

Financial Statements of

**ERINOAKKIDS**  
Centre for Treatment  
and Development

Year ended March 31, 2016



KPMG LLP  
Yonge Corporate Centre  
4100 Yonge Street, Suite 200  
Toronto ON M2P 2H3  
Canada  
Tel 416-228-7000  
Fax 416-228-7123

## 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, 2016, 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.



Page 2

*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, 2016 and March 31, 2015, any adjustments might be necessary to donations and fundraising revenue and excess (deficiency) 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 statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2015.

*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, 2016, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

June 1, 2016  
Toronto, Canada

# ERINOAKKIDS

## Centre for Treatment and Development

### Statement of Financial Position

March 31, 2016, with comparative information for 2015

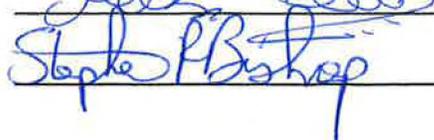
				2016	2015
	Operating Fund	Capital Fund	Segregated Funds	Total	Total
<b>Assets</b>					
Current assets:					
Cash	\$ 3,391,485	\$ 6,110,591	\$ —	\$ 9,502,076	\$ 4,218,827
Accounts receivable (note 16)	753,608	—	—	753,608	1,646,558
Prepaid expenses	524,972	—	—	524,972	358,325
	4,670,065	6,110,591	—	10,780,656	6,223,710
Investments (note 2)	—	3,915,027	—	3,915,027	3,491,639
Interfund receivable (payable)	1,107,081	(1,201,720)	94,639	—	—
Capital assets (note 3)	—	30,321,686	—	30,321,686	29,166,664
	\$ 5,777,146	\$ 39,145,584	\$ 94,639	\$ 45,017,369	\$ 38,882,013

### Liabilities and Net Assets

Current liabilities:					
Accounts payable and accrued liabilities (notes 4 and 9)	\$ 5,291,045	\$ 786,716	\$ —	\$ 6,077,761	\$ 8,642,810
Deferred revenue	177,960	4,493,580	—	4,671,540	279,295
	5,469,005	5,280,296	—	10,749,301	8,922,105
Deferred contributions (note 5)	425,740	31,369,843	—	31,795,583	28,351,527
	5,894,745	36,650,139	—	42,544,884	37,273,632
Net assets:					
Invested in capital assets (note 6)	—	—	—	—	390,309
Diana Thomson Award	—	—	9,927	9,927	9,927
The Care for the Kids	—	—	14,938	14,938	14,938
Internally restricted (note 7)	—	875,443	69,774	945,217	71,224
Unrestricted	(117,599)	1,620,002	—	1,502,403	1,121,983
	(117,599)	2,495,445	94,639	2,472,485	1,608,381
Commitments (note 14)					
Contingencies and indemnifications (note 15)					
	\$ 5,777,146	\$ 39,145,584	\$ 94,639	\$ 45,017,369	\$ 38,882,013

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, 2016, with comparative information for 2015

