

Peel Children's Centre

Financial Statements
March 31, 2014



June 2, 2014

Independent Auditor's Report

To the Board of Directors of Peel Children's Centre

We have audited the accompanying financial statements of Peel Children's 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 the related notes, which comprise 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Peel Children's Centre as at March 31, 2014 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Peel Children's Centre
Statement of Financial Position
As at March 31, 2014

	2014 \$	2013 \$
Assets (note 9(b))		
Current assets		
Cash	1,068,199	1,260,038
Accounts receivable (note 3)	567,962	638,212
GST/HST recoverable	146,237	171,258
Prepaid expenses	127,394	184,703
	<u>1,909,792</u>	<u>2,254,211</u>
Capital assets (note 4)	<u>3,378,455</u>	<u>3,709,300</u>
	<u>5,288,247</u>	<u>5,963,511</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 3 and 12)	668,208	752,355
Deferred revenue grants (note 5)	17,129	128,461
Mortgages payable (note 6)	648,526	407,759
Loans payable (note 7)	25,168	38,159
	<u>1,359,031</u>	<u>1,326,734</u>
Mortgages payable (note 6)	353,627	630,750
Loans payable (note 7)	16,159	41,326
Deferred contributions related to capital assets (note 8)	<u>1,341,501</u>	<u>1,540,783</u>
	3,070,318	3,539,593
Net Assets		
Internally restricted	<u>2,217,929</u>	<u>2,423,918</u>
	<u>5,288,247</u>	<u>5,963,511</u>
Commitments (note 9)		

Approved by the Board of Directors



Director



Director

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

Peel Children's Centre
Statement of Operations
For the year ended March 31, 2014

	2014 \$	2013 \$
Revenue		
Province of Ontario	15,244,951	15,377,174
Service fees	3,283,388	3,554,160
Region of Peel	1,158,056	814,323
Fundraising, grants and interest income (note 10)	338,109	301,959
	<hr/> 20,024,504	<hr/> 20,047,616
Operating costs		
Salaries and benefits	15,777,706	15,226,296
Purchased services	1,269,528	1,392,570
Building occupancy	1,305,548	1,284,263
Program and operating (note 6)	1,855,468	2,047,010
HST/GST recoveries	(234,138)	(254,458)
	<hr/> 19,974,112	<hr/> 19,695,681
Excess of revenue over operating costs before amortization	50,392	351,935
Amortization of deferred contributions related to capital assets (note 8)	199,282	229,141
Amortization of capital assets	<hr/> (455,663)	<hr/> (457,038)
Excess (deficiency) of revenue over operating costs for the year	<hr/> (205,989)	<hr/> 124,038

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

Peel Children's Centre

Statement of Changes in Net Assets

For the year ended March 31, 2014

			2014	2013
	Unrestricted	Internally	Total	Total
	\$	restricted	\$	\$
	\$	\$	\$	\$
Balance - Beginning of year	-	2,423,918	2,423,918	2,299,880
Transfer from internally restricted	550,000	(550,000)	-	-
Excess (deficiency) of revenue over operating costs	(205,989)	-	(205,989)	124,038
Transfer to internally restricted	(344,011)	344,011	-	-
Balance - End of year	-	2,217,929	2,217,929	2,423,918

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

Peel Children's Centre
Statement of Cash Flows
For the year ended March 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over operating costs for the year	(205,989)	124,038
Adjustments of non-cash items		
Amortization of capital assets	455,663	457,038
Amortization of deferred contributions related to capital assets	(199,282)	(229,141)
Lease inducement	-	(2,992)
Net changes in working capital items		
Accounts receivable	70,250	(119,061)
GST/HST recoverable	25,021	6,629
Prepaid expenses	57,309	110,557
Accounts payable and accrued liabilities	(84,147)	104,086
Deferred revenue grants	(111,332)	80,281
	<hr/> 7,493	<hr/> 531,435
Investing activities		
Purchase of capital assets	<hr/> (124,818)	<hr/> (402,497)
Financing activities		
Repayments of loans payable	(38,158)	(38,159)
Repayments of mortgages payable	(36,356)	(37,281)
Receipt of deferred capital contributions related to capital assets	-	263,846
	<hr/> (74,514)	<hr/> 188,406
Change in cash during the year	(191,839)	317,344
Cash - Beginning of year	<hr/> 1,260,038	<hr/> 942,694
Cash - End of year	<hr/> <hr/> 1,068,199	<hr/> <hr/> 1,260,038

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

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

1 Nature of activities

Peel Children's Centre (the organization) was incorporated under the laws of the Province of Ontario as a non-share capital corporation on December 21, 1984. Its purpose is to maintain a children's mental health centre under the Child Family Services Act 1984.

