



Financial Statements

Surrey Place Centre

March 31, 2015

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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, 2015, 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, 2015, 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 24, 2015

Chartered Accountants
Licensed Public Accountants

Surrey Place Centre Statement of Financial Position

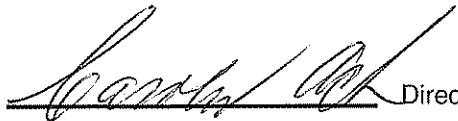
As at March 31	2015	2014
Assets		
Current		
Cash and cash equivalents	\$ 3,754,652	\$ 3,801,095
Accounts receivable	362,817	343,011
Receivable from Ontario Ministries of Community and Social Services and Children and Youth Services (MCSS/MCYS)	29,800	298,396
Prepaid expenses	395,798	408,513
Direct Funding for Autism paid in advance	<u>368,729</u>	<u>372,016</u>
	4,911,796	5,223,031
Property and equipment (Note 5)		
Equipment and fixtures	2,553,036	2,378,621
Land and building	<u>1,070,857</u>	<u>720,652</u>
	<u>\$ 8,535,689</u>	<u>\$ 8,322,304</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 3,291,466	\$ 3,072,834
Repayable to MCSS/MCYS (Note 7)	8,452	408,714
Termination payable (Note 4)	228,396	228,396
Deferred revenue (Note 8)	<u>875,605</u>	<u>804,031</u>
	4,403,919	4,513,975
Deferred contributions for property and equipment (Note 9)		
	<u>3,259,608</u>	<u>2,950,554</u>
	<u>7,663,527</u>	<u>7,464,529</u>
Net assets		
Invested in property and equipment	364,285	148,719
Internally Restricted Reserve Fund	157,284	140,701
Unrestricted operating	<u>350,593</u>	<u>568,355</u>
	<u>872,162</u>	<u>857,775</u>
	<u>\$ 8,535,689</u>	<u>\$ 8,322,304</u>

Commitments (Note 13)

On behalf of the Board of Directors



Director



Director

Surrey Place Centre Statement of Operations

Year ended March 31	2015	2014
Revenue		
Grants and contributions		
MCSS/MCYS	\$ 41,747,332	\$ 39,989,673
MCYS Corporate	76,500	89,114
Ontario Ministry of Health and Long Term Care (OMHLTC)	-	17,000
City of Toronto	264,031	219,987
Regional Municipality of Durham	83,025	83,169
Regional Municipality of Peel	306,688	339,510
Regional Municipality of York	15,857	15,856
Other	356,846	476,066
Amortization of deferred contribution of property and equipment (Note 9)	746,923	1,009,530
Donated services – Infrastructure Ontario (Note 10)	704,416	704,416
Interest, fees and other revenue	172,884	254,934
	<u>44,474,502</u>	<u>43,199,255</u>
Expenses		
Remuneration and benefits (Note 11)	31,884,985	29,953,669
Direct Funding for Autism program	4,958,178	5,221,531
Clinical programs	2,398,475	1,734,057
Building occupancy (Note 10)	2,397,318	2,678,590
Equipment rental and communications	782,831	942,180
Amortization of property and equipment	738,806	723,572
Travel, education and printing	517,031	612,266
Supplies and memberships	511,077	610,639
Professional and consulting fees	271,414	304,759
	<u>44,460,115</u>	<u>42,781,263</u>
Excess of revenue over expenses	<u>\$ 14,387</u>	<u>\$ 417,992</u>

Surrey Place Centre Statement of Changes in Net Assets

Year ended March 31	Invested in Property and Equipment	Internally Restricted Reserve Fund	Unrestricted Operating	2015 Total	2014 Total
Fund balances, beginning of year	\$ 148,719	\$ 140,701	\$ 568,355	\$ 857,775	\$ 439,783
Excess of revenue over expenses	8,117	-	6,270	14,387	417,992
Purchase of property and equipment	1,263,426	-	(1,263,426)	-	-
Funding received for deferred property and equipment	(1,055,977)	-	1,055,977	-	-
Interfund transfer	-	16,583	(16,583)	-	-
Fund balances, end of year	<u>\$ 364,285</u>	<u>\$ 157,284</u>	<u>\$ 350,593</u>	<u>\$ 872,162</u>	<u>\$ 857,775</u>

