Financial Statements

# Thames Valley Children's Centre

March 31, 2014

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
**Thames Valley Children's Centre**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Thames Valley Children's Centre**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets 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.

**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 the auditors' 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 auditors 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 in is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Thames Valley Children's Centre** as at March 31, 2014 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 the Corporations Act (Ontario), we report that, in our opinion, after giving effect to the retroactive adoption of the accounting standards for not-for-profit organizations, these principles have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

London, Canada,
May 26, 2014.

## Thames Valley Children's Centre

Incorporated without share capital under the laws of Ontario

# STATEMENT OF FINANCIAL POSITION

As at March 31

| | **2014** | **2013** |
|---|---|---|
| | $ | $ |
| **ASSETS** | | |
| **Current** | | |
| Cash | **761,698** | 241,389 |
| Investments *[note 6]* | **8,547,926** | 8,502,326 |
| Accounts receivable | | |
| Ministry of Children and Youth Services | **18,000** | — |
| Other | **690,542** | 607,748 |
| Other assets | **167,493** | 344,286 |
| **Total current assets** | **10,185,659** | 9,695,749 |
| Capital assets, net *[note 4]* | **10,647,105** | 11,041,807 |
| Long-term lease *[note 5]* | **73** | 74 |
| | **20,832,837** | 20,737,630 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current** | | |
| Accounts payable and accrued charges *[note 12]* | **2,049,753** | 2,061,573 |
| Due to government agencies *[note 13]* | **13,218** | 1,185 |
| Current portion of term loan *[note 7]* | **196,236** | 644,223 |
| Current portion of deferred contributions *[note 8]* | **900,002** | 1,339,774 |
| **Total current liabilities** | **3,159,209** | 4,046,755 |
| Term loan *[note 7]* | **977,053** | 1,173,293 |
| Deferred contributions *[note 8]* | **10,323,304** | 9,799,242 |
| **Total liabilities** | **14,459,566** | 15,019,290 |
| **Net assets** | | |
| Internally restricted net assets *[note 9]* | **3,481,638** | 3,481,638 |
| Unrestricted net assets | **2,891,633** | 2,236,702 |
| **Total net assets** | **6,373,271** | 5,718,340 |
| | **20,832,837** | 20,737,630 |

*See accompanying notes*

**Thames Valley Children's Centre**

# STATEMENT OF OPERATIONS

Year ended March 31

| | 2014 | | | | 2013 |
|---|---|---|---|---|---|
| | **Government sponsored programs** $ | **Community funds** $ | **Contracted services** $ | **Total** $ | **Total** $ |
| **REVENUE** | | | | | |
| Ministry of Children and Youth Services | | | | | |
| - Rehab *[note 13]* | **7,881,021** | **—** | **—** | **7,881,021** | 7,763,164 |
| - Autism *[notes 13 and 15]* | **14,759,581** | **—** | **—** | **14,759,581** | 14,303,077 |
| Ministry of Health | | | | | |
| - Priority Programs | **628,606** | **—** | **—** | **628,606** | 628,791 |
| Other agencies | **45,507** | **164,876** | **—** | **210,383** | 230,345 |
| Fees for service | **46,209** | **9,059** | **3,000,302** | **3,055,570** | 2,927,598 |
| Fundraising and donations | **—** | **654,358** | **—** | **654,358** | 822,948 |
| Investment income *[note 6]* | **4,605** | **840,797** | **—** | **845,402** | 472,133 |
| Amortization of deferred contributions capital | **198,375** | **400,765** | **—** | **599,140** | 612,394 |
| Other | **53,256** | **223** | **—** | **53,479** | 304,003 |
| **Total revenue** | **23,617,160** | **2,070,078** | **3,000,302** | **28,687,540** | 28,064,453 |
| **PROGRAM EXPENSES** *[notes 2 and 3]* | | | | | |
| Clinical and technical specialty services | **3,710,235** | **—** | **455,000** | **4,165,235** | 3,989,237 |
| Early childhood, school age and adolescent services | **4,897,719** | **225,863** | **2,391,644** | **7,515,226** | 7,691,747 |
| Autism services *[note 15]* | **14,810,831** | **—** | **—** | **14,810,831** | 14,597,543 |
| Research | **—** | **328,007** | **—** | **328,007** | 342,994 |
| Community resources | **—** | **447,831** | **—** | **447,831** | 627,945 |
| Special purposes | **—** | **11,157** | **—** | **11,157** | 4,854 |
| Amortization of capital assets | **198,375** | **555,947** | **—** | **754,322** | 777,237 |
| **Total program expenses** | **23,617,160** | **1,568,805** | **2,846,644** | **28,032,609** | 28,031,557 |
| **Excess of revenue over expenses for the year** | **—** | **501,273** | **153,658** | **654,931** | 32,896 |

