



Grant Thornton

Financial Statements

Niagara Peninsula Children's Centre

March 31, 2015

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-11



## Independent Auditor's Report

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To the Members of  
Niagara Peninsula Children's Centre

We have audited the accompanying financial statements of Niagara Peninsula Children's Centre, which comprise the statement of financial position as at March 31, 2015, and the statements of changes in fund balances, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 qualified audit opinion.

## Independent Auditor's Report (continued)

### *Basis for Qualified Opinion*

Niagara Peninsula Children's Centre, in common with many not-for-profit organizations, derives a material amount of revenue from donations and fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of Niagara Peninsula Children's Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended March 31, 2015, assets as at March 31, 2015 and fund balances as at March 31, 2015.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Niagara Peninsula 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.

### *Report on Other Legal and Regulatory Requirements*

As required by subsection 96(2) of the Ontario Corporations Act we report that, in our opinion, the accounting principles have been applied on a consistent basis.

*Grant Thornton LLP*

St. Catharines, Canada  
May 27, 2015

Chartered Accountants  
Licensed Public Accountants

## Niagara Peninsula Children's Centre Statement of Financial Position

March 31	Operating Fund	Capital Fund	Total 2015	Total 2014
<b>Assets</b>				
Current				
Cash	\$ 377,772	\$ -	\$ 377,772	\$ 151,355
Cash, externally restricted	-	16,332	16,332	-
Investments	302,328	-	302,328	564,769
Accounts receivable	162,763	-	162,763	164,679
Interfund balances	(12,853)	12,853	-	-
Prepaid expenses	98,827	-	98,827	66,400
	<u>928,837</u>	<u>29,185</u>	<u>958,022</u>	<u>947,203</u>
Long-term				
Investments, externally restricted	-	180,022	180,022	219,974
Property and equipment (Note 3)	-	2,558,679	2,558,679	2,488,001
	<u>\$ 928,837</u>	<u>\$ 2,767,886</u>	<u>\$ 3,696,723</u>	<u>\$ 3,655,178</u>
<b>Liabilities</b>				
Current				
Accounts payable and accrued liabilities	\$ 312,351	\$ 4,500	\$ 316,851	\$ 509,505
Government remittances payable	-	-	-	11,189
	<u>312,351</u>	<u>4,500</u>	<u>316,851</u>	<u>520,694</u>
Deferred contributions (Note 4)	171,874	1,971,815	2,143,689	2,167,446
<b>Fund balances</b>				
Unrestricted	(926)	595,217	594,291	594,311
Internally restricted (Note 5)	445,538	-	445,538	152,753
Externally restricted (Note 6)	-	196,354	196,354	219,974
	<u>444,612</u>	<u>791,571</u>	<u>1,236,183</u>	<u>967,038</u>
	<u>\$ 928,837</u>	<u>\$ 2,767,886</u>	<u>\$ 3,696,723</u>	<u>\$ 3,655,178</u>

Approved on behalf of the board

 Director

 Director

# Niagara Peninsula Children's Centre Statement of Changes in Fund Balances

March 31

	Unrestricted Operating Fund	Unrestricted Capital Fund	Unrestricted Total	Internally Restricted Total	Externally Restricted Total	Total
Balance, beginning of year, 2015	\$ (926)	\$ 595,237	\$ 594,311	\$ 152,753	\$ 219,974	\$ 967,038
Contributions returned to Ministry of Children and Youth Services	270,937	(20)	270,917	-	4,429	275,346
Excess (deficiency) of revenues over expenses for the year	<u>(270,937)</u>	<u>-</u>	<u>(270,937)</u>	<u>298,986</u>	<u>(28,049)</u>	<u>-</u>
Interfund transfers (Note 5)	-	-	-	(6,201)	-	(6,201)
Balance, end of year, 2015	<u>\$ (926)</u>	<u>\$ 595,217</u>	<u>\$ 594,291</u>	<u>\$ 445,538</u>	<u>\$ 196,354</u>	<u>\$ 1,236,183</u>
Balance, beginning of year, 2014	\$ 371,007	\$ 572,034	\$ 943,041	\$ -	\$ 194,939	\$ 1,137,980
(Deficiency) excess of revenues over expenses for the year	(196,543)	566	(195,977)	-	25,035	(170,942)
Interfund transfers	<u>(175,390)</u>	<u>22,637</u>	<u>(152,753)</u>	<u>152,753</u>	<u>-</u>	<u>-</u>
Balance, end of year, 2014	<u>\$ (926)</u>	<u>\$ 595,237</u>	<u>\$ 594,311</u>	<u>\$ 152,753</u>	<u>\$ 219,974</u>	<u>\$ 967,038</u>

See accompanying notes to the financial statements.