Surrey Place Centre Statement of Cash Flows

Year ended March 31	2015	2014
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses	\$ 14,387	\$ 417,992
Items not affecting cash		
Amortization of property and equipment	738,806	723,572
Recognition of deferred contributions for property and equipment (Note 9)	<u>(746,923)</u>	<u>(1,009,530)</u>
	<u>6,270</u>	<u>132,034</u>
Change in non-cash working capital items		
Accounts receivable	(19,806)	(50,432)
Receivable from MCSS/MCYS	268,596	(166,965)
Prepaid expenses	12,715	(117,341)
Direct Funding for Autism paid in advance	3,287	(69,684)
Accounts payable and accrued liabilities	218,632	340,045
Repayable to MCSS/MCYS	(400,262)	225,711
Termination payable	-	228,396
Deferred revenue	<u>71,574</u>	<u>(51,112)</u>
	<u>154,736</u>	<u>338,618</u>
	<u>161,006</u>	<u>470,652</u>
Investing and financing		
Purchase of property and equipment	(1,263,426)	(1,226,662)
Funding received for property and equipment purchases (Note 9)	<u>1,055,977</u>	<u>1,434,111</u>
	<u>(207,449)</u>	<u>207,449</u>
(Decrease) increase in cash and cash equivalents	(46,443)	678,101
Cash and cash equivalents		
Beginning of year	<u>3,801,095</u>	<u>3,122,994</u>
End of year	<u>\$ 3,754,652</u>	<u>\$ 3,801,095</u>
Cash and cash equivalents consist of:		
Cash on deposit with banks	\$ 3,354,652	\$ 3,401,095
Guaranteed investment certificates	<u>400,000</u>	<u>400,000</u>
	<u>\$ 3,754,652</u>	<u>\$ 3,801,095</u>

See accompanying notes to the financial statements.

Surrey Place Centre

Notes to the Financial Statements

March 31, 2015

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 surplus of revenue over expenses in the year they become known.

Items subject to management's estimates include allowance for doubtful accounts, accrued liabilities and the estimated useful lives used for property and equipment.

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, 2015

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.

Internally Restricted Reserve Fund

The Internally Restricted 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 Internally Restricted 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, 2015

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, 2015 is \$932,000 (2014 - \$1,004,000).

Financial instruments

The Centre considers any contract creating a financial asset, liability or equity instrument as a financial instrument. 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 Internally Restricted 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 the Internally Restricted 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 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, 2015

4. Termination payable

As part of the divestment requirements of Thistle town programs, the Centre is a Successor Employer bound by the Crown Employees Collective Bargaining Act. Former Thistle town regular employees who successfully transferred to the Centre in fiscal 2014 carried 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. In fiscal 2015, the government transferred the severance and credit funding of all qualified employees to the Centre. The Centre holds this amount in a separate account, 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>2015</u> <u>Net Book</u> <u>Value</u>	<u>2014</u> <u>Net Book</u> <u>Value</u>
Office and computer equipment	\$ 8,652,838	\$ 6,989,528	\$ 1,663,310	\$ 1,706,297
Leasehold improvements	<u>3,094,790</u>	<u>2,205,064</u>	<u>889,726</u>	<u>672,324</u>
	<u>\$ 11,747,628</u>	<u>\$ 9,194,592</u>	<u>\$ 2,553,036</u>	<u>\$ 2,378,621</u>
Building	\$ 821,234	\$ 50,377	\$ 770,857	\$ 420,652
Land	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$ 1,121,234</u>	<u>\$ 50,377</u>	<u>\$ 1,070,857</u>	<u>\$ 720,652</u>

In fiscal 2014, as part of the Government of Ontario's divestment plan of Thistle town 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.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$102,126 (2014 - \$91,229).

Surrey Place Centre

Notes to the Financial Statements

March 31, 2015

7. Payable to MCSS/MCYS

The Centre had a surplus in its fiscal 2015 programs totalling \$8,452 (2014 - \$408,714) which is to be returned to 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>2015</u>	<u>2014</u>
Surrey Place Centre Charitable Foundation (Note 12)	\$ 240,131	\$ 208,724
Other grants	<u>635,474</u>	<u>595,307</u>
	<u>\$ 875,605</u>	<u>\$ 804,031</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>2015</u>	<u>2014</u>
Balance, beginning of fiscal year	\$ 2,950,554	\$ 2,525,973
Add: funding received for property and equipment purchases	1,055,977	1,434,111
Less: amounts recognized as revenue in the fiscal year	<u>(746,923)</u>	<u>(1,009,530)</u>
Balance, end of fiscal year	<u>\$ 3,259,608</u>	<u>\$ 2,950,554</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, 2015

11. 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 \$2,043,365 (2014 - \$1,905,281) and are included within remuneration and benefits expenses in the statement of operations.