*See accompanying notes*

**Thames Valley Children's Centre**

# STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

| | 2014 | | | 2013 |
|---|---|---|---|---|
| | **Internally restricted** | **Unrestricted** | **Total** | **Total** |
| | $ | $ | $ | $ |
| | *[note 9]* | | | |
| **Balance, beginning of year** | **3,481,638** | **2,236,702** | **5,718,340** | 5,685,444 |
| Excess of revenue over expenses for the year | **—** | **654,931** | **654,931** | 32,896 |
| **Balance, end of year** | **3,481,638** | **2,891,633** | **6,373,271** | 5,718,340 |

*See accompanying notes*

**Thames Valley Children's Centre**

# STATEMENT OF CASH FLOWS

Year ended March 31

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| **OPERATING ACTIVITIES** | | |
| Excess of revenue over expenses for the year | **654,931** | 32,896 |
| Add (deduct) items not affecting cash | | |
| Amortization of capital assets | **754,322** | 777,237 |
| Unrealized gain on investments *[note 6]* | **(33,009)** | (181,903) |
| Amortization of deferred contributions - capital *[note 8[b]]* | **(599,140)** | (612,394) |
| Deferred contributions recognized as revenue in the year *[note 8[a]]* | **(642,971)** | (591,768) |
| Deferred contributions received related to expenses of future periods *[note 8[a]]* | **614,886** | 504,478 |
| Decrease in long-term lease *[note 5]* | **1** | 1 |
| Net change in non-cash working capital balances related to operations *[note 10]* | **76,212** | (300,844) |
| **Cash provided by (used in) operating activities** | **825,232** | (372,297) |
| **FINANCING ACTIVITIES** | | |
| Principal repayments of credit facilities *[note 7]* | **(644,227)** | (1,341,409) |
| Deferred capital contributions received related to capital assets *[note 8[b]]* | **711,515** | 936,971 |
| **Cash provided by (used in) financing activities** | **67,288** | (404,438) |
| **INVESTING ACTIVITIES** | | |
| Investment withdrawals | **11,189,486** | 1,634,339 |
| Investment purchases | **(10,429,323)** | (568,750) |
| Investment funds reinvested | **(772,754)** | (231,529) |
| Additions to capital assets | **(359,620)** | (241,296) |
| **Cash provided by (used in) investing activities** | **(372,211)** | 592,764 |
| **Net increase (decrease) in cash during the year** | **520,309** | (183,971) |
| Cash, beginning of year | **241,389** | 425,360 |
| **Cash, end of year** | **761,698** | 241,389 |

*See accompanying notes*

# NOTES TO FINANCIAL STATEMENTS



## 1. PURPOSE OF THE ORGANIZATION

The Thames Valley Children's Centre [the "Centre"] is a treatment centre providing habilitation and rehabilitation services for children and youth with communication, developmental or physical challenges living primarily in Southwestern Ontario. The Centre is incorporated without share capital under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada).

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ["CPA Canada"] Handbook – Accounting, which sets out accounting standards for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

### [a] Basis of presentation

The operations of the Centre have been presented in three categories for the information of the reader.

Government sponsored programs account for the Centre's clinical program delivery and administrative activities that are financed by provincial ministries and other agencies, certain fees for service and other operating revenue. Any funding in excess of expenses is refunded to the funder.

Community funds account for activities funded by monies received from general donations, bequests and special fundraising events, investment income from the investment portfolio and other income generated by these activities. The expenses are related to fundraising activities and programs or expenses not funded by the government. Externally funded research projects are also included in this category.

Contracted services account for activities that are provided on a fee for service basis. It is the intention that the fees entirely offset the costs of the programs.

The programs delivered by the Centre are described below:

Clinical and technical specialty services: provides seating, augmentative communication, adaptive technology, cleft lip and palate, acquired brain injury outreach, medical clinics and gait analysis services to children from birth through young adulthood throughout Southwestern Ontario. Acute pediatric rehabilitative services at Children's Hospital at London Health Sciences Centre are also provided through this program.

