

Peel Children's Centre

Financial statements
March 31, 2016



June 9, 2016

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, 2016 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.

*PricewaterhouseCoopers LLP
400 Bradwick Drive, Suite 100, Concord, Ontario, Canada L4K 5V9
T: +1 905 326 6800, F: +1 905 326 5339*



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, 2016 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, 2016

	2016 \$	2015 \$
Assets (note 8(b))		
Current assets		
Cash	2,477,984	1,403,830
Accounts receivable (note 3)	520,366	483,760
GST/HST recoverable	205,603	126,520
Prepaid expenses	65,007	70,084
	3,268,960	2,084,194
Capital assets (note 4)	3,306,172	3,054,536
	6,575,132	5,138,730
Liabilities		
Current liabilities		
Bank indebtedness (note 9(b))	500,000	-
Accounts payable and accrued liabilities (note 12)	1,289,305	636,956
Deferred revenue grants	247,948	48,088
Mortgages payable (note 5)	49,910	49,611
Loans payable (notes 6)	4,419	11,740
	2,091,582	746,395
Mortgages payable (note 5)	872,630	917,566
Loans payable (note 6)	-	4,419
Deferred contributions related to capital assets (note 7)	1,450,109	1,217,436
	4,414,321	2,885,816
Net Assets		
Internally restricted	2,160,811	2,252,914
	6,575,132	5,138,730
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, 2016

	2016	2015
	\$	\$
Revenue		
Province of Ontario	15,810,307	15,451,637
Service fees	3,066,960	3,310,874
Region of Peel	1,385,936	1,112,114
Fundraising, grants and interest income (note 10)	262,914	275,138
	<hr/>	<hr/>
	20,526,117	20,149,763
Operating costs		
Salaries and benefits	16,221,337	15,997,080
Purchased services	1,236,245	1,106,428
Building occupancy (note 5)	1,414,531	1,289,595
Program and operating (note 6)	1,874,235	1,718,811
HST/GST recoveries	(311,219)	(219,479)
	<hr/>	<hr/>
	20,435,129	19,892,435
Excess of revenue over operating costs before amortization	90,988	257,328
Amortization of deferred contributions related to capital assets (note 7)	115,694	147,895
Amortization of capital assets	<hr/>	<hr/>
	(298,785)	(370,238)
(Deficiency) excess of revenue over operating costs for the year	<hr/>	<hr/>
	(92,103)	34,985

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, 2016

	2016		
	Unrestricted	Internally	Total
	\$	restricted	\$
		\$	
Balance - Beginning of year	-	2,252,914	2,252,914
Transfer from internally restricted (note 8)	550,000	(550,000)	-
Deficiency of revenue over operating costs	(92,103)	-	(92,103)
Transfer to internally restricted (note 8)	(457,897)	457,897	-
Balance - End of year	-	2,160,811	2,160,811
			2015
	Unrestricted	Internally	Total
	\$	restricted	\$
		\$	
Balance - Beginning of year	-	2,217,929	2,217,929
Transfer from internally restricted (note 8)	550,000	(550,000)	-
Excess of revenue over operating costs	34,985	-	34,985
Transfer to internally restricted (note 8)	(584,985)	584,985	-
Balance - End of year	-	2,252,914	2,252,914

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, 2016

	2016	2015
	\$	\$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over operating costs for the year	(92,103)	34,985
Adjustments of non-cash items		
Amortization of capital assets	298,785	370,238
Amortization of deferred contributions related to capital assets	(115,694)	(147,895)
Net changes in working capital items		
Accounts receivable	(36,606)	84,202
GST/HST recoverable	(79,083)	19,717
Prepaid expenses	5,077	57,310
Accounts payable and accrued liabilities	652,349	(31,252)
Deferred revenue grants	199,860	30,959
	<u>832,585</u>	<u>418,264</u>
Investing activities		
Purchase of capital assets	<u>(550,421)</u>	<u>(46,319)</u>
Financing activities		
Repayments of loans payable	(11,740)	(25,168)
Repayments of mortgages payable	(44,637)	(34,976)
Increase in bank indebtedness	500,000	-
Receipt of deferred capital contributions related to capital assets	<u>348,367</u>	<u>23,830</u>
	<u>791,990</u>	<u>(36,314)</u>
Change in cash during the year	1,074,154	335,631
Cash - Beginning of year	<u>1,403,830</u>	<u>1,068,199</u>
Cash - End of year	<u><u>2,477,984</u></u>	<u><u>1,403,830</u></u>

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

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

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 from fundraising and government grants from the Province of Ontario and the Region of Peel.

