



Financial Statements

Surrey Place Centre

March 31, 2014

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Independent Auditor's Report

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To the Members of
Surrey Place Centre

We have audited the accompanying financial statements of Surrey Place Centre, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets 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 audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Surrey Place Centre as at March 31, 2014, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Toronto, Canada
June 25, 2014

Chartered Accountants
Licensed Public Accountants

Surrey Place Centre

Statement of Financial Position

As at March 31

2014

2013

Assets

Current

Cash and cash equivalents	\$ 3,801,095	\$ 3,122,994
Accounts receivable	343,011	292,579
Receivable from Ontario Ministries of Community and Social Services and Children and Youth Services (MCSS/MCYS) (Note 4)	298,396	131,431
Prepaid expenses	408,513	291,172
Direct Funding for Autism paid in advance	<u>372,016</u>	<u>302,332</u>

5,223,031 4,140,508

Property and equipment (Note 5)

Equipment and fixtures	2,378,621	2,596,183
Land and building	<u>720,652</u>	<u>-</u>

\$ 8,322,304 **\$ 6,736,691**

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 3,072,834	\$ 2,732,789
Repayable to MCSS/MCYS (Note 7)	408,714	183,003
Termination payable (Note 4)	228,396	-
Deferred revenue (Note 8)	<u>804,031</u>	<u>855,143</u>

4,513,975 3,770,935

Deferred contributions for property and equipment (Note 9)

2,950,554 2,525,973

7,464,529 **6,296,908**

Net assets

Invested in property and equipment	148,719	70,210
Unrestricted operating	568,355	369,573
Reserve fund	<u>140,701</u>	<u>-</u>

857,775 439,783

\$ 8,322,304 **\$ 6,736,691**

Commitments (Note 13)

On behalf of the Board of Directors

_____ Director

_____ Director

Surrey Place Centre

Statement of Operations

Year ended March 31	2014	2013
Revenue		
Grants and contributions		
MCSS/MCYS	\$ 39,989,673	\$ 37,266,864
MCYS Corporate	89,114	37,500
Ontario Ministry of Health and Long Term Care (OMHLTC)	17,000	116,704
City of Toronto	219,987	190,833
Regional Municipality of Durham	83,169	41,448
Regional Municipality of Peel	339,510	87,325
Regional Municipality of York	15,856	7,929
Other	476,066	416,616
Amortization of deferred contribution of property and equipment (Note 9)	1,009,530	657,886
Donated services – Infrastructure Ontario (Note 10)	704,416	704,416
Interest, fees and other revenue	254,934	125,227
	<u>43,199,255</u>	<u>39,652,748</u>
Expenses		
Remuneration and benefits (Note 12)	29,951,169	28,424,512
Direct funding for Autism Program	5,221,531	5,178,914
Building occupancy (Note 10)	2,678,590	2,456,590
Clinical programs	1,734,057	564,956
Equipment rental and communications	944,680	995,238
Amortization of property and equipment	723,572	675,438
Travel, education and printing	612,266	631,437
Supplies and memberships	610,639	506,309
Professional and consulting fees	304,759	199,681
	<u>42,781,263</u>	<u>39,633,075</u>
Surplus of revenue over expenses	<u>\$ 417,992</u>	<u>\$ 19,673</u>

Surrey Place Centre Statement of Changes in Net Assets

Year Ended March 31	Invested in Property and Equipment	Unrestricted Operating	Reserve Fund	2014 Total	2013 Total
Fund balances, beginning of year	\$ 70,210	\$ 369,573	\$ -	\$ 439,783	\$ 420,110
Surplus of revenue over expenses	285,958	132,034	-	417,992	19,673
Purchase of property and equipment	1,226,662	(1,226,662)	-	-	-
Funding received for deferred property and equipment	(1,434,111)	1,434,111	-	-	-
Interfund transfer	-	(140,701)	140,701	-	-
Fund balances, end of year	<u>\$ 148,719</u>	<u>\$ 568,355</u>	<u>\$ 140,701</u>	<u>\$ 857,775</u>	<u>\$ 439,783</u>