The organization is designated as a registered charity and accordingly is not subject to income tax and is entitled to issue official income tax receipts in respect of contributions.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied within the framework of the accounting policies summarized below.

Revenue recognition

The organization follows the deferral method of accounting for contributions, which include donations and government grants.

The organization is funded by the Province of Ontario in accordance with budget arrangements by the Ministry of Children and Youth Services (the Ministry). Operating grants are recorded as revenue in the period to which they relate. For grants approved and services provided, but for which funds were not received at the end of an accounting period, a receivable is accrued and recorded as revenue. Where a grant has been received and a portion of it relates to a future period or is provided for a specific use, it is deferred and recognized in the subsequent period or when the related expenses are incurred.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Contributions restricted for the purchase of land are recognized as direct increases in net assets.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis. Interest expense on financial liabilities is recorded in program and operating costs in the statement of operations.

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the organization determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of: (i) the present value of the expected cash flows; (ii) the amount that could be realized from selling the financial asset; or (iii) the amount the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of operations.

It is management's opinion that the organization is not exposed to significant interest rate risk, credit risk and foreign currency risk.

Internally restricted amounts

The internally restricted amounts have been restricted by a motion of the Board of Directors (the Board) to be used to fund future period operations and other special projects. Use of this amount is at the discretion of the Board.

On an annual basis, the Board approves the use of the internally restricted amount to fund the operations up to a maximum amount based on the annual budget. Any amounts required in excess of this approved amount or for additional special projects are approved by the Board on an ad hoc basis.

Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its net realizable value. Amortization is based on the straight-line basis as follows:

Buildings	20 years
Furniture and equipment	5 years
Computer hardware	3 years
Automobile	5 years
Leasehold improvements	over the lease term

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and operating costs during the reporting period. Actual results could differ from those estimates.

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

3 Related entity

The organization has a relationship with Nexus Youth Services (Nexus) in that they have a common Board. Nexus was incorporated on September 6, 1985 under the laws of the Province of Ontario as a non-share capital corporation. Its purpose is to provide counselling services and programs to youth in need, under contracts with the Ministry of Children and Youth Services. The organization is designated as a registered charity and accordingly is exempt from income taxes and is entitled to issue official income tax receipts in respect of contributions.

The common Board was implemented when a decision was made by both Boards of Directors to enter into a strategic alliance that would result in operating efficiencies. During the year, the organization provided certain services and support to Nexus for which it was reimbursed in the amount of \$109,075 (2013 - \$122,474). These transactions were in the normal course of operations and were recorded at the exchange amount (the amount agreed to by the related parties).

Included in accounts payable and accrued liabilities is a balance owed to Nexus in the amount of \$4,024. In 2013, there was an amount of \$113,740 included in accounts receivable from Nexus. These amounts are unsecured, non-interest bearing and due on demand.

Nexus is not consolidated in these financial statements.

The financial summary of Nexus as at and for the year ended March 31, 2014 is as follows:

Nexus

- Financial position

	2014 \$	2013 \$
	(in thousands of dollars)	
Total assets	146	362
Total liabilities	64	233
Net assets	<u>82</u>	<u>129</u>

- Results of operations

	2014 \$	2013 \$
	(in thousands of dollars)	
Revenue	783	813
Operating costs	830	842
Excess of operating costs over revenue	<u>(47)</u>	<u>(29)</u>

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

- Cash flows

	2014 \$	2013 \$
	(in thousands of dollars)	
Cash (used in) provided by operating activities	(220)	102
Cash - Beginning of year	358	256
Cash - End of year	138	358

4 Capital assets

			2014	2013
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	759,888	-	759,888	759,888
Buildings	5,199,846	2,823,238	2,376,608	2,555,349
Furniture and equipment	1,236,870	1,172,908	63,962	77,107
Computer hardware	1,823,330	1,742,510	80,820	122,366
Automobile	359,630	303,854	55,776	111,790
Leasehold improvements	580,288	538,887	41,401	82,800
	9,959,852	6,581,397	3,378,455	3,709,300

Land and buildings include the following properties:

75 Elgin Drive, Brampton, Ontario
14780 Hurontario Street, Caledon, Ontario
2235 Kenbarb Road, Mississauga, Ontario
1751 Queen Street, Brampton, Ontario
1645 Elmwood Drive, Moncton, New Brunswick
717 Dover Road, Dieppe, New Brunswick
85 Ritchie Road, Upper Cloverdale, New Brunswick

5 Deferred revenue grants

Deferred revenue grants comprise the following:

