
Financial Statements of

ERINOAKKIDS
Centre for Treatment
and Development

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of ERINOAKKIDS
Centre for Treatment and Development

We have audited the accompanying financial statements of ERINOAKKIDS Centre for Treatment and Development, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, ERINOAKKIDS Centre for Treatment and Development derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of ERINOAKKIDS Centre for Treatment and Development. Therefore, we were not able to determine whether, as at and for the years ended March 31, 2018 and March 31, 2017, any adjustments might be necessary to donations and fundraising revenue and excess of revenue over expenses reported in the statements of operations, excess of revenue over expenses reported in the statements of cash flows and current assets and unrestricted net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ERINOAKKIDS Centre for Treatment and Development as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 13, 2018
Vaughan, Canada

ERINOAKKIDS

Centre for Treatment and Development

Statement of Financial Position

March 31, 2018, with comparative information for 2017

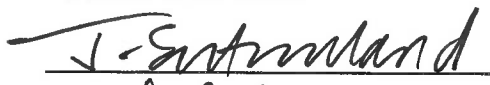
				2018	2017
	Operating Fund	Capital Fund	Segregated Funds	Total	Total
Assets					
Current assets:					
Cash (note 8)	\$ 13,306,122	\$ 7,146,122	\$ -	\$ 20,452,244	\$ 10,918,930
Accounts receivable (note 10)	3,548,187	-	-	3,548,187	2,216,008
Prepaid expenses	410,086	-	-	410,086	454,912
	17,264,395	7,146,122	-	24,410,517	13,589,850
Investments (note 2)	-	4,418,179	-	4,418,179	4,229,299
Interfund receivable (payable)	(2,332,073)	2,237,434	94,639	-	-
Capital assets (note 3)	-	204,060,170	-	204,060,170	33,882,000
	\$ 14,932,322	\$ 217,861,905	\$ 94,639	\$ 232,888,866	\$ 51,701,149

Liabilities and Net Assets

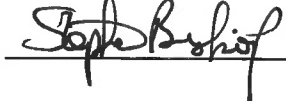
Current liabilities:					
Accounts payable and accrued liabilities (notes 4 and 10)	\$ 11,469,310	\$ 1,024,996	\$ -	\$ 12,494,306	\$ 6,208,970
Deferred revenue	1,639,772	-	-	1,639,772	2,867,897
	13,109,082	1,024,996	-	14,134,078	9,076,867
Deferred contributions (note 5)	435,794	190,697,913	-	191,133,707	36,991,744
	13,544,876	191,722,909	-	205,267,785	46,068,611
Net assets:					
Diana Thompson Award and The Care for the Kids	-	-	24,865	24,865	24,865
Internally restricted (note 7)	42,302	23,936,808	69,774	24,048,884	3,395,268
Unrestricted	1,345,144	2,202,188	-	3,547,332	2,212,405
	1,387,446	26,138,996	94,639	27,621,081	5,632,538
Commitments (note 15)					
Contingencies and indemnifications (note 16)					
	\$ 14,932,322	\$ 217,861,905	\$ 94,639	\$ 232,888,866	\$ 51,701,149

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ERINOAKKIDS

Centre for Treatment and Development

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

			2018	2017
	Operating Fund	Capital Fund	Total	Total
Revenue:				
Ministry of Children and Youth Services (note 11(a) and (b))	\$ 92,355,223	\$ 4,741,125	\$ 97,096,348	\$ 73,235,748
Other (note 12)	7,927,009	50,004	7,977,013	2,789,565
Regional Municipality of Peel	2,831,775	–	2,831,775	2,614,304
Amortization of deferred contributions - capital (note 5)	–	1,790,525	1,790,525	398,499
Net gain on disposal of capital assets	–	1,788,578	1,788,578	2,450,051
Donations and fundraising (note 18)	780,085	–	780,085	956,330
Dividends and interest	176,566	112,951	289,517	204,191
Ministry of Health and Long-Term Care (note 13)	56,080	–	56,080	46,952
	104,126,738	8,483,183	112,609,921	82,695,640
Expenses:				
Salaries and benefits	49,273,050	–	49,273,050	41,346,801
Other purchased services	43,493,127	–	43,493,127	26,884,170
One-time redevelopment expenses (note 11(b))	–	4,741,125	4,741,125	–
Special Services At Home purchased services	2,632,536	–	2,632,536	2,441,977
Supplies and minor equipment	2,338,722	3,983	2,342,705	1,450,812
Professional and other fees	1,672,996	–	1,672,996	1,603,342
Amortization of capital assets	–	1,470,036	1,470,036	415,568
Rentals	1,046,066	–	1,046,066	3,271,608
Training and travel	788,700	520	789,220	708,645
Utilities	592,515	278	592,793	398,217
Other	575,486	14,122	589,608	359,222
Fundraising (note 18)	455,423	–	455,423	558,553
Recruitment, advertising and promotion	112,546	–	112,546	120,094
Repairs and maintenance	73,352	–	73,352	148,182
	103,054,519	6,230,064	109,284,583	79,707,191
	1,072,219	2,253,119	3,325,338	2,988,449
Unrealized gain on investments	–	94,427	94,427	171,604
Excess of revenue over expenses	\$ 1,072,219	\$ 2,347,546	\$ 3,419,765	\$ 3,160,053