Surrey Place Centre

Statement of Cash Flows

Year ended March 31	2014	2013
Increase (decrease) in cash and cash equivalents		
Operating		
Surplus of revenue over expenses	\$ 417,992	\$ 19,673
Items not affecting cash		
Amortization of property and equipment	723,572	675,438
Recognition of deferred contributions for property and equipment (Note 9)	<u>(1,009,530)</u>	<u>(657,886)</u>
	<u>132,034</u>	<u>37,225</u>
Change in non-cash working capital items		
Accounts receivable	(50,432)	414,192
Receivable from MCSS/MCYS	(166,965)	(131,431)
Prepaid expenses	(117,341)	(145,730)
Direct Funding for Autism paid in advance	(69,684)	99,604
Accounts payable and accrued liabilities	340,045	123,828
Repayable to MCSS/MCYS	225,711	(360,870)
Termination payable	228,396	-
Deferred revenue	<u>(51,112)</u>	<u>73,324</u>
	<u>338,618</u>	<u>72,917</u>
	<u>470,652</u>	<u>110,142</u>
Investing and financing		
Purchase of property and equipment	(1,226,662)	(279,618)
Funding received for property and equipment purchases (Note 9)	<u>1,434,111</u>	<u>279,618</u>
	<u>207,449</u>	<u>-</u>
Increase in cash and cash equivalents	678,101	110,142
Cash and cash equivalents		
Beginning of year	<u>3,122,994</u>	<u>3,012,852</u>
End of year	<u>\$ 3,801,095</u>	<u>\$ 3,122,994</u>
Cash and cash equivalents consist of:		
Cash on deposit with banks	\$ 3,401,095	\$ 2,722,994
Short-term investments	<u>400,000</u>	<u>400,000</u>
	<u>\$ 3,801,095</u>	<u>\$ 3,122,994</u>

See accompanying notes to the financial statements.

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

1. Nature of operations

Surrey Place Centre (the "Centre") is a non-profit corporation incorporated under the laws of Ontario without share capital and is a registered charitable organization under the Income Tax Act (Canada).

The Centre is a specialized interdisciplinary health care centre which is nationally accredited and academically affiliated to enable individuals with developmental disabilities to maximize abilities and enhance health and well-being. Effective October 2012, the operations of Ontario for Visually Impaired Children Inc. (OFVIC), a similar government funded organization focussing on visually impaired children, were assumed under the Centre.

The main sources of revenue for the Centre are operating subsidies from the Ontario Ministries of Community and Social Services and Children and Youth Services (MCSS/MCYS) which are calculated on the basis of the approved net expenditures as formulated under the annual services plan process. This process requires management to produce periodic reports to maintain the Centre's funding position.

As is common with other not-for-profit organizations, the Centre is economically dependent on the continued financial support from the provincial government to meet its ongoing commitments.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the excess of revenue over expenses in the year they become known.

Items subject to management's estimates include allowance for doubtful accounts and accrued liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash and guaranteed investment certificates that can be liquidated within 90 days from inception without penalties.

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Direct Funding for Autism paid in advance

Direct Funding for Autism is a program which provides funds to families with young children with autism to purchase intensive behavioural intervention (IBI) services privately. Funding is provided to families in advance based on a plan for services agreement. At the end of each quarter, the payments to families are reconciled with the IBI services received by the families. Unspent funds may be recovered within the terms of the funding agreement.

Property and equipment

Purchased property and equipment are recorded at cost less accumulated amortization. Amortization of property and equipment is provided over the assets' estimated useful lives as follows:

Office and computer equipment	20% declining balance
Leasehold improvements	10 years straight-line
Building	25 years straight-line

Revenue recognition

The Centre follows the deferral method of accounting for grants and contributions.

Restricted grants and contributions are recognized as revenue in the year in which the services are performed and the related expenses are incurred. Accordingly, restricted grants and contributions related to services that will be rendered subsequent to the end of the current fiscal period are presented as deferred revenue. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Centre records contributions used to purchase property and equipment as restricted. The contribution is deferred, and revenue is recognized on the same basis as the amortization of the related asset.