Early childhood, school age and adolescent services: uses an interdisciplinary team approach to provide rehabilitation and habilitation services for children and their families from birth through young adulthood.

Autism services: provides autism intervention program, school support, connections for students and community based applied behaviour analysis-based services.

Research: assists clinical staff in implementing research projects through consultation, education and the provision of resources.

Community resources: includes the resource centre that provides access to health-related information for families, staff and community partners; a specialized pool of equipment; the volunteer program, which coordinates the recruiting of volunteers from the community and placement in appropriate positions in the Centre; and coordination and support of the Opportunities to Participate programs.

Expenses for special purposes: funds that have been donated to the Centre for a specific purpose.

## [b] Revenue recognition and deferred contributions

The Centre follows the deferral method of accounting for contributions. Grants and bequests are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Capital contributions for the purpose of acquiring capital assets are deferred and amortized on the same basis and over the same periods as the related capital assets. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Funding from the Ministry of Children and Youth Services ["MCYS"] is recorded as revenue when receivable, and is subject to adjustment upon approval of expenses. Fees are recognized when the services have been provided. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

## [c] Capital assets and amortization

All capital assets reflected in the statement of financial position are recorded at acquisition cost. Donated capital assets are recorded at fair value at the date of contribution. Amortization is provided on the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| **Tangible** | |
| Building | 10 to 40 years |
| Furniture, fixtures and office equipment | 5 years |
| Therapy and rehab equipment | 5 years |
| Computer equipment | 3 years |
| | |
| **Intangible** | |
| Computer software | 3 years |

## [d] Allocation of expenses

The costs of personnel and other expenses directly related to functions are allocated to each function. The Centre also incurs general support expenses that are common to the administration of the Centre and each of its functions. Certain of these expenses are allocated to functions identified in note 3.

The allocated expenses include those related to senior management, human resources, finance, information systems, facility resources and clinical records. These expenses are allocated proportionately based on personnel hours incurred, building space occupied or percentage of overall operating costs incurred.

## [e] Multi-employer plans

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Centre has insufficient information to apply defined benefit plan accounting.

## [f] Investments and investment income

Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recorded in the statement of operations.

### [g] Credit facilities

Credit facilities are initially measured at fair value, net of transaction costs and financing fees. They are subsequently measured at amortized cost. Transaction costs and financing fees are amortized using the straight-line method.

### [h] Contributed materials and services

Contributed materials and 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Examples of such estimations and assumptions include the useful lives of capital assets. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

### [j] Financial instruments

The Centre has elected to record all investments at fair value. Transactions are recorded on a trade basis and transaction costs are expensed as incurred.

Interest earned, interest accrued, gains and loses realized on disposal and unrealized gains and losses from market fluctuations are included in investment income.

Other financial instruments include accounts receivable, accounts payable and accrued charges initially recorded at fair value and subsequently at amortized cost, net of provisions.

## 3. ALLOCATION OF EXPENSES

Central administration costs have been allocated as follows:

| | **2014**<br>$ | **2013**<br>$ |
|---|---|---|
| Clinical and technical specialty services | **605,589** | 522,285 |
| Early childhood, school age and adolescent services | **1,072,463** | 996,618 |
| Autism services | **1,433,976** | 1,435,686 |
| Research | **19,296** | 18,570 |
| Community resources | **88,382** | 87,924 |
| | **3,219,706** | 3,061,083 |

## 4. CAPITAL ASSETS

Capital assets consist of the following:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | **Cost** $ | **Accumulated amortization** $ | **Cost** $ | **Accumulated amortization** $ |
| **Tangible assets:** | | | | |
| Building | **17,183,564** | **7,039,453** | 17,148,333 | 6,576,737 |
| Furniture, fixtures and office equipment | **3,289,927** | **3,131,927** | 3,153,477 | 3,069,310 |
| Therapy and rehab equipment | **1,785,132** | **1,684,796** | 1,744,313 | 1,638,000 |
| Computer equipment | **3,901,274** | **3,702,553** | 3,762,957 | 3,558,500 |
| | **26,159,897** | **15,558,729** | 25,809,080 | 14,842,547 |
| **Intangible assets:** | | | | |
| Software | **953,948** | **908,011** | 945,147 | 869,873 |
| | **27,113,845** | **16,466,740** | 26,754,227 | 15,712,420 |
| Less: accumulated amortization | **16,466,740** | | 15,712,420 | |
| **Net book value** | **10,647,105** | | 11,041,807 | |

3,1

## 5. LONG-TERM LEASE

A long-term lease for the use of land has been entered into between the Centre and the London Health Sciences Centre. The term of the lease is 99 years with payments of $1 to be made on an annual basis. The amount has been prepaid and 73 years remain in the term.

