

Financial Statements of

**ERINOAK**  
Serving Young People with  
Physical Disabilities

Year ended March 31, 2005



**KPMG LLP**  
**Chartered Accountants**  
Yonge Corporate Centre  
4100 Yonge Street Suite 200  
Toronto ON M2P 2H3  
Canada

Telephone (416) 228-7000  
Fax (416) 228-7123  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

To the Board of Directors of ERINOAK Serving Young People  
with Physical Disabilities

We have audited the statement of financial position of ERINOAK Serving Young People with Physical Disabilities as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Organization derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation and fundraising event revenue, excess (deficiency) of revenue over expenses, current assets and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to verify the completeness of revenue from donations and fundraising events referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

May 13, 2005

# ERINOAK

## Serving Young People with Physical Disabilities

### Statement of Financial Position

March 31, 2005, with comparative figures for 2004


				2005	2004
	Operating Fund	Capital Fund	Segregated Funds	Total	Total
<b>Assets</b>					
Current assets:					
Cash and short-term deposits	\$ 2,585,551	\$ 4,536	\$ 3,174	\$ 2,593,261	\$ 1,681,861
Accounts receivable	955,799	-	-	955,799	571,634
Interest and other receivables	-	118,142	111	118,253	145,298
Prepaid expenses	187,217	-	-	187,217	211,206
	<u>3,728,567</u>	<u>122,678</u>	<u>3,285</u>	<u>3,854,530</u>	<u>2,609,999</u>
Investments (note 2)	-	2,495,417	47,711	2,543,128	2,422,505
Interfund receivable (payable)	1,631,189	(1,652,459)	21,270	-	-
Capital assets (note 3)	-	3,449,589	-	3,449,589	3,736,435
	<u>\$ 5,359,756</u>	<u>\$ 4,415,225</u>	<u>\$ 72,266</u>	<u>\$ 9,847,247</u>	<u>\$ 8,768,939</u>

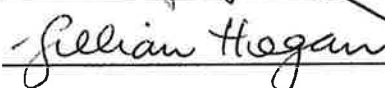
### Liabilities and Net Assets

Current liabilities:					
Accounts payable and accrued liabilities	\$ 4,578,199	\$ -	\$ -	\$ 4,578,199	\$ 3,232,684
Deferred revenue	776,946	10,756	-	787,702	796,597
	<u>5,355,145</u>	<u>10,756</u>	<u>-</u>	<u>5,365,901</u>	<u>4,029,281</u>
Deferred contributions (note 4)	-	2,099,109	-	2,099,109	2,295,643
Net assets:					
Invested in capital assets (note 5)	-	1,350,480	-	1,350,480	1,440,792
Diana Thomson Award	-	-	10,871	10,871	10,943
Restricted	-	-	61,395	61,395	58,736
Unrestricted	4,611	954,880	-	959,491	933,544
	<u>4,611</u>	<u>2,305,360</u>	<u>72,266</u>	<u>2,382,237</u>	<u>2,444,015</u>
	<u>\$ 5,359,756</u>	<u>\$ 4,415,225</u>	<u>\$ 72,266</u>	<u>\$ 9,847,247</u>	<u>\$ 8,768,939</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# ERINOAK

## Serving Young People with Physical Disabilities

### Statement of Operations

Year ended March 31, 2005, with comparative figures for 2004

				2005	2004
	Operating Fund	Capital Fund	Segregated Funds	Total	Total
Revenue:					
Ministry of Health and Long-term Care (note 7)	\$ 16,819,181	\$ -	\$ -	\$ 16,819,181	\$ 16,836,211
Ministry of Children and Youth Services (note 8)	12,779,957	-	-	12,779,957	10,263,376
Regional Municipality of Peel	664,936	-	-	664,936	561,840
Amortization of deferred contributions (note 4)	-	773,710	-	773,710	670,757
Other revenue (note 9)	1,198,886	-	-	1,198,886	1,094,582
Specified donations	-	-	200	200	200
Dividend and interest income	43,599	90,523	2,887	137,009	143,567
	31,506,559	864,233	3,087	32,373,879	29,570,533
Expenses:					
Salaries and benefits	22,429,535	-	-	22,429,535	20,975,829
Special services at home purchased services	1,570,164	-	-	1,570,164	1,246,714
Other purchased services	3,102,245	-	-	3,102,245	2,997,914
Professional and other fees	399,406	38,399	-	437,805	292,431
Supplies and minor equipment	1,372,115	-	-	1,372,115	850,179
Training and travel	778,842	2,181	-	781,023	739,809
Utilities	247,110	-	-	247,110	225,425
Rentals	1,213,178	-	-	1,213,178	1,211,820
Repairs and maintenance	114,178	-	-	114,178	60,604
Recruitment, advertising and promotion	112,966	1,458	-	114,424	51,133
Amortization of capital assets	-	931,385	-	931,385	835,874
Other	115,522	6,473	500	122,495	147,332
	31,455,261	979,896	500	32,435,657	29,635,064
Excess (deficiency) of revenue over expenses	\$ 51,298	\$ (115,663)	\$ 2,587	\$ (61,778)	\$ (64,531)

See accompanying notes to financial statements.

