

Peel Children's Centre

Financial statements

March 31, 2017



June 12, 2017

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, 2017 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, 2017 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.

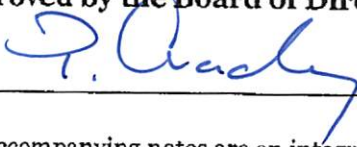
PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Peel Children's Centre
Statement of Financial Position
As at March 31, 2017

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Assets (note 10(b)) | | |
| Current assets | | |
| Cash | 2,273,142 | 2,477,984 |
| Accounts receivable (note 3) | 264,786 | 520,366 |
| GST/HST recoverable | 179,899 | 205,603 |
| Prepaid expenses | 65,007 | 65,007 |
| | 2,782,834 | 3,268,960 |
| Capital assets (note 4) | 3,269,595 | 3,306,172 |
| | 6,052,429 | 6,575,132 |
| Liabilities | | |
| Current liabilities | | |
| Bank indebtedness (note 10(b)) | - | 500,000 |
| Accounts payable and accrued liabilities (note 13) | 1,003,479 | 1,289,305 |
| Deferred revenue grants (note 8) | 312,131 | 247,948 |
| Mortgages payable (note 5) | 50,171 | 49,910 |
| Loans payable (note 6) | - | 4,419 |
| | 1,365,781 | 2,091,582 |
| Mortgages payable (note 5) | 826,670 | 872,630 |
| Deferred contributions related to capital assets (note 7) | 1,224,547 | 1,450,109 |
| | 3,416,998 | 4,414,321 |
| Net Assets | | |
| Internally restricted | 2,635,431 | 2,160,811 |
| | 6,052,429 | 6,575,132 |
| Commitments (note 10) | | |

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, 2017

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Revenue | | |
| Province of Ontario | 16,520,688 | 15,810,307 |
| Service fees | 2,532,664 | 3,066,960 |
| Region of Peel | 1,409,120 | 1,385,936 |
| Fundraising, grants and interest income (note 11) | 319,079 | 262,914 |
| | <u>20,781,551</u> | <u>20,526,117</u> |
| Operating costs | | |
| Salaries and benefits | 16,056,824 | 16,221,337 |
| Purchased services | 1,133,229 | 1,236,245 |
| Building occupancy (note 5) | 1,496,499 | 1,414,531 |
| Program and operating (note 6) | 1,830,335 | 1,874,235 |
| HST/GST recoveries | (284,620) | (311,219) |
| | <u>20,232,267</u> | <u>20,435,129</u> |
| Excess of revenue over operating costs before amortization | 549,284 | 90,988 |
| Amortization of deferred contributions related to capital assets (note 7) | 225,562 | 115,694 |
| Amortization of capital assets | <u>(300,226)</u> | <u>(298,785)</u> |
| Excess (deficiency) of revenue over operating costs for the year | <u>474,620</u> | <u>(92,103)</u> |

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, 2017

| | 2017 | | |
|--|----------------------------|---|---------------------|
| | Unrestricted \$ | Internally restricted \$ | Total \$ |
| Balance - Beginning of year | - | 2,160,811 | 2,160,811 |
| Transfer from internally restricted (note 9) | 550,000 | (550,000) | - |
| Excess of revenue over operating costs | 474,620 | - | 474,620 |
| Transfer to internally restricted (note 9) | (1,024,620) | 1,024,620 | - |
| Balance - End of year | - | 2,635,431 | 2,635,431 |
| | 2016 | | |
| | Unrestricted \$ | Internally restricted \$ | Total \$ |
| Balance - Beginning of year | - | 2,252,914 | 2,252,914 |
| Transfer from internally restricted (note 9) | 550,000 | (550,000) | - |
| Deficiency of revenue over operating costs | (92,103) | - | (92,103) |
| Transfer to internally restricted (note 9) | (457,897) | 457,897 | - |
| Balance - End of year | - | 2,160,811 | 2,160,811 |

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, 2017

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess (deficiency) of revenue over operating costs for the year | 474,620 | (92,103) |
| Adjustments of non-cash items | | |
| Amortization of capital assets | 300,226 | 298,785 |
| Amortization of deferred contributions related to capital assets | (225,562) | (115,694) |
| Net changes in working capital items | | |
| Accounts receivable | 255,580 | (36,606) |
| GST/HST recoverable | 25,704 | (79,083) |
| Prepaid expenses | - | 5,077 |
| Accounts payable and accrued liabilities | (285,826) | 652,349 |
| Deferred revenue grants | 64,183 | 199,860 |
| | <hr/> 608,925 | <hr/> 832,585 |
| Investing activities | | |
| Purchase of capital assets | <hr/> (263,649) | <hr/> (550,421) |
| Financing activities | | |
| Repayments of loans payable | (4,419) | (11,740) |
| Repayments of mortgages payable | (45,699) | (44,637) |
| Decrease (increase) in bank indebtedness | (500,000) | 500,000 |
| Receipt of deferred capital contributions related to capital assets | - | 348,367 |
| | <hr/> (550,118) | <hr/> 791,990 |
| Change in cash during the year | (204,842) | 1,074,154 |
| Cash - Beginning of year | <hr/> 2,477,984 | <hr/> 1,403,830 |
| Cash - End of year | <hr/> <hr/> 2,273,142 | <hr/> <hr/> 2,477,984 |