	2014 \$	2013 \$
Region of Peel	-	101,585
Other	17,129	26,876
	17,129	128,461

Peel Children's Centre
Notes to Financial Statements
March 31, 2014

6 Mortgages payable

	2014	2013
	\$	\$
Mortgage payable on 85 Ritchie Road, Upper Cloverdale, New Brunswick, repayable in monthly instalments of \$1,302 principal and interest combined, bearing a variable interest rate of prime plus 1%, due September 2018. Total interest paid on the mortgage during fiscal 2014 was \$5,472 (2013 - \$4,348)	178,120	187,904
Mortgage payable on 1645 Elmwood Drive, Moncton, New Brunswick, repayable in monthly instalments of \$1,414 principal and interest combined, bearing a variable interest rate of prime plus 1%, due September 2018. Total interest paid on the mortgage during fiscal 2014 was \$5,809 (2013 - \$4,721)	193,247	204,011
Mortgage payable on 717 Dover Road, Dieppe, New Brunswick, repayable in monthly instalments of \$1,273 principal and interest combined, bearing a variable interest rate of prime plus 0.70%, due October 2014. Total interest paid on the mortgage during fiscal 2014 was \$9,111 (2013 - \$9,316)	242,855	249,020
Mortgage payable on 1751 Queen Street, Brampton, Ontario, repayable in monthly instalments of \$2,016 principal and interest combined, bearing a variable interest rate of prime plus 0.70%, due January 2015. Total interest paid on the mortgage during fiscal 2014 was \$14,550 (2013 - \$14,869)	387,931	397,574
	<u>1,002,153</u>	<u>1,038,509</u>
Less: Current portion	(648,526)	(407,759)
	<u>353,627</u>	<u>630,750</u>

In September 2013, mortgages on the 85 Ritchie Road and 1645 Elmwood Drive properties were renewed for another term of five years with the same lender and under the same terms and conditions except for increased interest rate at prime plus 1% (2012 - prime minus 0.75%).

The mortgages are secured by the related property. Scheduled principal repayments on mortgages payable over the next five years are as follows:

	\$
2015	648,526
2016	18,450
2017	19,188
2018	19,956
2019	296,033
	<u>1,002,153</u>

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

7 Loans payable

These loans relate to the financing obtained for vehicle purchases and are secured by the related property.

	2014 \$	2013 \$
Loan payable, repayable in monthly instalments of \$592 principal and interest combined, bearing interest at a rate of 3.90%, due January 2015. Total interest paid on the loan during fiscal 2014 was \$659 (2013 - \$659)	5,373	11,819
Loan payable, repayable in monthly instalments of \$623 principal and interest combined, bearing interest at a rate of 5.90%, due July 2014. Total interest paid on the loan during fiscal 2014 was \$1,015 (2013 - \$1,015)	2,154	8,614
Loan payable, repayable in monthly instalments of \$606 principal and interest combined, bearing interest at a rate of 4.90%, due August 2014. Total interest paid on the loan during fiscal 2014 was \$834 (2013 - \$834)	2,684	9,126
Loan payable, repayable in monthly instalments of \$574 principal and interest combined, bearing interest at a rate of 4.80%, due November 2015. Total interest paid on the loan during fiscal 2014 was \$795 (2013 - \$795)	10,263	16,361
Loan payable, repayable in monthly instalments of \$428 principal only, bearing interest at a rate of nil%, due June 2014. No interest paid on the loan during fiscal 2014 and 2013	1,284	6,421
Loan payable, repayable in monthly instalments of \$688 principal and interest combined, bearing interest at a rate of 2.90%, due October 2016. Total interest paid on the loan during fiscal 2014 was \$687 (2013 - \$687).	19,569	27,144
	<hr/>	<hr/>
	41,327	79,485
Less: Current portion	(25,168)	(38,159)
	<hr/>	<hr/>
	16,159	41,326

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

8 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2014 \$	2013 \$
Balance - Beginning of year	1,540,783	1,506,078
Contributions received during the year	-	263,846
Amounts amortized to revenue	(199,282)	(229,141)
Balance - End of year	<u>1,341,501</u>	<u>1,540,783</u>

9 Commitments

a) Operating leases

	Real property \$	Other \$	Total \$
2014	404,059	47,930	451,989
2015	404,059	39,240	443,299
2016	404,059	10,905	414,964
2017	456,043	6,082	462,125
2018	460,769	3,356	464,125
Thereafter	1,420,704	-	1,420,704
	<u>3,549,693</u>	<u>107,513</u>	<u>3,657,206</u>

The above-stated amounts represent operating lease obligations currently in existence. As termination dates for various leases occur, it is anticipated the organization will enter into new lease arrangements.

b) Line of credit

The organization has access to a line of credit with the Royal Bank of Canada in the amount of \$500,000 (2013 - \$500,000). It bears interest at the prime rate. As at March 31, 2014, \$80,000 (2013 - \$200,000) of this line was utilized. All assets of the organization are pledged as security.