# ERINOAK

## Serving Young People with Physical Disabilities

### Statement of Changes in Net Assets

Year ended March 31, 2005, with comparative figures for 2004

							2005	2004
	Operating Fund	Capital Fund		Segregated Funds		Total	Total	
	Unrestricted	Unrestricted net assets	Invested in capital assets (note 5)	Diana Thomson Award	Restricted			
Net assets, beginning of year	\$ 3,774	\$ 929,770	\$ 1,440,792	\$ 10,943	\$ 58,736	\$ 2,444,015	\$ 2,508,546	
Excess (deficiency) of revenue over expenses	51,298	45,091	(160,754)	(72)	2,659	(61,778)	(64,531)	
Net change in investment in capital assets (note 5)	-	(70,442)	70,442	-	-	-	-	
Interfund transfers	(50,461)	50,461	-	-	-	-	-	
Net assets, end of year	\$ 4,611	\$ 954,880	\$ 1,350,480	\$ 10,871	\$ 61,395	\$ 2,382,237	\$ 2,444,015	

See accompanying notes to financial statements.

# ERINOAK

## Serving Young People with Physical Disabilities

### Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (61,778)	\$ (64,531)
Items not involving cash:		
Amortization of capital assets	931,385	835,874
Amortization of deferred contributions	(773,710)	(670,757)
Loss on disposal of capital asset	3,080	—
Change in non-cash operating working capital	1,580,665	(582,452)
	1,679,642	(481,866)
Financing and investing activities:		
Long-term investments	(120,623)	(75,728)
Additions to capital assets	(647,619)	(516,358)
	(768,242)	(592,086)
Increase (decrease) in cash and short-term deposits	911,400	(1,073,952)
Cash and short-term deposits, beginning of year	1,681,861	2,755,813
Cash and short-term deposits, end of year	\$ 2,593,261	\$ 1,681,861
Supplemental cash flow information:		
Interest paid	\$ 7,171	\$ 6,725
Interest received	104,519	98,461

See accompanying notes to financial statements.

# **ERINOAK**

## **Serving Young People with Physical Disabilities**

Notes to Financial Statements

Year ended March 31, 2005

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ERINOAK Serving Young People with Physical Disabilities (the "Organization" or "ERINOAK") is incorporated under the laws of Ontario, without share capital, with the purpose of supporting children and youth with physical, developmental or communication disabilities and their families residing primarily in the regions of Peel and Halton in achieving and maintaining optimal levels of independence, health and well-being.

ERINOAK is a registered charitable organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

### **1. Significant accounting policies:**

#### **(a) Fund accounting:**

The accounts are maintained using the principles of fund accounting to ensure observance of limitations and restrictions placed on the use of resources and to appropriately match expenditures with related funding. Resources are classified into funds that are in accordance with specified activities or objectives.

The Operating Fund accounts for the client care, administrative and operational costs financed by provincial ministries and other agencies and includes other operating revenue. All assets and liabilities relating to ongoing client care activities are included in the Operating Fund.

The Capital Fund accounts for monies received and specified for capital purposes or other special projects and purposes.

The Segregated Funds include monies received by ERINOAK pursuant to written direction by the donees that the monies be held for not less than 10 years. The purpose of the Segregated Fund is to accumulate capital for investment. At the expiration of 10 years, the capital and income earned on the Segregated Funds may be used at the Board of Directors' discretion to fund any operating deficits that may arise. The Segregated Funds also contain amounts segregated for the Diana Thomson Award.

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

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### 1. Significant accounting policies (continued):

In 1998, the Board of Directors of ERINOAK established the Diana Thomson Award in recognition of the length of service and loyal efforts of ERINOAK's previous Executive Director. This award was created to assist with the continuing education of an Erinoak client or alumnus. Each year, \$500 will be awarded to a designated ERINOAK client or alumnus to assist in furthering their education in their selected field of study.

#### (b) Cash and short-term deposits:

Cash and short-term deposits consist of cash and investments in short-term instruments readily converted to cash.

#### (c) Investments:

Investments are carried at cost. If the market value of investments becomes lower than cost and this decline is considered to be other than temporary, the investments are written down to market value.

#### (d) Capital assets:

Purchased capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives.