Interest income is recorded over the period earned.

Contributed materials and services

Because of the difficulty in determining their fair value, the Centre does not record the value of donated materials and services except with respect to the resource donated by Infrastructure Ontario, which is disclosed in Note 10.

Reserve fund

The Reserve fund was created by the Board of Directors (the "Board") in fiscal 2014 and initially consists of accumulated excess amounts from various research and training activities. The purpose of the Reserve fund is to set aside amounts to meet unforeseen special demands in the future. Any interest earned from the fund will be retained in the fund.

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Accrued vacation pay

The Centre's staff is paid on a salary basis. Unpaid vacation pay entitlements are not accrued since the Policy of Admissible/Inadmissible Expenditures of MCSS/MCYS only permits the submission of costs when payments are made. The estimated value of unused vacation pay as at March 31, 2014 is \$1,004,000 (2013 - \$895,789).

Financial instruments

The Centre considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Centre's financial instruments consist of cash and cash equivalents, accounts receivable, receivable from MCSS/MCYS, accounts payable, repayable to MCSS/MCYS, and termination payable.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount.

The Centre subsequently measures all of its financial assets and liabilities at amortized cost.

Allocation of expenses

The Centre incurs costs which it allocates to its programs in the Schedule of Programs. These costs are applied consistently each fiscal year according to the guidelines provided by the funders.

3. Objectives, policies and processes for managing capital

The Centre's capital is comprised of net assets invested in property and equipment, the unrestricted operating fund balance and the Reserve Fund. The Centre invests in property and equipment in order to provide a safe and secure environment in which to meet their clients' needs. The Centre maintains an unrestricted operating fund balance to support its daily operations.

Having engaged in various research activities for decades, the Centre has accumulated a modest amount of unused funds from these activities. For accountability, and transparency, the Centre has transferred these unused funds to a Reserve Fund for proper management and to meet any unexpected special need of the Centre that may arise in the future.

The Board has established a Finance Committee which works with management to ensure that the Centre's requirements for property and equipment are met. Each year, management may submit a capital project list to the Board for review. The Board then authorizes management to proceed when funds are available.

A balanced budget is presented annually to the Finance Committee to review. Once the Finance Committee agrees to the principles and premises of the budget, it would recommend the budget to the Board for approval. During the year, the Finance Committee would monitor the fiscal result against the budget. Management would provide explanations to the Finance Committee for any significant variances.

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

4. Termination payable

As part of the divestment requirements of Thistletown programs, the Centre is a Successor Employer bound by the Crown Employees Collective Bargaining Act. Former Thistletown regular employees who successfully transferred to the Centre will carry over all their accumulated vacation credits and severance pay to the Centre, and hence the Centre has recorded a termination payable in the amount of \$228,396. The government will transfer the severance and credit funding of all qualified employees to the Centre. As of March 31, 2014, receivable from MCSS/MCYS includes \$228,396 in severance and credits funding receivable from the government. The Centre shall hold the severance and credit funding in a separate no risk or principal guaranteed account when received, and shall only use these funds to pay the qualified employees upon termination as required under the provisions of the applicable collective agreement.

5. Property and equipment

	Cost	Accumulated Amortization	<u>2014</u> Net Book Value	<u>2013</u> Net Book Value
Office and computer equipment	\$ 8,312,123	\$ 6,605,826	\$ 1,706,297	\$ 1,681,821
Leasehold improvements	<u>2,587,259</u>	<u>1,914,935</u>	<u>672,324</u>	<u>914,362</u>
	<u>\$ 10,899,382</u>	<u>\$ 8,520,761</u>	<u>\$ 2,378,621</u>	<u>\$ 2,596,183</u>
Building	\$ 438,179	\$ 17,527	\$ 420,652	\$ -
Land	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
	<u>\$ 738,179</u>	<u>\$ 17,527</u>	<u>\$ 720,652</u>	<u>\$ -</u>

As part of the Government of Ontario's divestment plan of Thistletown programs, the Centre was chosen as the transfer payment agency to continue managing the Treatment, Research and Education for Autism and Developmental Disorders (Tre-Add) program. The Centre was required to secure a permanent residential site from which to deliver the respite program in order to satisfy its full contractual obligation to the government. 2907 Weston Road was selected and approved by MCSS/MCYS as the permanent site for the respite program. The property is fully funded by the Infrastructure Fund from the MCSS/MCYS with no long term financial obligation to the Centre.