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 a subsequent period or when the related expenses are incurred.

Revenue earned from service fees is recognized when the service is performed in accordance with a predetermined arrangement.

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 and materials. The organization does not record the value of contributed services unless the fair value can be reasonably estimated and the services are normally purchased by the organization and would be paid for if not contributed.

The value of the services contributed by volunteers is not reflected in these financial statements.

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

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.

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:

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

Buildings	20 years
Furniture and equipment	5 years
Computer hardware	3 years
Computer software	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.

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. 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 \$90,181 (2015 - \$45,910). 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 \$112,411 (2015 - \$7,415) 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, 2016 is as follows:

Nexus

- Financial position

	2016	2015
	\$	\$
	(in thousands of dollars)	
Total assets	332	182
Total liabilities	230	100
Net assets	102	82

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

- Results of operations

	2016 \$ (in thousands of dollars)	2015 \$ (in thousands of dollars)
Revenue	722	701
Operating costs	703	701
Excess of revenue over operating costs	19	-

- Cash flows

	2016 \$ (in thousands of dollars)	2015 \$ (in thousands of dollars)
Cash provided by operating activities	147	40
Cash - Beginning of year	178	138
Cash - End of year	325	178

4 Capital assets

	2016		2015	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	759,888	-	759,888	759,888
Buildings	5,256,158	3,229,191	2,026,967	2,195,792
Furniture and equipment	1,271,147	1,236,737	34,410	38,971
Computer hardware and software	1,156,191	769,976	386,215	36,134
Automobile	359,630	348,637	10,993	23,751
Leasehold improvements	672,603	584,904	87,699	-
	9,475,617	6,169,445	3,306,172	3,054,536

During the year, fully amortized computer hardware with a total cost and accumulated amortization of \$1,080,976 (2015 - \$nil) was written off.

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, 2016

5 Mortgages payable

	2016 \$	2015 \$
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 (2015 - prime plus 1%), due April 2020; total interest paid on the mortgage during fiscal 2016 was \$4,637 (2015 - \$6,921)	159,329	169,415
Mortgage payable on 1645 Elmwood Drive, Moncton, New Brunswick, repayable in monthly instalments of \$1,324 principal and interest combined, bearing a variable interest rate of prime (2015 - prime plus 1%), due April 2020; total interest paid on the mortgage during fiscal 2016 was \$5,033 (2015 - \$7,511)	172,839	183,788
Mortgage payable on 717 Dover Road, Dieppe, New Brunswick, repayable in monthly instalments of \$1,183 principal and interest combined, bearing a variable interest rate of prime (2015 - prime plus 1%), due April 2020; total interest paid on the mortgage during fiscal 2016 was \$6,249 (2015 - \$9,122)	228,567	236,518
Mortgage payable on 1751 Queen Street, Brampton, Ontario, repayable in monthly instalments of \$2,109 principal and interest combined, bearing a variable interest rate of prime (2015 - prime plus 1%), due April 2020; total interest paid on the mortgage during fiscal 2016 was \$9,655 (2015 - \$14,288)	361,805	377,456
	<hr/>	<hr/>
	922,540	967,177
Less: Current portion	49,910	49,611
	<hr/>	<hr/>
	872,630	917,566
	<hr/>	<hr/>

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

	\$
2017	49,910
2018	49,910
2019	325,610
2020	497,110
	<hr/>
	922,540
	<hr/>

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

6 Loans payable

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

	2016 \$	2015 \$
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 2016 was \$431 (2015 - \$795)	-	4,165
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 2016 was \$687 (2015 - \$687)	4,419	11,994
	<hr/>	<hr/>
	4,419	16,159
Less: Current portion	4,419	11,740
	<hr/>	<hr/>
	-	4,419
	<hr/>	<hr/>

7 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.