See accompanying notes to financial statements.

ERINOAKKIDS

Centre for Treatment and Development

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

	Operating Fund			Capital Fund		Segregated Funds			2018	2017
	Unrestricted	Internally restricted	Unrestricted	Invested in capital assets (note 6)	Internally restricted	Thompson Award and The Care for the Kids	Restricted	Total	Total	
Net assets, beginning of year	\$ 315,227	\$ -	\$ 1,897,178	\$ -	\$ 3,325,494	\$ 24,865	\$ 69,774	\$ 5,632,538	\$ 2,472,485	
Excess of revenue over expenses	1,072,219	-	238,479	2,109,067	-	-	-	3,419,765	3,160,053	
Interfund transfer (note 7)	(42,302)	42,302	(2,042,536)	-	2,042,536	-	-	-	-	
Net change in investment in capital assets (note 6)	-	-	2,109,067	16,459,711	-	-	-	18,568,778	-	
Net assets, end of year	\$ 1,345,144	\$ 42,302	\$ 2,202,188	\$ 18,568,778	\$ 5,368,030	\$ 24,865	\$ 69,774	\$ 27,621,081	\$ 5,632,538	

See accompanying notes to financial statements.

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Centre for Treatment and Development

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,419,765	\$ 3,160,053
Items not involving cash:		
Amortization of capital assets	1,470,036	415,568
Amortization of deferred contributions - capital	(1,790,525)	(398,499)
Net gain on disposal of capital assets	(1,788,578)	(2,450,051)
Unrealized gain on investments	(94,427)	(171,604)
Change in non-cash operating working capital	5,812,394	(614,723)
	7,028,665	(59,256)
Financing activities:		
Deferred contributions received - capital	174,501,266	5,584,606
Deferred contributions received - operating, net	—	10,054
	174,501,266	5,594,660
Investing activities:		
Purchase of investments	(2,158,353)	(1,687,413)
Proceeds on redemption and sale of investments	2,063,900	1,544,745
Purchase of capital assets	(171,902,164)	(3,975,882)
	(171,996,617)	(4,118,550)
Increase in cash	9,533,314	1,416,854
Cash, beginning of year	10,918,930	9,502,076
Cash, end of year	\$ 20,452,244	\$ 10,918,930
Supplementary disclosures relating to non-cash financing activities:		
Land contributions transferred to net assets	\$ 18,568,778	\$ —

See accompanying notes to financial statements.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements

Year ended March 31, 2018

ERINOAKKIDS Centre for Treatment and Development (the "Organization" or "ERINOAKKIDS") 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 and Dufferin County in achieving and maintaining optimal levels of independence, health and well-being.

ERINOAKKIDS 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:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Fund accounting and revenue recognition:

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 expenses with related funding. Resources are classified into funds that are in accordance with specified activities or objectives.

The Organization follows the deferral method of accounting for contributions.

The Operating Fund accounts for the client care and administrative and operational costs financed by provincial ministries and other agencies and include other operating revenue. All assets and liabilities relating to ongoing client care activities are included in the Operating Fund. Operating grants for programs are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

Unrestricted contributions, including donations and fundraising, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

The Capital Fund accounts for monies received and specified for capital purposes or other special projects and purposes. The monies received to fund 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. Monies received for special projects and purposes are recognized as revenue in the year in which the related expenses are incurred.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from client and other service fees are recognized when the services are provided.