Assets of \$23,049 (2013 - \$Nil) have not been amortized as of March 31, 2014 as they are not available for use.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$91,229 (2013 - \$130,928).

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

7. Payable to MCSS/MCYS

The Centre had a surplus in five of its programs in fiscal 2013/2014, totalling \$408,714 (2013 - \$183,003) which is to be returned to the MCSS/MCYS.

8. Deferred revenue

Deferred revenue represents unspent restricted funding and grants received in the current fiscal year that relate to a subsequent fiscal year. Deferred revenue is made up of the following:

	<u>2014</u>	<u>2013</u>
Surrey Place Centre Charitable Foundation	\$ 174,375	\$ 159,375
Other grants	<u>629,656</u>	<u>695,768</u>
	<u>\$ 804,031</u>	<u>\$ 855,143</u>

9. Deferred contributions for property and equipment

Deferred contributions for property and equipment represent the unamortized amount of property and equipment purchased with funding received from MCSS/MCYS. Changes in the deferred contributions balance for the year are as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of fiscal year	\$ 2,525,973	\$ 2,904,241
Add: funding received for property and equipment purchases	1,434,111	279,618
Less: amounts recognized as revenue in the fiscal year	<u>(1,009,530)</u>	<u>(657,886)</u>
Balance, end of fiscal year	<u>\$ 2,950,554</u>	<u>\$ 2,525,973</u>

10. Donated services and facility arrangements

Infrastructure Ontario provides the building at 2 Surrey Place to the Centre. In fiscal 2003, Infrastructure Ontario arranged for a professional market appraisal of the building and provided the Centre with a basis for determining the fair market rental for the use of the facilities which was estimated to be \$704,416 per annum, inclusive of certain operating costs. This amount is recorded as revenue and as part of building occupancy expense in the statement of operations.

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

11. Related party transactions

Surrey Place Centre Charitable Foundation (the "Foundation") receives and applies its funding for the benefit of people with developmental disabilities similar to the objectives of the Centre as described in Note 1. The Foundation is incorporated without share capital and qualifies for tax-exempt status as a registered charity recognized as a public foundation under the Income Tax Act (Canada).

The Centre and the Foundation also share common premises and administration services. Included in the Centre's grant revenue for the year is \$9,809 (2013 - \$2,297) received from the Foundation to fund specific projects.

Included in accounts receivable at year end are amounts due from the Foundation in the amount of \$37,533 (2013 - \$14,618). Amounts due from the Foundation are non-interest bearing, unsecured and due on demand.

Included in deferred revenue at year end is \$174,375 (2013 - \$159,375) of revenue received from the Foundation for various projects. These grants will be recognized as revenue once they are spent on the designated projects.

12. Pension plan

Substantially all of the employees of the Centre are members of the Hospitals of Ontario Pension Plan (HOOPP) which is a multi-employer final average pay contributory defined benefit pension plan. Contributions to the plan made during the year by the Centre on behalf of its employees were \$1,905,281 (2013 - \$1,754,242) and are included within remuneration and benefits expenses in the statement of operations.

13. Lease commitments

The Centre's total commitments under various operating and property lease agreements, exclusive of occupancy costs, are as follows:

2015	\$ 1,063,000
2016	1,188,000
2017	968,000
2018	828,000
2019	<u>494,000</u>
	<u>\$ 4,541,000</u>

Surrey Place Centre

Notes to the Financial Statements

March 31, 2014

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre's main credit risks relate to its accounts receivable and receivable from MCSS/MCYS.