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

Peel Children's Centre

Notes to Financial Statements

March 31, 2017

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, 2017

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:

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

Peel Children's Centre

Notes to Financial Statements

March 31, 2017

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 controls Nexus Youth Services (Nexus) through virtue of 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 \$86,373 (2016 - \$90,181). 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 \$26,204 (2016 - \$112,411) 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 is as follows:

Nexus

- Financial position

| | 2017 | 2016 |
|-------------------|---------------------------|------------|
| | \$ | \$ |
| | (in thousands of dollars) | |
| Total assets | 264 | 332 |
| Total liabilities | 142 | 230 |
| Net assets | <u>122</u> | <u>102</u> |

Peel Children's Centre

Notes to Financial Statements

March 31, 2017

- Results of operations

| | 2017 \$ (in thousands of dollars) | 2016 \$ (in thousands of dollars) |
|--|---|---|
| Revenue | 755 | 722 |
| Operating costs | 735 | 703 |
| Excess of revenue over operating costs | <u>20</u> | <u>19</u> |

- Cash flows

| | 2017 \$ (in thousands of dollars) | 2016 \$ (in thousands of dollars) |
|---|---|---|
| Cash provided by (used in) operating activities | (65) | 147 |
| Cash - Beginning of year | <u>325</u> | <u>178</u> |
| Cash - End of year | <u>260</u> | <u>325</u> |

4 Capital assets

| | 2017 | | 2016 | |
|--------------------------------|------------------|-----------------------------------|------------------|------------------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Land | 759,888 | - | 759,888 | 759,888 |
| Buildings | 5,256,159 | 3,414,416 | 1,841,743 | 2,026,967 |
| Furniture and equipment | 1,271,147 | 1,249,358 | 21,789 | 34,410 |
| Computer hardware and software | 1,247,815 | 822,340 | 425,475 | 386,215 |
| Automobile | 510,993 | 389,903 | 121,090 | 10,993 |
| Leasehold improvements | 693,262 | 593,652 | 99,610 | 87,699 |
| | <u>9,739,264</u> | <u>6,469,669</u> | <u>3,269,595</u> | <u>3,306,172</u> |

During the year, fully amortized computer hardware with a total cost and accumulated amortization of \$nil (2016 - \$1,080,976) 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, 2017

5 Mortgages payable

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Mortgage payable on 85 Ritchie Road, Upper Cloverdale, New Brunswick, repayable in monthly instalments of \$1,220 principal and interest combined, bearing a variable interest rate of prime (2016 - prime), due September 2018; total interest paid on the mortgage during fiscal 2017 was \$4,170 (2016 - \$4,637) | 148,855 | 159,329 |
| 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 (2016 - prime), due September 2018; total interest paid on the mortgage during fiscal 2017 was \$4,526 (2016 - \$5,033) | 161,473 | 172,839 |
| 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 (2016 - prime), due October 2019; total interest paid on the mortgage during fiscal 2017 was \$6,067 (2016 - \$6,249) | 220,434 | 228,567 |
| 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 (2016 - prime), due January 2020; total interest paid on the mortgage during fiscal 2017 was \$9,577 (2016 - \$9,655) | 346,079 | 361,805 |
| | <hr/> | <hr/> |
| | 876,841 | 922,540 |
| Less: Current portion | 50,171 | 49,910 |
| | <hr/> | <hr/> |
| | 826,670 | 872,630 |
| | <hr/> | <hr/> |

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

| | \$ |
|------|---------|
| 2018 | 50,171 |
| 2019 | 323,186 |
| 2020 | 503,484 |
| | <hr/> |
| | 876,841 |
| | <hr/> |

Peel Children's Centre

Notes to Financial Statements

March 31, 2017

6 Loans payable

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

| | 2017 \$ | 2016 \$ |
|---|------------|------------|
| 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 2017 was \$401 (2016 - \$687) | - | 4,419 |
| Less: Current portion | - | 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.

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Balance - Beginning of year | 1,450,109 | 1,217,436 |
| Contributions received during the year | - | 348,367 |
| Amounts amortized to revenue | (225,562) | (115,694) |
| | <hr/> | <hr/> |
| Balance - End of year | 1,224,547 | 1,450,109 |

8 Deferred revenue grants

Changes in deferred revenue are as follows:

| | 2017 \$ | 2016 \$ |
|---|-------------|-------------|
| Balance - Beginning of year | 247,948 | 49,048 |
| Less: Amounts recognized as revenue in the year | (1,767,495) | (2,214,285) |
| Add: Amounts received | 1,831,678 | 2,414,145 |
| | <hr/> | <hr/> |
| Balance - End of year | 312,131 | 247,948 |

9 Transfers

The organization's Board approved a transfer from internally restricted net assets to unrestricted net assets in the amount of \$550,000 (2016 - \$550,000) and a transfer from unrestricted net assets to internally restricted net assets in the amount of \$1,024,620 (2016 - \$457,897).