12. 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 \$16,306 (2014 - \$9,809) 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 \$112,575 (2014 - \$37,533). Amounts due from the Foundation are non-interest bearing, unsecured and due on demand.

Included in deferred revenue at year end is \$240,131 (2014 - \$208,724) of revenue received from the Foundation for various projects. These grants will be recognized as revenue once they are spent on the designated projects.

13. Lease commitments

The Centre's total commitments under various operating and property lease agreements, exclusive of occupancy costs, with terms ending December 2018 are as follows:

2016	\$ 1,014,000
2017	825,000
2018	503,000
2019	<u>303,000</u>
	<u>\$ 2,645,000</u>

Surrey Place Centre

Notes to the Financial Statements

March 31, 2015

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, 2015, the allowance for doubtful accounts is \$Nil (2014 - \$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 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. Contingencies

In the normal course of business, the Centre is subject to various claims which are provided for if and when the amounts become reasonably determinable.

16. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2015 financial statements.

Surrey Place Centre Schedules of Programs

Year ended March 31, 2015

	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 2015
Revenue								
Grants and contributions								
MCSS/MCYS	\$ 40,946,951	\$ 800,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,747,332
MCYS Corporate	76,500	-	-	-	-	-	-	76,500
City of Toronto	-	-	264,031	-	-	-	-	264,031
Regional Municipality of Durham	-	-	-	83,025	-	-	-	83,025
Regional Municipality of Peel	-	-	-	-	306,688	-	-	306,688
Regional Municipality of York	-	-	-	-	-	15,857	-	15,857
Amortization of deferred contribution	-	-	-	-	-	-	-	-
of property and equipment	746,923	-	-	-	-	-	-	746,923
Donated services -- Infrastructure Ontario	704,416	-	-	-	-	-	-	704,416
Interest, fees and other revenue	90,766	-	-	-	-	-	82,118	172,884
Other	-	-	-	-	-	-	-	-
Markham Stouffville Hospital	-	-	-	-	-	-	19,859	19,859
Erikoak Kids Centre	-	-	-	-	-	-	47,344	47,344
Autism Speaks	-	-	-	-	-	-	65,493	65,493
The Salvation Army Broadview Village	-	-	-	-	-	-	83,533	83,533
Surrey Place Centre Foundation	-	-	-	-	-	-	16,306	16,306
Other	-	-	-	-	-	-	124,311	124,311
	<u>42,565,556</u>	<u>800,381</u>	<u>264,031</u>	<u>83,025</u>	<u>306,688</u>	<u>15,857</u>	<u>438,964</u>	<u>44,474,502</u>
Expenses								
Remuneration and benefits	30,368,136	636,582	259,907	72,567	266,451	17,082	264,260	31,884,985
Direct Funding for Autism program	4,958,178	-	-	-	-	-	-	4,958,178
Clinical programs	2,292,159	154	4	4	8	-	106,146	2,398,475
Building occupancy	2,382,774	14,544	-	-	-	-	-	2,397,318
Equipment rental and communications	713,446	29,512	623	6,689	28,645	124	3,792	782,831
Amortization of property and equipment	738,806	-	-	-	-	-	-	738,806
Travel, education and printing	452,539	35,518	1,372	2,178	8,761	208	16,455	517,031
Supplies and memberships	383,909	84,071	2,124	508	2,823	-	37,642	511,077
Professional and consulting fees	271,414	-	-	-	-	-	-	271,414
	<u>42,561,361</u>	<u>800,381</u>	<u>264,030</u>	<u>81,946</u>	<u>306,688</u>	<u>17,414</u>	<u>428,295</u>	<u>44,460,115</u>
Surplus (deficiency) of revenue over expenses	\$ 4,195	\$ -	\$ 1	\$ 1,079	\$ -	\$ (1,557)	\$ 10,669	\$ 14,387