## 6. INVESTMENTS

Investments, all of which are recorded at fair value, have an asset mix as follows:

| | **2014** $ | **2013** $ |
|---|---|---|
| Money market funds | **1,252,743** | 719,051 |
| Bond funds | **2,913,103** | 3,521,233 |
| Canadian equity funds | **2,151,758** | 2,069,078 |
| Global and US equity funds | **2,230,322** | 2,192,964 |
| | **8,547,926** | 8,502,326 |

Investment income consists of the following:

| | **2014** | | | **2013** |
|---|---|---|---|---|
| | **Government sponsored programs** $ | **Community funds** $ | **Total** $ | **Total** $ |
| Dividends and interest | **4,605** | **223,581** | **228,186** | 290,433 |
| Net realized and unrealized gains | **—** | **617,216** | **617,216** | 181,700 |
| | **4,605** | **840,797** | **845,402** | 472,133 |

Included in the above is an unrealized gain of $33,009 during the year [2013 - gain of $181,904].

## 7. CREDIT FACILITIES AND TERM LOAN

The credit facilities established by the Centre's bank consist of a variable rate revolving demand facility of $1,000,000 [2013 - $1,000,000] bearing interest at a prime rate of 3% [2013 - 3.0%] minus 0.50% [2013 - 0.50%]. No amount has been drawn on this facility at year end [2013 - nil].

The Centre had a fixed rate term loan which matured on June 5, 2013 bearing interest at 2.51% [2013 - 2.51%]. The remaining fixed rate term loan is due June 5, 2015 bearing interest at 2.94% [2013 - 2.94%].

Interest costs incurred during the year amounted to $40,232 [2013 - $78,155]. Accrued interest outstanding on the remaining facility is $2,456.

Amounts drawn on these facilities are shown in the following table:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Fixed rate term loan due June 5, 2013 | — | 453,758 |
| Fixed rate term loan due June 5, 2015, repayable at $18,971 per month principal and interest | **1,173,289** | 1,363,758 |
| | **1,173,289** | 1,817,516 |
| Less current portion | **196,236** | 644,223 |
| | **977,053** | 1,173,293 |

The following is a schedule of the future minimum annual principal repayments:

| | $ |
|---|---|
| 2015 | 196,236 |
| 2016 | 977,053 |
| | 1,173,289 |

The principal repayment obligation noted above is a fixed rate term loan with a contractual repricing date of June 5, 2015. It is the policy of the Centre to negotiate the renewal of loans as they mature.

## 8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Expenses of future periods [a] | **734,835** | 762,920 |
| Related to capital assets [b] | **10,488,471** | 10,376,096 |
| | **11,223,306** | 11,139,016 |
| Less: current portion | **900,002** | 1,339,774 |
| | **10,323,304** | 9,799,242 |

The Centre's estimate of the amount of deferred revenue to be recognized in the next fiscal year is included in the current amount.

## [a] Expenses of future periods

Deferred contributions related to expenses of future periods are as follows:

| | **2014** $ | **2013** $ |
|---|---|---|
| **Balance, beginning of year** | **762,920** | 850,210 |
| Add: amounts received related to future periods | **614,886** | 504,478 |
| Less: amounts recognized as revenue during the year | **(642,971)** | (591,768) |
| **Balance, end of year** | **734,835** | 762,920 |

## [b] Deferred contributions related to capital assets

Deferred contributions related to capital assets are as follows:

| | **2014** $ | **2013** $ |
|---|---|---|
| **Balance, beginning of year** | **10,376,096** | 10,051,519 |
| Additional contributions received *[note 15]* | **711,515** | 936,971 |
| Less: amounts amortized to revenue | **(599,140)** | (612,394) |
| **Balance, end of year** | **10,488,471** | 10,376,096 |

## 9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

| | **2014** $ | **2013** $ |
|---|---|---|
| Funds restricted for research | **11,119** | 11,119 |
| Funds restricted for other Board designated purposes | **3,470,519** | 3,470,519 |
| | **3,481,638** | 3,481,638 |

Funds restricted for Board designated purposes are used at the discretion of the Board of Directors. These funds are known as the "Children's Legacy For Success".