				2016	2015
	Operating Fund	Capital Fund	Segregated Funds	Total	Total
<b>Revenue:</b>					
Ministry of Children and Youth Services (note 10)	\$ 56,915,781	\$ —	\$ —	\$ 56,915,781	\$ 55,591,053
Ministry of Health and Long-Term Care (note 11)	33,861	—	—	33,861	105,303
Regional Municipality of Peel	2,533,336	—	—	2,533,336	2,334,244
Amortization of deferred contributions - capital (note 5)	—	490,741	—	490,741	367,071
Other (note 12)	1,294,686	50,004	—	1,344,690	1,878,588
Donations and fundraising (note 17)	668,058	—	—	668,058	520,124
Dividends and interest	46,392	41,015	—	87,407	104,630
Gain on disposal of capital assets	—	962,910	—	962,910	—
	61,492,114	1,544,670	—	63,036,784	60,901,013
<b>Expenses:</b>					
Salaries and benefits	40,256,145	—	—	40,256,145	39,579,443
Special Services At Home purchased services	2,525,968	—	—	2,525,968	2,129,667
Other purchased services	12,218,259	272	—	12,218,531	12,088,561
Professional and other fees	908,210	8,107	—	916,317	840,373
Supplies and minor equipment	954,118	9,574	—	963,692	1,085,061
Training and travel	397,658	686	—	398,344	492,086
Utilities	350,984	198	—	351,182	393,902
Rentals	2,781,487	—	—	2,781,487	2,687,634
Repairs and maintenance	129,449	—	—	129,449	153,012
Recruitment, advertising and promotion	70,065	—	—	70,065	55,290
Amortization of capital assets	—	551,107	—	551,107	443,513
Fundraising (note 17)	656,833	—	—	656,833	615,677
Other	319,180	9,478	1,450	330,108	457,298
	61,568,356	579,422	1,450	62,149,228	61,021,517
	(76,242)	965,248	(1,450)	887,556	(120,504)
Unrealized gain (loss) on investments	—	(23,452)	—	(23,452)	191,960
Excess (deficiency) of revenue over expenses	\$ (76,242)	\$ 941,796	\$ (1,450)	\$ 864,104	\$ 71,456

See accompanying notes to financial statements.

**ERINOAKKIDS**  
Centre for Treatment and Development

Statement of Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

	Operating Fund		Capital Fund		Segregated Funds		2016	2015
	Unrestricted	Unrestricted	Invested in capital assets (note 6)	Internally restricted (note 7)	Diana Thomson Award and The Care for the Kids	Restricted	Total	Total
Net assets, beginning of year	\$ (128,824)	\$ 1,250,807	\$ 390,309	\$ -	\$ 24,865	\$ 71,224	\$ 1,608,381	\$ 1,536,925
Excess (deficiency) of revenue over expenses	(76,242)	39,252	902,544	-	-	(1,450)	864,104	71,456
Interfund transfer	87,467	(962,910)	-	875,443	-	-	-	-
Net change in investment in capital assets (note 6)	-	1,292,853	(1,292,853)	-	-	-	-	-
<b>Net assets, end of year</b>	<b>\$ (117,599)</b>	<b>\$ 1,620,002</b>	<b>\$ -</b>	<b>\$ 875,443</b>	<b>\$ 24,865</b>	<b>\$ 69,774</b>	<b>\$ 2,472,485</b>	<b>\$ 1,608,381</b>

See accompanying notes to financial statements.

# ERINOAKKIDS

## Centre for Treatment and Development

### Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 864,104	\$ 71,456
Items not involving cash:		
Amortization of capital assets	551,107	443,513
Amortization of deferred contributions - capital	(490,741)	(367,071)
Gain on disposal of capital assets	(962,910)	-
Unrealized loss (gain) on investments	23,452	(191,960)
Change in non-cash operating working capital	(1,940,081)	(3,152,883)
	(1,955,069)	(3,196,945)
Financing activities:		
Deferred contributions received - capital	3,849,925	5,835,479
Deferred contributions received - operating, net	84,872	288,724
	3,934,797	6,124,203
Investing activities:		
Purchase of investments	(1,373,553)	(575,000)
Proceeds on redemption and sale of investments	926,713	797,156
Purchase of capital assets	(2,075,703)	(4,013,175)
Proceeds from disposal of capital assets	5,826,064	-
	3,303,521	(3,791,019)
Increase (decrease) in cash	5,283,249	(863,761)
Cash, beginning of year	4,218,827	5,082,588
Cash, end of year	\$ 9,502,076	\$ 4,218,827

See accompanying notes to financial statements.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements

Year ended March 31, 2016

---

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.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

---

### 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 other than endowment 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. These monies are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions, other than Segregated Funds, are recognized as direct increases in endowment net assets.

