,950,747	492,465	56,193	8,499,405	10,164,760
Excess of revenue over expenditures	—	—	—	—	—

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