Peel Children's Centre

Notes to Financial Statements

March 31, 2017

10 Commitments

a) Operating leases

| | Real property \$ | Other \$ | Total \$ |
|------------|------------------------|----------------|------------------|
| 2018 | 513,767 | 49,413 | 563,180 |
| 2019 | 511,486 | 45,246 | 556,732 |
| 2020 | 511,486 | 24,335 | 535,821 |
| 2021 | 511,486 | 15,140 | 526,626 |
| 2022 | 511,486 | 6,184 | 517,670 |
| Thereafter | 42,624 | 1,546 | 44,170 |
| | <u>2,602,335</u> | <u>141,864</u> | <u>2,744,199</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 (2016 - \$500,000). It bears interest at the prime rate. As at March 31, 2017, \$nil (2016 - \$500,000) of this line was utilized. All assets of the organization are pledged as security.

11 Brampton Bingo

Included in the fundraising, grants and interest income is \$25,684 (2016 - \$26,617) from Brampton Bingo.

12 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 \$460,393 (2016 - \$474,165).

13 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, \$231,621 (2016 - \$249,195) is included in accounts payable and accrued liabilities.

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 23, 2017 (2016 - February 25, 2016).

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

For the year ended March 31, 2017

Peel Children's Centre

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

(Unaudited)

For the year ended March 31, 2017

| | C&FI Operating Non- Residential \$ a556 | CSN- Individualize Placement Funding \$ a545 | Service Coordination Process Lead Agency Transition Support \$ a354 | Partner Facility Renewal - MCYS \$ a710 | C&FI Repair & Maintenance \$ a557 | Medical/ Psychological Reports \$ a808 | Child Witness \$ | Region of Peel \$ | Others \$ | Total \$ | GAAP Adjustments \$ Fixed Assets/Prepaid | Total \$ |
|--|--|---|--|--|---|--|------------------------|-------------------------|--------------|-------------|---|-------------|
| Revenue | | | | | | | | | | | | |
| Province of Ontario | - | 147,515 | 997,957 | 17,000 | 12,700 | 288,874 | 165,000 | - | - | 16,525,322 | (4,634) | 16,520,688 |
| Service fees | - | - | - | - | - | - | - | - | 1,824,992 | 2,532,664 | - | 2,532,664 |
| Region of Peel | - | - | - | - | - | - | - | 1,409,120 | - | 1,409,120 | - | 1,409,120 |
| Fundraising and grants | - | - | - | - | - | - | - | - | 319,079 | 319,079 | - | 319,079 |
| | - | 147,515 | 997,957 | 17,000 | 12,700 | 288,874 | 165,000 | 1,409,120 | 2,144,071 | 20,786,185 | (4,634) | 20,781,551 |
| Expenses | | | | | | | | | | | | |
| Salaries and benefits | 17,652 | 63,676 | 713,084 | - | - | 138,061 | 166,244 | 1,080,697 | 1,262,964 | 16,056,824 | - | 16,056,824 |
| Purchased services | - | 79,205 | 187,371 | - | 11,548 | 121,806 | - | 74,980 | 80,621 | 1,133,229 | - | 1,133,229 |
| Building occupancy | 6,165 | - | 19,367 | 17,000 | - | 13,851 | 5,197 | 85,773 | 111,320 | 1,517,159 | (20,660) | 1,496,499 |
| Program and operating | - | - | 79,287 | - | - | 15,156 | 3,772 | 167,670 | 269,582 | 2,015,043 | (184,708) | 1,830,335 |
| GST recoveries | - | - | - | - | - | - | - | - | (15,676) | (284,620) | - | (284,620) |
| | 23,817 | 142,881 | 999,109 | 17,000 | 11,548 | 288,874 | 175,213 | 1,409,120 | 1,708,811 | 20,437,635 | (205,368) | 20,232,267 |
| Amortization of deferred contribution | - | - | - | - | - | - | - | - | - | - | 225,562 | 225,562 |
| Amortization of capital assets | - | - | - | - | - | - | - | - | - | - | (300,226) | (300,226) |
| Excess (deficiency) of revenue over costs | (23,817) | 4,634 | (1,152) | - | 1,152 | - | (10,213) | - | 435,260 | 348,550 | 126,070 | 474,620 |
| Draw from/to surplus | - | - | - | - | - | - | - | - | - | - | - | - |
| Net total | (23,817) | 4,634 | (1,152) | - | 1,152 | - | (10,213) | - | 435,260 | 348,550 | 126,070 | 474,620 |

* 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.

Peel Children's Centre

Note to the Schedule of Excess (Deficiency) of Revenues Over Operating Costs By Program
(Unaudited)

For the year ended March 31, 2017

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.