

# **Peel Children's Centre**

Financial Statements

**March 31, 2015**



May 27, 2015

## **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, 2015 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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**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, 2015 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*

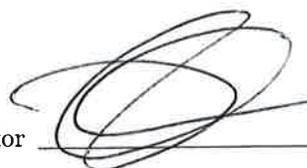
**Chartered Professional Accountants, Licensed Public Accountants**

**Peel Children's Centre**  
Statement of Financial Position  
As at March 31, 2015

	2015 \$	2014 \$
<b>Assets</b> (note 9(b))		
<b>Current assets</b>		
Cash	1,403,830	1,068,199
Accounts receivable (note 3)	483,760	567,962
GST/HST recoverable	126,520	146,237
Prepaid expenses	70,084	127,394
	<u>2,084,194</u>	<u>1,909,792</u>
<b>Capital assets</b> (note 4)	<u>3,054,536</u>	<u>3,378,455</u>
	<u>5,138,730</u>	<u>5,288,247</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 3 and 12)	636,956	668,208
Deferred revenue grants (note 5)	48,088	17,129
Mortgages payable (note 6)	49,611	648,526
Loans payable (note 7)	11,740	25,168
	<u>746,395</u>	<u>1,359,031</u>
<b>Mortgages payable</b> (note 6)	917,566	353,627
<b>Loans payable</b> (note 7)	4,419	16,159
<b>Deferred contributions related to capital assets</b> (note 8)	<u>1,217,436</u>	<u>1,341,501</u>
	2,885,816	3,070,318
<b>Net Assets</b>		
<b>Internally restricted</b>	<u>2,252,914</u>	<u>2,217,929</u>
	<u>5,138,730</u>	<u>5,288,247</u>
<b>Commitments</b> (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, 2015

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	2015 \$	2014 \$
<b>Revenue</b>		
Province of Ontario	15,451,637	15,244,951
Service fees	3,310,874	3,283,388
Region of Peel	1,112,114	1,158,056
Fundraising, grants and interest income (note 10)	275,138	338,109
	<hr/> 20,149,763	<hr/> 20,024,504
<b>Operating costs</b>		
Salaries and benefits	15,997,080	15,777,706
Purchased services	1,106,428	1,269,528
Building occupancy	1,289,595	1,305,548
Program and operating (note 6)	1,718,811	1,855,468
HST/GST recoveries	(219,479)	(234,138)
	<hr/> 19,892,435	<hr/> 19,974,112
<b>Excess of revenue over operating costs before amortization</b>	257,328	50,392
<b>Amortization of deferred contributions related to capital assets</b> (note 8)	147,895	199,282
<b>Amortization of capital assets</b>	<hr/> (370,238)	<hr/> (455,663)
<b>Excess (deficiency) of revenue over operating costs for the year</b>	<hr/> 34,985	<hr/> (205,989)

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, 2015

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			<b>2015</b>	<b>2014</b>
	<b>Unrestricted</b>	<b>Internally</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance - Beginning of year</b>	-	2,217,929	2,217,929	2,423,918
Transfer from internally restricted	550,000	(550,000)	-	-
Excess (deficiency) of revenue over operating costs	34,985	-	34,985	(205,989)
Transfer to internally restricted	(584,985)	584,985	-	-
<b>Balance - End of year</b>	-	2,252,914	2,252,914	2,217,929

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, 2015**

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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over operating costs for the year	34,985	(205,989)
Adjustments of non-cash items		
Amortization of capital assets	370,238	455,663
Amortization of deferred contributions related to capital assets	(147,895)	(199,282)
Net changes in working capital items		
Accounts receivable	84,202	70,250
GST/HST recoverable	19,717	25,021
Prepaid expenses	57,310	57,309
Accounts payable and accrued liabilities	(31,252)	(84,147)
Deferred revenue grants	30,959	(111,332)
	<u>418,264</u>	<u>7,493</u>
<b>Investing activities</b>		
Purchase of capital assets	<u>(46,319)</u>	<u>(124,818)</u>
<b>Financing activities</b>		
Repayments of loans payable	(25,168)	(38,158)
Repayments of mortgages payable	(34,976)	(36,356)
Receipt of deferred capital contributions related to capital assets	<u>23,830</u>	<u>-</u>
	<u>(36,314)</u>	<u>(74,514)</u>
<b>Change in cash during the year</b>	335,631	(191,839)
<b>Cash - Beginning of year</b>	<u>1,068,199</u>	<u>1,260,038</u>
<b>Cash - End of year</b>	<u><u>1,403,830</u></u>	<u><u>1,068,199</u></u>

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

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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### 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.