# NOTES TO FINANCIAL STATEMENTS

March 31, 2014

## 10. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

The following table details the components of net change in non-cash working capital balances related to operations:

| | **2014** $ | 2013 $ |
|---|---|---|
| Accounts receivable | **(100,794)** | (100,305) |
| Other assets | **176,793** | (33,600) |
| Accounts payable and accrued charges | **(11,820)** | (163,201) |
| Due to government agencies | **12,033** | (3,738) |
| | **76,212** | (300,844) |

## 11. HEALTHCARE OF ONTARIO PENSION PLAN

Substantially all of the employees of the Centre are members of the Healthcare of Ontario Pension Plan ["HOOPP"], which is a multi-employer, defined benefit, final average earnings, contributory pension plan. The Centre's contributions to HOOPP during the year amounted to $1,465,288 [2013 - $1,468,644]. This amount is included in the statement of operations.

The most recent actuarial valuation for financial reporting purposes completed by HOOPP as at December 31, 2013, disclosed net assets available for benefits of $51,626,000 [2012 - $47,414,000] with pension obligations of $41,478,000 [2012 - $39,919,000], resulting in a surplus of $10,148,000 [2012 - $7,495,000].

## 12. GOVERNMENT REMITTANCES PAYABLE

As at March 31, 2014, accounts payable and accrued charges include government remittances payable of $27,870 [2013 - $21,293]. None of these remittances are in arrears.

## 13. MINISTRY OF CHILDREN AND YOUTH SERVICES

The Centre's service contract with the MCYS requires management to produce an Annual Reconciliation Report, which shows a summary of all revenue and expenses and any resulting surplus or deficit that relates to the contract. This report indicates that there is $13,218 [2013 - $1,185] in excess funding for 2013 payable to the MCYS.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Centre's financial instruments include cash, investments, accounts receivable, accounts payable and accrued charges.

The Centre's risks have not changed during the year.

**Market risk**

The Centre has an investment policy that restricts the types and amounts of eligible investments. Equity and fixed income securities are held within pooled funds. Risk and volatility of investments are mitigated through diversification of investments in different countries, business sectors and corporation sizes.

**Credit risk**

The Centre is exposed to credit risk in connection with its accounts receivable. The Centre's maximum credit risk is limited to the carrying value of accounts receivable. As at March 31, 2014, 77% of the accounts receivable balance is due from the provincial government and government funded organizations [2013 - 93%].

**Foreign currency risk**

The Centre's investments are denominated in Canadian dollars. Certain investments such as the United States and other international equities include investments in foreign jurisdictions and are therefore subject to foreign currency fluctuations. The Centre mitigates the currency risk exposure of its foreign securities through diversification of the pooled funds, which are comprised of multiple currencies.

**Interest rate risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Centre's financial position and results of operations. Interest rate changes directly impact the value of fixed income securities. The Centre manages the interest rate risk exposure of its fixed income investments by holding shorter duration investments with varying terms to maturity.

**Liquidity risk**

The Centre is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Centre has a planning and budgeting process in place to help determine the funds required to support the Centre's normal operating requirements on an ongoing basis. The Centre also manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

## 15. APPLIED BEHAVIOUR ANALYSIS-BASED SERVICES

The Centre has a MCYS funded Autism program, Community Based Applied Behaviour Analysis-Based Services [MCYS code A598] with funding received as follows:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Funding | **2,275,000** | 2,275,000 |
| Operating expenditures | **(2,130,620)** | (2,123,143) |
| Funds deferred to offset future amortization of capital assets | **(144,380)** | (151,857) |
| | **—** | — |

Funding used for operating purposes was recognized as revenue and expenses that totaled $2,130,620 [2013 - $2,123,143]. Additional funds of $144,380 [2013 - $151,857] were used for capital expenditures and have been deferred to offset future amortization expense.

## 16. CHILDREN'S HEALTH FOUNDATION

On April 1, 2012, the Centre entered into a three-year agreement with the Children's Health Foundation ["CHF"] under which the future fundraising activities of the Centre will be undertaken on their behalf by CHF. The agreement provides for minimum annual funding of not less than $375,000 to a maximum of $750,000 in any given year. During this second year of the contract, $644,535 was received [2013 - $703,307].

## 17. CONTINGENCIES

As at March 31, 2014, there are certain claims outstanding. Where the potential liability is likely and able to be estimated, management has recorded its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to any amount recorded are determined to be required.

## 18. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2014 financial statements.