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

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

---

### 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 Site Development 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 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:

---

Buildings and building service equipment	15 - 40 years
Leasehold improvements	Over lease term
Major equipment - all programs	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, 2016

---

### 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.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 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:

	2016	2015
Guaranteed investment certificates	\$ 1,357,177	\$ –
Bonds:		
Ontario savings bond - long term	981,722	979,817
Government bonds - short term	179,443	918,431
Government bonds - long term	–	177,880
	<u>1,161,165</u>	<u>2,076,128</u>
Mutual funds:		
Balanced Pooled Fund - 7,858 units held	1,396,685	1,415,511
	<u>\$ 3,915,027</u>	<u>\$ 3,491,639</u>

The Guaranteed investment certificates have an effective interest rate of 0.95% to 1.20% and mature between May 2016 and January 2017.

The Ontario savings bonds and government bonds have an effective interest rate of 1.25% to 2.00% (2015 - 1.25% to 1.65%) and mature between June 2016 and June 2019 (2015 - August 2015 and June 2019).

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 3. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ -	\$ -	\$ -	\$ 84,279
Buildings and building service equipment	-	-	-	322,019
Leasehold improvements	1,694,406	1,402,907	291,499	444,665
Major equipment	3,615,701	2,937,406	678,295	996,290
Major IS equipment	487,179	480,634	6,545	-
Site Development Project - construction in progress	29,345,347	-	29,345,347	27,319,411
	<b>\$ 35,142,633</b>	<b>\$ 4,820,947</b>	<b>\$ 30,321,686</b>	<b>\$ 29,166,664</b>

ERINOAKKIDS is working on a Site Development Project, whereby in fiscal 2014, the Organization acquired \$14,525,560 of land. As at March 31, 2016, the Organization incurred \$29,345,347 (2015 - \$27,319,411) in development costs (including land acquisition), which have been recorded in construction in progress. The Site Development Project is projected to be complete in 2017. Amortization will commence as each site becomes operational.

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$924,237 (2015 - \$594,439), which includes amounts payable for harmonized sales tax and payroll-related taxes.

### 5. Deferred contributions:

(a) Deferred contributions - operating:

	2016	2015
Balance, beginning of year	\$ 340,868	\$ 52,144
Contributions received	114,849	389,616
Expenses related to donations received	(29,977)	(100,892)
<b>Balance, end of year</b>	<b>\$ 425,740</b>	<b>\$ 340,868</b>

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 5. Deferred contributions (continued):

(b) Deferred contributions - capital:

	2016	2015
Balance, beginning of year	\$ 28,010,659	\$ 22,542,251
Contributions received	3,849,925	5,835,479
	31,860,584	28,377,730
Less amounts amortized to revenue	490,741	367,071
Balance, end of year	\$ 31,369,843	\$ 28,010,659

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

Deferred capital contributions related to capital assets represent the unamortized amount of funding received for the purchase of capital assets, including land acquired as part of the site. The amortization of deferred contributions is recorded as revenue in the statement of operations. The contributions received for the land acquisitions associated with the Site Development Project will be recorded as a direct increase in net assets at such time the sites become operational. At the end of the year, deferred capital contributions include \$1,048,158 (2015 - \$1,058,319) of funds that are unspent.

The Ministry of Children and Youth Services (the "Ministry") and ERINOAKKIDS entered into various funding agreements in connection with the Site Development Project. To date, \$29,347,500 (2015 - \$26,381,500) has been received from the Ministry.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

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

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

	2016	2015
Capital assets	\$ 30,321,686	\$ 29,166,664
Less:		
Amounts financed by deferred contributions - capital	30,321,686	28,010,659
Amounts financed by accounts payable and accrued liabilities	-	765,696
	\$ -	\$ 390,309

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

	2016	2015
Excess (deficiency) of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 490,741	\$ 367,071
Amortization of capital assets	(551,107)	(443,513)
Gain on disposal of capital assets	962,910	-
	\$ 902,544	\$ (76,442)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 2,075,703	\$ 4,013,175
Amounts funded by deferred contributions - capital	(2,801,768)	(5,835,479)
Amounts funded by accounts payable and accrued liabilities	765,696	1,822,304
Proceeds on disposal of capital assets	(5,826,064)	-
Gain on disposal of capital assets (deferred)	4,493,580	-
	\$ (1,292,853)	\$ -

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 7. Internally restricted net assets:

During the year, the Organization realized a gain on the sale of one of its properties. This property has been leased back until the Site Development Project is complete. The gain is deferred and is being amortized over the term of the lease.