#### Contributed services and materials

The work of the organization is supported by contributions of services. The value of these services is not recognized in these financial statements.

#### 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.

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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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.

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

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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### 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.

### 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 \$45,910 (2014 - \$109,075). These transactions were in the normal course of operations and were recorded at the exchange amount (the amount agreed to by the related parties).

There is an amount of \$7,415 included in accounts receivable from Nexus. In 2014, there was an amount of \$4,024 included in accounts payable and accrued liabilities owed to 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, 2015 is as follows:

#### Nexus

- Financial position

	2015 \$ (in thousands of dollars)	2014 \$
Total assets	182	146
Total liabilities	100	64
Net assets	<u>82</u>	<u>82</u>

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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- Results of operations

	2015 \$	2014 \$
	(in thousands of dollars)	
Revenue	701	783
Operating costs	701	830
Excess of operating costs over revenue	-	(47)

- Cash flows

	2015 \$	2014 \$
	(in thousands of dollars)	
Cash provided by (used in) operating activities	40	(220)
Cash - Beginning of year	138	358
Cash - End of year	178	138

#### 4 Capital assets

	2015		2014	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	759,888	-	759,888	759,888
Buildings	5,223,676	3,027,884	2,195,792	2,376,608
Furniture and equipment	1,241,970	1,202,999	38,971	63,962
Computer hardware	1,840,719	1,804,585	36,134	80,820
Automobile	359,630	335,879	23,751	55,776
Leasehold improvements	580,288	580,288	-	41,401
	10,006,171	6,951,635	3,054,536	3,378,455

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

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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### 5 Deferred revenue grants

Deferred revenue grants comprise the following:

	2015 \$	2014 \$
MCYS	3,159	-
Other	44,929	17,129
	<hr/> 48,088	<hr/> 17,129

### 6 Mortgages payable

	2015 \$	2014 \$
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% (2014 - prime plus 1%), due September 2018. Total interest paid on the mortgage during fiscal 2015 was \$6,921 (2014 - \$5,472)	169,415	178,120
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% (2014 - prime plus 1%), due September 2018. Total interest paid on the mortgage during fiscal 2015 was \$7,511 (2014 - \$5,809)	183,788	193,247
Mortgage payable on 717 Dover Road, Dieppe, New Brunswick, repayable in monthly instalments of \$1,310 principal and interest combined, bearing a variable interest rate of prime plus 1% (2014 - prime plus 0.7%), due October 2019. Total interest paid on the mortgage during fiscal 2015 was \$9,122 (2014 - \$9,111)	236,518	242,855
Mortgage payable on 1751 Queen Street, Brampton, Ontario, repayable in monthly instalments of \$2,301 principal and interest combined, bearing a variable interest rate of prime plus 1% (2014 - prime plus 0.7%), due January 2020. Total interest paid on the mortgage during fiscal 2015 was \$14,288 (2014 - \$14,550)	377,456	387,931
	<hr/> 967,177	<hr/> 1,002,153
Less: Current portion	(49,611)	(648,526)
	<hr/> 917,566	<hr/> 353,627

In October 2014 and January 2015, mortgages on the 717 Dover Road and 1751 Queen Street properties were each renewed for a term of five years, subject to the terms and conditions noted above.

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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

	\$
2016	49,611
2017	49,611
2018	49,611
2019	327,117
2020	491,227
	<hr/>
	967,177
	<hr/>

### 7 Loans payable

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

	2015 \$	2014 \$
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 2015 was \$795 (2014 - \$795)	4,165	10,263
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 2015 was \$687 (2014 - \$687)	11,994	19,569
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 \$550 (2014 - \$659)	-	5,373
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 \$338 (2014 - \$1,015)	-	2,154
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 2015 was \$348 (2014 - \$834)	-	2,684
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 2015 and 2014	-	1,284
	<hr/>	<hr/>
	16,159	41,327
Less: Current portion	11,740	25,168
	<hr/>	<hr/>
	4,419	16,159
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# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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### 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.