	2016 \$	2015 \$
Balance - Beginning of year	1,217,436	1,341,501
Contributions received during the year	348,367	23,830
Amounts amortized to revenue	(115,694)	(147,895)
	<hr/>	<hr/>
Balance - End of year	1,450,109	1,217,436
	<hr/>	<hr/>

8 Transfers

The organization's Board approved a transfer from internally restricted net assets to unrestricted net assets in the amount of \$550,000 (2015 - \$550,000) and a transfer from unrestricted net assets to internally restricted net assets in the amount of \$457,897 (2015 - \$584,985).

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

9 Commitments

a) Operating leases

	Real property \$	Other \$	Total \$
2017	466,480	53,073	519,553
2018	513,587	44,836	558,423
2019	511,486	39,062	550,548
2020	511,486	18,151	529,637
2021	511,486	8,955	520,441
Thereafter	554,110	-	554,110
	<u>3,068,635</u>	<u>164,077</u>	<u>3,232,712</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 (2015 - \$500,000). It bears interest at the prime rate. As at March 31, 2016, \$500,000 (2015 - \$nil) of this line was utilized. All assets of the organization are pledged as security. Subsequent to year-end, the amounts were repaid.

10 Brampton Bingo

Included in the fundraising, grants and interest income is \$26,617 (2015 - \$28,304) from Brampton Bingo.

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 \$474,165 (2015 - \$470,485).

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, \$249,195 (2015 - \$226,200) 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 February 25, 2016 (2015 - March 4, 2015).

Peel Children's Centre

Notes to Financial Statements

March 31, 2016

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, 2016

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, 2016.

Peel Children's Centre

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

(Unaudited)

For the year ended March 31, 2016

	C&FI Operating Non- Residential \$	CSN- Individualized Placement Funding \$	System Management \$	Partner Facility Renewal Capital \$	Partner Facility Fire Code Retrofit \$	Medical/ Psychological Reports \$	Child Witness \$	Others \$	Total \$	Adjustments to GAAP \$	Total \$
Revenue											
Province of Ontario	15,000	184,488	942,057	32,500	7,500	233,537	165,000	-	16,161,711	(351,404)	15,810,307
Service fees	-	-	-	-	-	-	-	2,443,043	3,066,960	-	3,066,960
Region of Peel	-	-	-	-	-	-	-	1,385,936	1,385,936	-	1,385,936
Fundraising and grants	-	-	-	-	-	-	-	262,914	262,914	-	262,914
	15,000	184,488	942,057	32,500	7,500	233,537	165,000	4,091,893	20,877,521	(351,404)	20,526,117
Operating costs											
Salaries and benefits	28,659	5,359	267,749	-	-	137,711	168,069	3,062,032	16,221,337	-	16,221,337
Purchased services	14,689	176,092	203,486	-	-	72,700	-	193,723	1,236,245	-	1,236,245
Building occupancy	-	-	8,916	32,500	7,500	17,100	5,197	252,176	1,520,192	(105,661)	1,414,531
Program and operating	19,398	-	474,592	-	-	16,667	2,397	506,194	2,309,143	(434,908)	1,874,235
HST/GST recoveries	-	-	-	-	-	-	-	(16,819)	(311,219)	-	(311,219)
	62,746	181,451	954,743	32,500	7,500	244,178	175,663	3,997,306	20,975,698	(540,569)	20,435,129
Excess (deficiency) of revenue over operating costs before amortization	(47,746)	3,037	(12,686)	-	-	(10,641)	(10,663)	94,587	(98,177)	(189,165)	98,988
Amortization of deferred contribution	-	-	-	-	-	-	-	-	-	115,694	115,694
Amortization of capital assets	-	-	-	-	-	-	-	-	-	(298,785)	(298,785)
Excess (deficiency) of revenue over operating costs for the year	(47,746)	3,037	(12,686)	-	-	(10,641)	(10,663)	94,587	(98,177)	(6,074)	(92,103)
Transfer from surplus	47,746	-	12,686	-	-	10,641	10,663	(195,801)	-	-	-
Net total	-	3,037	-	-	-	-	-	101,214	(98,177)	(6,074)	(92,103)

* 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.