The Segregated Funds include monies received by ERINOAKKIDS pursuant to written direction by the donors that the monies be held for not less than 10 years. The purpose of the Segregated Funds 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 and The Care for the Kids Segregated Fund.

ERINOAKKIDS

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Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

In 1998, the Board of Directors of ERINOAKKIDS established the Diana Thomson Award in recognition of the length of service and loyal efforts as ERINOAKKIDS' previous Executive Director. This award was created to assist with the continuing education of an ERINOAKKIDS client or alumnus. Each year, an amount will be awarded to a designated ERINOAKKIDS client or alumnus to assist in furthering his/her education in his/her selected field of study.

In fiscal 2009, ERINOAKKIDS established The Care for the Kids Segregated Fund. This fund was created in recognition of Linda Rothney's (former CEO) advocacy for the Redevelopment Project for ERINOAKKIDS. Donations into the fund will go towards the planning or construction of a new facility.

(b) Capital assets:

Purchased 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 expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to ERINOAKKIDS ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following rates:

Land improvements	15 - 20 years
Buildings	40 years
Building service equipment	15 - 40 years
Leasehold improvements	Over lease term
Major equipment	5 - 15 years
Major Information System ("IS") equipment	5 - 15 years

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(c) 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.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its financial investments 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 using the straight-line method.

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, ERINOAKKIDS determines if 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 the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount ERINOAKKIDS 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.

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Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(e) Use of estimates:

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

2. Investments:

Investments are carried at fair value and consist of the following:

	2018	2017
Guaranteed investment certificates	\$ 2,169,769	\$ 1,675,822
Bonds:		
Ontario savings bond - long term	586,463	585,353
Government bonds - short term	–	401,166
	586,463	986,519
Mutual funds:		
Balanced Pooled Fund - 7,858 units held	1,661,947	1,566,958
	\$ 4,418,179	\$ 4,229,299

The Guaranteed investment certificates have an effective interest rate of 0.95% to 1.25% (2017 - 0.95% to 1.20%) and mature between July 2018 and February 2019 (2017 - June 2017 and February 2018).

The Ontario savings bonds (2017 - Ontario savings bonds and government bonds) have an effective interest rate of 2.00% to 2.50% (2017 - 1.50% to 2.50%) and mature on June 2019 (2017 - June 2017 and June 2019).

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Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

3. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 18,568,778	\$ —	\$ 18,568,778	\$ —
Land improvements	1,992,000	28,755	1,963,245	—
Buildings	174,093,457	921,050	174,172,407	—
Building service equipment	3,689,409	46,497	3,642,912	—
Leasehold improvements	626,890	131,114	495,776	776,999
Major equipment	5,105,852	934,520	4,171,332	607,474
Major IS equipment	1,110,517	64,797	1,045,720	118,736
Redevelopment Project - construction in progress	—	—	—	32,378,791
	\$ 206,186,903	\$ 2,126,733	\$ 204,060,170	\$ 33,882,000

In January 2018, the Organization completed its Redevelopment Project, which led to all sites becoming operational. All purchased capital assets with the exception of land commenced amortization in 2018. The 2017 Redevelopment Project costs of \$32,378,791 were moved into the applicable capital asset categories.

Major funding for the acquisition of redevelopment capital assets is received from the Ministry of Children and Youth Services (the "Ministry"). ERINOAKKIDS is therefore not able to dispose of these capital assets or to use the capital assets for other purposes without the consent of the Ministry.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$725,579 (2017 - \$539,579), which includes amounts payable for payroll-related taxes.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

5. Deferred contributions:

(a) Deferred contributions - operating:

	2018	2017
Balance, beginning of year	\$ 435,794	\$ 425,740
Amounts received related to future periods	95,000	106,828
Less amounts recognized in revenue	(95,000)	(96,774)
Balance, end of year	\$ 435,794	\$ 435,794

(b) Deferred contributions - capital:

	2018	2017
Balance, beginning of year	\$ 36,555,950	\$ 31,369,843
Contributions received	174,501,266	5,584,606
Land contributions transferred to net assets (note 6)	(18,568,778)	-
	192,488,438	36,954,449
Less amounts amortized to revenue	1,790,525	398,499
Balance, end of year	\$ 190,697,913	\$ 36,555,950

The deferred capital contributions include monies raised through the \$20 million In My Dreams Campaign. The campaign raised funds to equip the new facilities under the Redevelopment Project.