Contributed capital assets, which are recorded at fair market value at the date of the contribution, are recognized as deferred contributions and amortized on a straight-line basis over their estimated useful lives, as follows:

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Buildings and building service equipment	15 - 40 years
Leasehold improvements	15 - 40 years
Major equipment	5 - 15 years
Major IS equipment	5 - 15 years
Preschool Autism Program equipment	5 years
Infant Hearing Program equipment	5 years
Preschool Speech Program equipment	5 years
Therapy and service equipment	5 years
School Support Program Autism Spectrum Disorder equipment	5 years
Special Services At Home Program equipment	5 years
Respite Program equipment	5 years

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# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

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### 1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenue represents grants, donations and certain fundraising revenue for programs and expenditures to be made in future years. These will be recognized as income in the year the program is held or expenditure is made.

(f) Deferred contributions:

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.

(g) Donations:

The Organization accounts for donations as Operating Fund revenue, with the exception of donations specified for capital expenditures which appear as Capital Fund revenue. Donations are recognized on a cash basis.

(h) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

### 2. Investments:

	2005	2004
<b>Bonds:</b>		
Ontario Savings Bond, annual step-up interest ranging from 4.75% to 6.75%, due June 2004	\$ —	\$ 53,700
Ontario Savings Bond, annual step-up interest ranging from 3% to 8%, due June 2004	—	250,000
Ontario Savings Bond, annual step-up interest ranging from 4.25% to 6.75%, due June 2006	500,000	500,000
Ontario Savings Bond, variable interest rate set each June 21 and December 21, due June 2009	—	200,000
Province of Ontario Treasury Bill, \$153,000 face value, interest fixed at \$1,304, due June 2005	151,696	—
Government of Canada Bond, \$220,337 face value, 3.61% interest, due March 2007	200,000	—
Government of Canada Bond, \$201,027 face value, 3.94% interest, due December 2007	175,999	—
Province of Ontario Bond, \$139,821 face value, 3.26% interest, due June 2008	126,105	—
Province of Ontario Bond, \$164,233 face value, 3.51% interest, due November 2008	143,425	—
Province of Ontario Bond, \$173,751 face value, 3.47% interest, due June 2009	150,000	—
Province of Manitoba Bond, \$137,527 face value, 6.0% interest, due November 2004	—	106,666
Province of Ontario Bond, \$133,297 face value, 6.03% interest, due June 2005	99,999	99,999
Province of Manitoba Bond, \$124,623 face value, 5.25% interest, due March 2005	—	102,291
Province of Ontario Bond, \$222,445 face value, 4.14% interest, due December 2005	188,544	188,544
Government of Canada Bond, \$119,729 face value, 3.5% interest, due June 2004	—	115,000
Government of Canada Bond, \$182,827 face value, 3.35% interest, due June 2006	168,000	168,000
Government of Canada Bond, \$166,611 face value, 3.49% interest, due December 2006	150,000	150,000
<b>Mutual funds:</b>		
Fidelity Growth America Fund - 5,507 units held (2004 - 5,507)	170,502	170,502
Templeton Growth Fund - 15,626 units held (2004 - 15,522)	166,717	165,662
Trimark Enterprise Fund - 8,193 units held (2004 - 25,592)	152,141	152,141
	<b>\$ 2,543,128</b>	<b>\$ 2,422,505</b>

The aggregate market value at March 31, 2005 is \$2,654,343 (2004 - \$2,588,353).

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

### 3. Capital assets:

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 84,278	\$ —	\$ 84,278	\$ 84,278
Buildings and building service equipment	1,326,940	724,005	602,935	621,753
Major equipment	684,305	284,269	400,036	406,573
Major IS equipment	195,176	121,312	73,864	108,956
Leasehold Improvements	365,381	166,902	198,479	225,322
Preschool Autism Program equipment	909,183	578,765	330,418	448,900
Infant Hearing Program equipment	1,244,249	851,441	392,808	621,363
Preschool Speech Program equipment	152,755	60,444	92,311	38,940
Therapy and service equipment	1,748,086	723,290	1,024,796	1,180,350
School Support Program Autism Spectrum Disorder equipment	254,892	15,489	239,403	—
Special Services At Home Program equipment	4,343	72	4,271	—
Respite Program equipment	6,834	844	5,990	—
	\$ 6,976,422	\$ 3,526,833	\$ 3,449,589	\$ 3,736,435

### 4. Deferred contributions:

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

	2005	2004
Balance, beginning of year	\$ 2,295,643	\$ 2,525,713
Contributions received	577,176	440,687
	2,872,819	2,966,400
Less amounts amortized to revenue	773,710	670,757
Balance, end of year	\$ 2,099,109	\$ 2,295,643

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

### 5. Net assets invested in capital assets:

(a) Net assets invested in capital assets are calculated as follows:

	2005	2004
Capital assets	\$ 3,449,589	\$ 3,736,435
Less amounts financed by deferred contributions	2,099,109	2,295,643
	<u>\$ 1,350,480</u>	<u>\$ 1,440,792</u>