	2015 \$	2014 \$
Balance - Beginning of year	1,341,501	1,540,783
Contributions received during the year	23,830	-
Amounts amortized to revenue	(147,895)	(199,282)
	<hr/>	<hr/>
Balance - End of year	1,217,436	1,341,501

### 9 Commitments

#### a) Operating leases

	Real property \$	Other \$	Total \$
2015	446,323	54,769	501,092
2016	454,776	26,433	481,209
2017	506,760	18,197	524,957
2018	511,486	12,056	523,542
2019	511,486	-	511,486
Thereafter	1,065,596	-	1,065,596
	<hr/>	<hr/>	<hr/>
	3,496,427	111,455	3,607,882

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 (2014 - \$500,000). It bears interest at the prime rate. As at March 31, 2015, \$nil (2014 - \$80,000) 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 \$28,304 (2014 - \$32,425) from Brampton Bingo and \$nil (2014 - \$3,492) from Mississauga Bingo.

# Peel Children's Centre

## Notes to Financial Statements

March 31, 2015

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### **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 \$470,485 (2014 - \$448,230).

### **12 Government remittances**

Government remittances consist of payroll withholding taxes required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, \$226,200 (2014 - \$240,115) is included in accounts payable and accrued liabilities.

### **13 Public sector salary disclosure**

As required by the Public Sector Salary Disclosure Act, the organization filed salary disclosure forms with the Ministry on March 4, 2015 (2014 - February 25, 2014).

### **14 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.

## **Schedule of Excess (Deficiency) of Revenue Over Operating Costs by Program**

**For the year ended March 31, 2015**

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, 2015.



# Peel Children's Centre

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

(Unaudited)

For the year ended March 31, 2015

	C&FI Operating Non- Residential \$	CSN- Individualized Placement Funding \$	Service Coordination Process Lead Agency Transition Support \$	Partner Facility Renewal - MCYS \$	C&FI Repair and Maintenance \$	Medical/ Psychological Reports \$	Child Witness \$	Others \$	Total \$	Adjustments to GAAP \$	Total \$
<b>Revenue</b>											
Province of Ontario	15,000	173,074	150,000	20,143	24,160	233,537	165,000	-	15,478,626	(26,989)	15,451,637
Service fees	-	-	-	-	-	-	-	2,682,555	3,310,874	-	3,310,874
Region of Peel	-	-	-	-	-	-	-	1,112,114	1,112,114	-	1,112,114
Fundraising and grants	-	-	-	-	-	-	-	275,138	275,138	-	275,138
	15,000	173,074	150,000	20,143	24,160	233,537	165,000	4,069,807	20,176,752	(26,989)	20,149,763
<b>Operating costs</b>											
Salaries and benefits	33,077	4,905	138,875	-	-	140,787	159,421	2,708,088	15,997,080	-	15,997,080
Purchased services	8,928	165,010	-	-	-	61,865	-	101,003	1,106,428	-	1,106,428
Building occupancy	-	-	-	20,143	24,160	15,493	5,197	292,061	1,313,425	(23,830)	1,289,595
Program and operating	36,298	-	11,125	-	-	16,391	6,278	421,552	1,741,300	(22,489)	1,718,811
HST/GST recoveries	-	-	-	-	-	-	-	(15,463)	(219,479)	-	(219,479)
	78,303	169,915	150,000	20,143	24,160	234,536	170,896	3,507,241	19,938,754	(46,319)	19,892,435
<b>Excess (deficiency) of revenue over operating costs before amortization</b>	(63,303)	3,159	-	-	-	(999)	(5,896)	562,566	237,998	19,330	257,328
<b>Amortization of deferred contribution</b>	-	-	-	-	-	-	-	-	-	147,895	147,895
<b>Amortization of capital assets</b>	-	-	-	-	-	-	-	-	-	(370,238)	(370,238)
<b>Excess (deficiency) of revenue over operating costs for the year</b>	(63,303)	3,159	-	-	-	(999)	(5,896)	562,566	237,998	(203,013)	34,985
<b>Transfer from surplus</b>	63,303	-	-	-	-	999	5,896	(327,727)	-	-	-
<b>Net total</b>	-	3,159	-	-	-	-	-	234,839	237,998	(203,013)	34,985

\* 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.