Deferred capital contributions related to capital assets represent the unamortized amount of funding received for the purchase of capital assets. At the end of the year, deferred capital contributions include \$5,206,521 (2017 - \$2,673,950) of funds that are unspent.

The Ministry and ERINOAKKIDS entered into various funding agreements in connection with the Redevelopment Project. To date, \$207,089,382 (2017 - \$31,402,500) has been received from the Ministry.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Net assets invested in capital assets:

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

	2018	2017
Capital assets	\$ 204,060,170	\$ 33,882,000
Less:		
Amounts financed by deferred contributions - capital, excluding amount unspent	185,491,392	33,882,000
	\$ 18,568,778	\$ -

The balance of invested in capital assets represents the land which is not amortized, that was funded by the Ministry in connection with the Redevelopment Project.

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

	2018	2017
Excess (deficiency) of revenue over expenses:		
Amortization of deferred contributions - capital	\$ 1,790,525	\$ 398,499
Amortization of capital assets	(1,470,036)	(415,568)
Net gain on disposal of capital assets	1,788,578	2,450,051
	\$ 2,109,067	\$ 2,432,982
Net change in investment in capital assets:		
Purchase of capital assets	\$ 171,902,164	\$ 3,975,882
Amounts funded by deferred contributions - capital	(171,902,164)	(3,975,882)
Land contributions transferred to net assets	18,568,778	-
Gain on disposal of capital assets	(2,042,536)	(2,450,051)
Other	(66,531)	17,069
	\$ 16,459,711	\$ (2,432,982)

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Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Interfund transfers:

	Operating Fund		Capital Fund	
	Unrestricted	Internally restricted	Unrestricted	Internally restricted
Restriction of gain on sale of property (i)	\$ -	\$ -	\$ (2,042,536)	\$ 2,042,536
Restriction of net parking revenue (ii)	(42,302)	42,302	-	-
	\$ (42,302)	\$ 42,302	\$ (2,042,536)	\$ 2,042,536

- (i) In fiscal 2016, the Organization sold one of its properties resulting in a gain on the sale of the property. This property was leased back until the Redevelopment Project was complete. The gain was deferred and amortized over the term of the lease. The Organization exited the leased property during fiscal 2018 and as at March 31, 2018 the gain was fully recognized into income.

The Board of Directors has internally restricted this gain for future projects. The internally restricted amount is not available for other purposes without the approval by the Board of Directors.

- (ii) During fiscal 2018, the Organization commenced operations of the new sites, including revenue and expenses related to the operation of the parking lots.

On an annual basis, the Board of Directors has internally restricted parking revenue in excess of expenses to be used for future capital replacements.

8. Cash held in trust:

Included in cash are funds held in trust of \$1,545,726 for future payments related to the Redevelopment Project.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

9. Credit facility:

On March 15, 2018, the Organization entered into an updated credit facility agreement for a line of credit for up to \$900,000 (2017 - \$500,000). The credit facility bears interest at the bank's prime rate and is repayable upon demand. The line is secured by a general security agreement. There is no amount drawn on this credit facility as at March 31, 2018 and 2017.

10. Contracts with the Ministry:

ERINOAKKIDS has a number of programs with the Ministry. A requirement of these programs is the completion by management of an Annual Reconciliation Report, which shows a summary of all revenue and expenses and any resulting surplus or deficit related to the programs. The Annual Reconciliation Report will be prepared by management in June 2018. Programs which are in a surplus are included in accounts payables and accrued liabilities and programs which are in a deficit are recorded in accounts receivable. The balances payable (receivable) are as follows:

	2018	2017
Complex Special Needs - Individual Placements	\$ 13,953	\$ 19,548
Autism Services - Court-Ordered	(11,058)	6,715
Special Services at Home Program	(52,047)	(13,225)
Respite Programs	(80,000)	—
Early Intervention Demonstration Sites	(163,482)	—
Autism Transitional Funding	(1,500,000)	—

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Notes to Financial Statements (continued)