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.

### 8. Credit facility:

On January 8, 2016, the Organization entered into a credit facility agreement for a line of credit for up to \$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. The amount drawn at year end is nil (2015 - nil).

### 9. 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 2016. Included in accounts payable and accrued liabilities are programs, which are in a surplus and programs which are in a deficit are recorded in accounts receivable as follows:

	2016	2015
Respite Programs	\$ 3,998	\$ 4,259
Preschool Autism Intensive Behavioural Intervention Program	8,563	(1,772)
Special Services at Home Program	(24,649)	(95,867)
Special Needs Strategy	-	12,360

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

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

	2016	2015
Preschool Autism Intensive Behavioural Intervention Program	\$ 23,393,455	\$ 23,462,383
Base Operating Grant	14,722,433	14,686,120
Preschool Speech Program	5,990,981	5,660,923
School Support Program Autism Spectrum Disorder	3,370,913	3,945,608
Special Services At Home Program	2,971,434	2,538,456
Applied Behavior Autism Spectrum Disorder Services	2,386,789	2,160,000
Infant Hearing Program	1,873,272	1,873,264
Respite Programs	939,983	604,155
One-time funding - School Support Program Autism Spectrum Disorder	450,000	—
Preschool Autism Court Ordered	274,437	317,772
One-time funding - Infant Hearing Program	220,000	82,368
Blind/Low Vision	197,520	197,504
One-time funding - Respite	120,000	—
One-time funding - Preschool Autism Intensive Behavioural	3,564	—
One-time funding - Blind/Low Vision	1,000	—
One-time funding - Base Operating Grant	—	62,500
	<u>\$ 56,915,781</u>	<u>\$ 55,591,053</u>

### 11. Ministry of Health and Long-Term Care revenue:

	2016	2015
Alternative Funding Program	\$ —	\$ 66,103
Assistive Devices Leasing Program	32,925	39,200
Physiotherapy Clinic	936	—
	<u>\$ 33,861</u>	<u>\$ 105,303</u>

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 12. Other revenue:

	2016	2015
Client and other service fees	\$ 517,034	\$ 488,690
One-time grants and other income	477,727	1,075,912
Sales and rentals	175,775	183,180
Preschool Speech Partnership contributions	80,371	80,371
Other revenue - capital	50,004	50,435
Research grants	43,779	-
	<b>\$ 1,344,690</b>	<b>\$ 1,878,588</b>

### 13. 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 \$2,886,440 (2015 - \$2,718,900) and is included in the statement of operations.

### 14. Commitments:

Under the terms of various operating leases for premises, the Organization is committed at March 31, 2016 to the following approximate minimum annual lease payments:

2017	\$ 1,550,000
2018	771,000
2019	369,000
	<b>\$ 2,690,000</b>

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

---

### 15. 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, 2016.

#### (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, 2016 with respect to this liability.

### 16. 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.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 16. Affiliated entity (continued):

The statement of financial position and the statement of operations of the Foundation are summarized as follows:

Statement of financial position:

	2016	2015
Total assets	\$ 10	\$ 712,401
Total liabilities	\$ –	\$ 698,694
Fund balances	10	13,707
	\$ 10	\$ 712,401

Statement of operations:

	2016	2015
Revenue	\$ –	\$ –
Expenses and disbursements	13,697	13,707
Deficiency of revenue over expenses	\$ (13,697)	\$ (13,707)

At March 31, 2015, the Foundation owed ERINOAKKIDS \$698,694. The amount was repaid during the year.

### 17. Fundraising:

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

	2016	2015
Operating fund donations and fundraising	\$ 668,058	\$ 520,124
Restricted donations:		
In My Dreams Campaign	897,831	389,616
Other	170,662	69,338
	1,736,551	979,078
Expenses	656,833	615,677
Net	\$ 1,079,718	\$ 363,401

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2016

---

### **18. 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.