## Niagara Peninsula Children's Centre Statement of Operations

Year ended March 31	Operating Fund	Capital Fund	Total 2015	Total 2014
<b>Revenues</b>				
Ministry of Children and Youth Services	\$ 4,564,729	\$ -	\$ 4,564,729	\$ 3,985,340
Ministry of Children and Youth Services - Preschool Speech and Language	938,189	-	938,189	883,965
Ministry of Community and Social Services	640,392	-	640,392	567,279
Regional Municipality of Niagara	235,564	-	235,564	256,789
Community Care Access Centre	60,255	-	60,255	65,737
N.P.C.C. Foundation	250,000	-	250,000	150,000
Donations	101,875	-	101,875	-
Other income	500,755	8,202	508,957	390,690
Amortization of deferred capital contributions	-	161,299	161,299	134,365
	<u>7,291,759</u>	<u>169,501</u>	<u>7,461,260</u>	<u>6,434,165</u>
<b>Expenses</b>				
Salaries and wages	4,850,850	-	4,850,850	4,676,865
Employee benefits (Note 7)	958,764	-	958,764	899,479
Centre operating	358,841	-	358,841	276,121
Building services	599,877	-	599,877	316,058
Office supplies	82,324	-	82,324	134,670
Staff development and travel	92,328	-	92,328	94,853
Therapy supplies	77,838	-	77,838	65,206
Donations	-	3,610	3,610	7,229
Amortization of property and equipment	-	161,482	161,482	134,626
	<u>7,020,822</u>	<u>165,092</u>	<u>7,185,914</u>	<u>6,605,107</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 270,937</u>	<u>\$ 4,409</u>	<u>\$ 275,346</u>	<u>\$ (170,942)</u>

See accompanying notes to the financial statements.

# Niagara Peninsula Children's Centre

## Statement of Cash Flows

Year ended March 31

2015

2014

	2015	2014
Increase (decrease) in cash		
<b>Operating</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 275,346	\$ (170,942)
Increase in deferred contributions related to operations	2,895	9,491
Adjustments for non-cash items		
Amortization of property and equipment	161,482	134,626
Amortization of contributions	(161,299)	(134,365)
	278,424	(161,190)
Changes in non-cash working capital		
Accounts receivable	1,917	28,679
Prepaid expenses	(32,427)	(38,078)
Accounts payable and accrued liabilities	(192,654)	212,531
Government remittances payable	(11,189)	698
	44,071	42,640
<b>Investing</b>		
Purchase of property and equipment	(232,160)	(22,637)
Investments purchased	-	(134,655)
Investments redeemed	302,393	-
	70,233	(157,292)
<b>Financing</b>		
Property and equipment contributions received	134,646	-
Contributions returned to Ministry of Children and Youth Services	(6,201)	-
	128,445	-
Increase (decrease) in cash	242,749	(114,652)
Cash		
Beginning of year	151,355	266,007
End of year	\$ 394,104	\$ 151,355

Comprised of the following:

Cash	\$ 377,772	\$ 151,355
Cash, externally restricted	16,332	-
	\$ 394,104	\$ 151,355



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# Niagara Peninsula Children's Centre

## Notes to the Financial Statements

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March 31, 2015

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### 1. Nature of operations

The Niagara Peninsula Children's Centre operates under the Ministry of Children and Youth Services and Ministry of Community and Social Services. The Centre provides rehabilitation and treatment services to children with physical, developmental or communicative challenges. The Centre is exempt from income tax as a registered charity under the Income Tax Act (Canada).

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### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

#### Fund accounting

Revenues and expenses related to programs delivery are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Centre's property and equipment. The Capital Fund also reports the transactions related to certain externally restricted contributions.

#### Revenue recognition

Contributions related to the externally restricted fund are recognized as revenue of the externally restricted fund when received. Investment income in the externally restricted fund is recognized as revenue when earned.

Restricted contributions to unrestricted funds are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

#### Pension plan

The Centre offers a multi-employer defined benefit pension plan to employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan. Therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined benefit contribution plan. An expense is recorded in the period when the Centre is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in accounts payable and accrued liabilities on the statement of financial position.

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# Niagara Peninsula Children's Centre

## Notes to the Financial Statements

March 31, 2015

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### 2. Significant accounting policies (continued)

#### Financial instruments

##### Measurement

The Centre initially measures its financial assets and liabilities at fair value.

The Centre subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, investments, accounts receivable, accounts payable and accrued liabilities, and government remittances payable.

#### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized to estimated residual values at the following annual rates over the estimated useful lives of the related assets:

Buildings	5% Declining balance
Parking lot	8% Declining balance
Equipment and furniture	20% Declining balance
Computer hardware	30% Declining balance

#### Management estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

Items subject to significant management estimates include residuals and estimated useful lives of property and equipment and amortization rates of deferred contributions.