10 Brampton and Mississauga Bingo

Included in the fundraising, grants and interest income is \$32,425 (2013 - \$36,781) from Brampton Bingo and \$3,492 (2013 - \$nil) from Mississauga Bingo.

Peel Children's Centre

Notes to Financial Statements

March 31, 2014

11 Pension plans

The organization maintains a defined contribution pension plan for its employees.

During the year, the organization made required contributions under this plan of \$448,230 (2013 - \$414,629).

12 Government remittances

Government remittances consist of amounts such as sales taxes and payroll withholding taxes required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, \$240,115 (2013 - \$207,472) is included in accounts payable and accrued liabilities.

13 Contingent liability

From time to time, the organization is involved in legal claims during the normal course of business. Management assesses such claims and where considered likely to result in a material exposure for which the organization is not insured and where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The organization does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not reasonably determinable, or claims where the amount of the loss cannot be reasonably estimated. Gains or losses, if any, sustained on ultimate resolution of these claims will be accounted for prospectively in the period of settlement in the statement of operations.

14 Public sector salary disclosure

As required by the Public Sector Salary Disclosure Act, the organization filed salary disclosure forms with the Ministry on February 25, 2014 (2013 - February 19, 2013).

15 Ministry of Children and Youth Services (Ministry) reporting basis

The organization has a service contract/Child and Family Services Act (CFSA) approval with the Ministry. A reconciliation report summarizes by service, all revenues and operating costs and identifies any resulting surplus or deficit that relates to the service contract/CFSA approval.



June 2, 2014

Auditor's Comments on Supplementary Financial Information

The accompanying schedule of excess (deficiency) of revenue over operating costs by program is presented as supplementary information only. In this respect, it does not form part of the financial statements of Peel Children's Centre for the year ended March 31, 2014 and hence is excluded from the opinion expressed in our report dated June 2, 2014 on such financial statements.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

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Peel Children's Centre

Schedule of Excess (Deficiency) of Revenue Over Operating Costs By Program ...continued

(Unaudited)

For the year ended March 31, 2014

	Mental Health Workers in Schools \$	Targeted Funding - New Workers \$	In-Out Home Respite \$	Medical/ Psychological Reports \$	Child Victim/ Witness \$	Others \$	Total \$	Adjustments to GAAP* \$	Total \$
Revenue									
Province of Ontario	893,283	1,223,436	485,066	233,537	165,000	-	15,244,951	-	15,244,951
Service fees	-	-	-	-	-	2,498,166	3,283,388	-	3,283,388
Region of Peel	-	-	-	-	-	1,158,056	1,158,056	-	1,158,056
Fundraising and grants	-	-	-	-	-	338,109	338,109	-	338,109
	893,283	1,223,436	485,066	233,537	165,000	3,994,331	20,024,504	-	20,024,504
Operating costs									
Salaries and benefits	871,086	1,229,752	229,987	146,644	170,357	2,704,338	15,777,706	-	15,777,706
Purchased services	-	-	159,158	59,233	-	89,684	1,269,528	-	1,269,528
Building occupancy	-	-	26,693	18,270	5,197	277,470	1,333,782	(28,234)	1,305,548
Program and operating	22,885	2,554	69,944	22,844	4,714	475,449	1,952,053	(96,585)	1,855,468
HST/GST recoveries	-	-	-	-	-	(15,909)	(234,138)	-	(234,138)
	893,971	1,232,306	485,782	246,991	180,268	3,531,032	20,098,931	(124,819)	19,974,112
Excess (deficiency) of revenue over operating costs before amortization	(688)	(8,870)	(716)	(13,454)	(15,268)	463,299	(74,427)	124,819	50,392
Amortization of deferred contribution	-	-	-	-	-	-	-	199,282	199,282
Amortization of capital assets	-	-	-	-	-	-	-	(455,663)	(455,663)
Excess (deficiency) of revenue over operating costs for the year	(688)	(8,870)	(716)	(13,454)	(15,268)	463,299	(74,427)	(131,562)	(205,989)
Transfer from surplus	688	8,870	716	13,454	15,268	(537,726)	-	-	-
Net total	-	-	-	-	-	(74,427)	(74,427)	(131,562)	(205,989)

* These amounts relate to adjustments made to bring the excess (deficiency) of revenue over operating costs by program in line with ASNPO and include deferred contributions for the year, expenses recovered and capital assets purchased during the year.