Year ended March 31, 2018

11. Ministry of Children and Youth Services revenue:

(a) Operating Fund:

	2018	2017
Preschool Autism Intensive Behavioural Intervention Program	\$ 30,454,208	\$ 26,082,075
Autism Transitional Funding	24,413,400	11,730,000
Base Operating Grant	13,378,962	14,475,898
Preschool Speech Program	5,991,005	5,991,005
Applied Behaviour Autism Spectrum Disorder Services	4,403,700	3,412,340
School Support Program Autism Spectrum Disorder	3,834,225	3,834,251
Special Services At Home Program	3,014,332	2,822,442
Infant Hearing Program	2,359,442	1,873,264
Respite Programs	1,781,780	1,196,859
One-time funding - Preschool Autism Intensive Behavioural Intervention	1,400,000	279,014
Early Intervention Demonstration Sites	625,000	415,408
Preschool Autism Court Ordered	280,847	263,074
Blind/Low Vision	219,822	197,504
One-time funding - Ontario Autism Program Service Expansion	198,500	—
One-time funding - Rehabilitation Services	—	487,293
One-time funding - Infant Hearing Program	—	175,321
	<u>\$ 92,355,223</u>	<u>\$ 73,235,748</u>

(b) Capital Fund:

The Organization received one-time capital funding of \$4,741,125 to fund costs associated with the transition period between taking possession and moving into the new sites.

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Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

12. Other revenue:

	2018	2017
Sales and rentals	\$ 6,298,514	\$ 1,581,561
Preschool Speech Partnership contributions	749,900	168,309
One-time grants and other income	411,066	479,564
Client and other service fees	410,857	456,556
Research grants	56,672	53,571
Other revenue - capital	50,004	50,004
	<u>\$ 7,977,013</u>	<u>\$ 2,789,565</u>

13. Ministry of Health and Long-Term Care revenue:

	2018	2017
Physiotherapy Clinic	\$ 28,080	\$ 14,040
Assistive Devices Leasing Program	28,000	32,912
	<u>\$ 56,080</u>	<u>\$ 46,952</u>

14. Pension plan:

Most employees of ERINOAKKIDS 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 ERINOAKKIDS on behalf of its employees amounted to \$3,481,948 (2017 - \$3,025,614) and is included in the statement of operations.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2018

15. Commitments:

Under the terms of various operating leases for premises, the Organization is committed at March 31, 2018 to the following approximate minimum annual lease payments:

2019	\$ 203,000
2020	206,000
2021	210,000
2022	214,000
2023	54,000
	<u>\$ 887,000</u>

16. 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, 2018.

(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 used 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 at March 31, 2018 with respect to this liability.

ERINOAKKIDS

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Notes to Financial Statements (continued)

Year ended March 31, 2018

17. Affiliated entity:

The ERINOAKKIDS Foundation (the "Foundation") was incorporated under the laws of Ontario without share capital as a not-for-profit organization with a sole purpose of raising funds for the Organization. Effective July 1, 2013, the Foundation became inactive and all fundraising activities were transferred to ERINOAKKIDS.

The Organization has assets and fund balances as at March 31, 2018 of \$10 (2017 - \$10). There was no activity for the year ended March 31, 2018 (2017 - nil).

18. Fundraising:

The funds raised during the year and related expenses are as follows:

	2018	2017
Operating fund donations and fundraising	\$ 780,085	\$ 956,330
Restricted donations:		
In My Dreams Campaign	1,716,380	2,582,875
Other	162,515	403,435
	<u>2,658,980</u>	<u>3,942,640</u>
Expenses:		
Operating	455,423	558,553
In My Dreams Campaign - capital purchases	1,716,380	-
Clinical programs	124,811	192,739
	<u>2,296,614</u>	<u>751,292</u>
Net funds raised	\$ 362,366	\$ 3,191,348

ERINOAKKIDS

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Notes to Financial Statements (continued)

Year ended March 31, 2018

19. Financial risks:

The Organization holds investments which are subject to market risk, interest rate risk and cash flow risk. These risks will also impact future cash flow streams, including dividends, gains and losses and interest income.

The value of equities changes with stock market conditions. The value of bonds will vary with developments within specific governments which issue securities.

The value of bonds will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equities.

20. Comparative information:

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