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# Niagara Peninsula Children's Centre

## Notes to the Financial Statements

March 31, 2015

### 3. Property and equipment

			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 201,434	\$ -	\$ 201,434	\$ 143,280
Buildings	5,614,656	3,468,549	2,146,107	2,259,060
Parking lot	138,643	110,207	28,436	30,908
Equipment and furniture	884,315	703,745	180,570	51,708
Computer hardware	589,353	587,221	2,132	3,045
	<u>\$ 7,428,401</u>	<u>\$ 4,869,722</u>	<u>\$ 2,558,679</u>	<u>\$ 2,488,001</u>

### 4. Deferred contributions

Deferred contributions reported in the Operating Fund include the portion of contributions relating to operating expenses not yet incurred. The deferred contributions are amortized to revenue when the related expense has been recognized.

The changes for the year in the deferred contributions balance reported in the Operating Fund are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 203,979	\$ 194,488
Contributions received during the year	156,498	148,514
Contributions transferred to deferred in the capital fund	(35,000)	-
Contributions returned to Ministry of Community and Social Services	-	(17,261)
Amounts recognized in revenues	<u>(153,603)</u>	<u>(121,762)</u>
Balance, end of year	<u>\$ 171,874</u>	<u>\$ 203,979</u>

Deferred contributions reported in the Capital Fund include the unamortized portion of contributions relating to property and equipment acquisitions. The deferred contributions are amortized on the same basis as the property and equipment to which the contribution relates.

The changes for the year in the deferred contributions balance reported in the Capital Fund are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,963,468	\$ 2,097,833
Contributions received during the year	134,646	-
Contributions transferred from deferred in the operating fund	35,000	-
Amount amortized to revenue	<u>(161,299)</u>	<u>(134,365)</u>
Balance, end of year	<u>\$ 1,971,815</u>	<u>\$ 1,963,468</u>

# Niagara Peninsula Children's Centre

## Notes to the Financial Statements

March 31, 2015

### 5. Internally restricted fund balances and interfund transfers

As of March 31, 2015, \$270,937 was transferred from the Unrestricted operating fund to the Internally restricted fund. In addition, \$28,049 was transferred to the Internally restricted fund from the Externally restricted fund for accumulated unrestricted contributions.

As of March 31, 2015, the Centre has internally restricted resources amounting to \$445,538. Of this amount, \$11,029 is to be used for the employee fund, \$166,029 is to be used for the strategic priorities fund and \$268,480 is to be used for the operating fund. These internally restricted amounts are not available for other purposes without the approval of the board of directors.

### 6. Externally restricted fund balance

The externally restricted fund balance consists largely of the Dr. W. J. Orr Trust fund, which recognizes the significant contribution he has made to children since the early 1950's. The purpose of the fund is to benefit and enhance the lives of children of the Region of Niagara who have physical disabilities and no other funding available.

### 7. Pension plan

Substantially all of the employees of the Centre are eligible to be members of the Hospitals of Ontario Pension Plan, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Centre contributions equal the employee contributions to the plan. During the year ended March 31, 2015, the Centre contributed \$354,800 (2014 - \$337,200) to the plan.

### 8. Service contracts

The Centre has service contracts with The Ministry of Children and Youth Services and Ministry of Community and Social Services. Reconciliation reports summarize by service, all revenues and expenses and identifies any resulting surplus or deficit that relates to the Service Contracts.

	A550 Treatment and Rehab Services	A710 Facility Renewal	A463 Early Literacy	9261 Special Needs Phase 2 & Counselling	9256 Assessment	2015 Total
Operating grant	\$ 4,176,179	\$ 523,197	\$ 125,500	\$ 507,579	\$ 64,500	\$ 5,396,955
Expenses						
Salaries and benefits	3,625,133	-	112,911	441,250	64,500	4,243,794
Other service costs	551,046	523,197	7,589	642	-	1,082,474
	<u>4,176,179</u>	<u>523,197</u>	<u>120,500</u>	<u>441,892</u>	<u>64,500</u>	<u>5,326,268</u>
Central administration	-	-	5,000	8,500	-	13,500
Variance - end of year	\$ -	\$ -	\$ -	\$ 57,187	\$ -	\$ 57,187

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# Niagara Peninsula Children's Centre

## Notes to the Financial Statements

March 31, 2015

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### 9. Credit facility

The Centre's credit facility includes an authorized overdraft lending account of \$150,000 bearing interest at prime plus 0.25%. No amount was outstanding during the 2015 fiscal year.

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### 10. Financial instruments

The following analysis provides a measure of the Centre's risk exposure and concentrations at the statement of financial position date, March 31, 2015:

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is not significantly exposed to these market risks.

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