(b) The change in net assets invested in capital assets is calculated as follows:

	2005	2004
Excess (deficiency) of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 773,710	\$ 670,757
Amortization of capital assets	(931,385)	(835,874)
	<u>\$ (157,675)</u>	<u>\$ (165,117)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 647,619	\$ 516,358
Amounts funded by deferred contributions	(577,177)	(440,687)
	<u>\$ 70,442</u>	<u>\$ 75,671</u>

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

### 6. Contracts with the Ministry of Children and Youth Services:

ERINOAK has a number of programs with the Ministry of Children and Youth Services. A requirement of these programs is the completion by management of an Annual Reconciliation Report which shows a summary of all revenue and expenditures and any resulting surplus or deficit related to the programs. The Annual Reconciliation Report prepared by management indicates the following programs to be in a surplus position as at March 31, 2005. Any surplus amounts are included in accounts payable on the statement of financial position.

	2005	Surplus 2004
Special Services At Home Program	\$ 65,070	\$ —
Preschool Autism Intensive Behavioural Intervention Program	179,708	33,751
Respite Program	—	2,705
School Support Program Autism Spectrum Disorder	473,483	—
Preschool Autism Transitions Support Program	24,956	—

### 7. Ministry of Health and Long-term Care revenue:

	2005	2004
Base Operating Grant	\$ 9,861,447	\$ 9,996,900
Preschool Speech Program	3,344,632	3,115,052
School Health Support Services Program	2,127,770	2,129,991
Infant Hearing Program	1,271,885	1,357,086
Alternative Funding Program	117,746	115,437
French Language Services Program	76,701	75,675
Assistive Devices Leasing Program	19,000	18,700
Severe Acute Respiratory Syndrome Funding	—	27,370
	<b>\$ 16,819,181</b>	<b>\$ 16,836,211</b>

Effective December 2004, certain programs funded under the Ministry of Health and Long-term Care were transferred to the Ministry of Children and Youth Services.

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

### 8. Ministry of Children and Youth Services revenue:

	2005	2004
Preschool Autism Intensive Behavioural Intervention Program	\$ 8,593,578	\$ 8,390,875
Pre-school Autism Transitions Support Program	423,452	112,752
Special Services At Home Program	1,673,815	1,346,451
School Support Program Autism Spectrum Disorder	1,551,866	—
Respite Program	453,066	326,894
Child Community Support and Case Management Program	84,180	86,404
	<u>\$ 12,779,957</u>	<u>\$ 10,263,376</u>

### 9. Other revenue:

	2005	2004
Preschool Speech Partnership contributions	\$ 328,571	\$ 334,513
Donations	209,698	257,613
United Way of Peel Region Grants and designated donations	92,119	115,859
Fundraising events	133,630	112,415
Client and other service fees	242,068	94,007
One-time grants and other income	83,577	92,811
Ontario Trillium Foundation grant	75,000	75,000
Sales and rentals	34,223	12,364
	<u>\$ 1,198,886</u>	<u>\$ 1,094,582</u>

### 10. Pension plan:

Most employees of ERINOAK are members of the Hospitals of Ontario Pension Plan, which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death.

Contributions to the Plan made during the year by ERINOAK on behalf of its employees amounted to \$ 1,334,880 (2004 - \$1,158,708) and is included in the statement of operations.

# ERINOAK

## Serving Young People with Physical Disabilities

Notes to Financial Statements (continued)

Year ended March 31, 2005

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### 11. Financial instruments:

The carrying values of cash and short-term deposits, accounts receivable, interest and other receivables and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items.

### 12. Commitments:

Under the terms of various operating leases for premises, the Organization is committed at March 31, 2005 to the following approximate minimum annual lease payments:

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2006	\$	665,000
2007		444,000
2008		240,000
		<hr/>
	\$	1,349,000

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### 13. Contingencies and indemnifications:

#### (a) Contingent liabilities:

On July 1, 1987, a group of health care organizations ("subscribers") formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal pursuant to the Provincial Insurance Act, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the Provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2005.

# **ERINOAK**

## **Serving Young People with Physical Disabilities**

Notes to Financial Statements (continued)

Year ended March 31, 2005

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### **13. Contingencies and indemnifications (continued):**

#### **(b) Director/officer indemnifications:**

The Organization indemnifies its directors/officers and former directors/officers to the extent permitted by legislation against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by them in connection with any action, suit or proceeding in which the directors and/or officers are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Organization. The nature of the indemnification prevents the Organization from making a reasonable estimate of the maximum potential amount that it could be required to pay counterparties. The Organization has purchased directors' and officers' liability insurance. No amount has been accrued in the financial statements as of March 31, 2005 with respect to this liability.

### **14. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.