The Centre reduces its exposure to credit risk by performing credit assessments on a regular basis and creating an allowance for doubtful accounts when applicable. At March 31, 2014, the allowance for doubtful accounts is \$Nil (2013 - \$Nil). In the opinion of management, the credit risk exposure to the Centre is low and is not significant.

Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting the obligations associated with its financial liabilities. The Centre is exposed to this risk mainly in respect of its accounts payable, repayable to MCSS/MCYS and termination payable.

The Centre reduces its exposure to liquidity risk by ensuring that authorized cash payments due from the government are received on time as these expenses are not incurred unless funded.

Interest rate price risk

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates.

The Centre's exposure to interest rate price risk is limited to its fixed interest bearing investments. It is management's opinion that the Centre is not exposed to significant interest rate price risk arising from its financial instruments.

15. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the fiscal 2014 financial statements.

Surrey Place Centre Schedules of Programs

Year ended March 31, 2014

	MCSS/MCYS Toronto Region Program	MCSS/MCYS North Region Program	City of Toronto Program	The Regional Municipality of Durham Program	The Regional Municipality of Peel Program	The Regional Municipality of York Program	Grant and Other Contributing Programs	Total 2014
Revenue								
Grants and contributions								
MCSS/MCYS	\$ 39,199,050	\$ 790,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,989,673
MCYS Corporate	89,114	-	-	-	-	-	-	89,114
OMHLTC	17,000	-	-	-	-	-	-	17,000
City of Toronto	-	-	219,987	-	-	-	-	219,987
Regional Municipality of Peel	-	-	-	-	339,510	-	-	339,510
Regional Municipality of Durham	-	-	-	83,169	-	-	-	83,169
Regional Municipality of York	-	-	-	-	-	15,856	-	15,856
Amortization of deferred contribution of property and equipment	1,009,530	-	-	-	-	-	-	1,009,530
Donated services – Infrastructure Ontario	704,416	-	-	-	-	-	-	704,416
Interest, fees and other revenue	254,934	-	-	-	-	-	-	254,934
Other								
Markham Stouffville Hospital	-	-	-	-	-	-	19,859	19,859
Erinoak Kids Centre	-	-	-	-	-	-	47,344	47,344
Autism Speaks	-	-	-	-	-	-	133,061	133,061
The Salvation Army Broadview Village	-	-	-	-	-	-	81,014	81,014
Surrey Place Centre Foundation	-	-	-	-	-	-	9,809	9,809
Other	-	-	-	-	-	-	184,979	184,979
	<u>41,274,044</u>	<u>790,623</u>	<u>219,987</u>	<u>83,169</u>	<u>339,510</u>	<u>15,856</u>	<u>476,066</u>	<u>43,199,255</u>
Expenses								
Remuneration and benefits	28,363,532	609,250	215,986	71,570	299,829	16,817	374,185	29,951,169
Direct funding for Autism Program	5,221,531	-	-	-	-	-	-	5,221,531
Building occupancy	2,664,046	14,544	-	-	-	-	-	2,678,590
Clinical programs	1,677,390	2,375	1,539	810	5,552	-	46,391	1,734,057
Equipment rental and communications	939,252	2,234	231	327	539	66	2,031	944,680
Amortization of property and equipment	723,572	-	-	-	-	-	-	723,572
Travel, education and printing	513,444	49,621	1,338	2,391	7,484	235	37,753	612,266
Supplies and memberships	462,111	112,599	893	7,607	26,106	-	1,323	610,639
Professional and consulting fees	284,134	-	-	-	-	-	20,625	304,759
	<u>40,849,012</u>	<u>790,623</u>	<u>219,987</u>	<u>82,705</u>	<u>339,510</u>	<u>17,118</u>	<u>482,308</u>	<u>42,781,263</u>
Surplus (deficiency) of revenue over expenses	\$ 425,032	\$ -	\$ -	\$ 464	\$ -	\$ (1,262)	\$ (6,242)	\$ 417,992