

Surrey Place Charitable Foundation
Financial Statements
For the Year Ended March 31, 2018

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Independent Auditor's Report

To the Directors of Surrey Place Charitable Foundation

We have audited the accompanying financial statements of Surrey Place Charitable Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2018, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the Foundation derives revenue from contributions from the public, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenses, and cash flows for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31, 2018 and 2017. The audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Surrey Place Charitable Foundation as at March 31, 2018, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

August 1, 2018
Newmarket, Ontario

**Surrey Place Charitable Foundation
Statement of Financial Position**

March 31	2018	2017
Assets		
Current		
Cash	\$ 16,996	\$ 13,773
Accounts receivable	457	693
Prepaid expenses	712	664
	18,165	15,130
Investments - externally restricted, at fair value (Note 2)	35,535	35,535
Investments - unrestricted, at fair value (Note 2)	1,243,042	1,200,328
	\$ 1,296,742	\$ 1,250,993
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 3)	\$ 132,208	\$ 131,805
Net Assets		
Externally restricted (Note 4)	35,535	35,535
Unrestricted	1,128,999	1,083,653
	1,164,534	1,119,188
	\$ 1,296,742	\$ 1,250,993

The accompanying notes are an integral part of these financial statements.

Surrey Place Charitable Foundation
Statement of Operations

For the year ended March 31	2018	2017
Revenue		
Contributions - General	\$ 29,742	\$ 20,280
Contributions - Foundations	-	10,050
Contributions - Corporate	17,400	-
Investment income	71,322	54,190
	<u>118,464</u>	<u>84,520</u>
Expenses (Note 3)		
Donor relations	2,469	2,920
Operations	15,735	14,558
	<u>18,204</u>	<u>17,478</u>
Excess of revenues over expenses before other items	<u>100,260</u>	<u>67,042</u>
Other Items		
Contributions to Surrey Place (Note 3)	(36,882)	(34,590)
Unrealized gain (loss) on investments	(18,032)	63,580
	<u>(54,914)</u>	<u>28,990</u>
Excess of revenue over expenses	<u>\$ 45,346</u>	<u>\$ 96,032</u>

**Surrey Place Charitable Foundation
Statement of Changes in Net Assets**

<u>Year ended March 31</u>	<u>Externally Restricted</u>	<u>Unrestricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Balance, beginning of the year	\$ 35,535	\$ 1,083,653	\$ 1,119,188	\$ 1,023,156
Excess of revenue over expenses	-	45,346	45,346	96,032
Balance, end of the year	\$ 35,535	\$ 1,128,999	\$ 1,164,534	\$ 1,119,188

The accompanying notes are an integral part of these financial statements.

**Surrey Place Charitable Foundation
Statement of Cash Flows**

Year ended March 31	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses	\$ 45,346	\$ 96,032
Items not affecting cash:		
Gain on sale of investments included in investment income	(16,405)	(3,767)
Unrealized (gain) loss on investments	18,032	(63,580)
	<u>46,973</u>	<u>28,685</u>
Changes in non-cash working capital:		
Accounts receivable	236	675
Prepaid expenses	(48)	(44)
Accounts payable and accrued liabilities	403	(46,672)
	<u>47,564</u>	<u>(17,356)</u>
Cash flows from investing activities		
Purchase of investments	(309,919)	(173,550)
Proceeds on disposal of investments	265,578	132,945
	<u>(44,341)</u>	<u>(40,605)</u>
Net increase (decrease) in cash	3,223	(57,961)
Cash, beginning of the year	<u>13,773</u>	<u>71,734</u>
Cash, end of the year	<u>\$ 16,996</u>	<u>\$ 13,773</u>

The accompanying notes are an integral part of these financial statements.

Surrey Place Charitable Foundation Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization	Surrey Place Charitable Foundation (the "Foundation"), was incorporated on May 4, 1989, as a non-profit corporation without share capital. The Foundation qualifies for tax exempt status as a Canadian registered charity and is recognized as a non-profit organization as defined in paragraph 149(1)(l) of the Income Tax Act (Canada). The Foundation receives and applies its funding for the benefit of people with developmental disabilities.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	<p>The Foundation follows the restricted fund method of accounting for contributions.</p> <p>Unrestricted contributions and restricted contributions in which a separate restricted fund has been established are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Investment income and special events revenue are recognized when earned.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in operations. All other financial instruments are reported at cost or amortized cost less impairment if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost and amortized over the expected life of the instrument using the straight line method.</p> <p>The Foundation's financial instruments consist of cash and investments which are recorded at fair value and accounts receivable and accounts payable and accrued liabilities which are recorded at amortized cost.</p>
Contributed Services	Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Surrey Place Charitable Foundation Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

Externally Restricted Net Assets	<p>Research endowment fund Net assets restricted for endowments by donors are to be used solely for the purpose of research and will be held in trust by the Foundation for a minimum of ten years.</p> <p>Education fund Net assets restricted for education have been externally restricted by donors to be used solely for the purpose of staff education and development, and other educational activities to promote the issues of developmental disabilities.</p> <p>Other designated funds Net assets restricted by donors for various purposes.</p>
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2. Investments

The investments are comprised of the following:

	2018 Fair Value	2017 Fair Value
Canadian bonds	\$ 515,347	\$ 585,826
Canadian equities	375,968	388,211
International equities	387,262	261,826
	1,278,577	1,235,863
Less: Restricted investments	35,535	35,535
	\$ 1,243,042	\$ 1,200,328

Surrey Place Charitable Foundation Notes to Financial Statements

March 31, 2018

3. Related Party Transactions

Surrey Place Charitable Foundation and Surrey Place are separate legal entities whose financial information is reported separately. Surrey Place is a registered Canadian charity that receives and applies its funding for the benefit of people with developmental disabilities and its objectives are similar to those of the Foundation. Surrey Place has presumptive control over the Foundation through its board member representation on the Foundation's board of directors.

During the fiscal year, the Foundation extended a grant to Surrey Place in the amount of \$36,882 (2017 - \$34,590) measured at the exchange amount.

Included in accounts payable and accrued liabilities of the Foundation is \$124,803 (2017 - \$123,601) measured at cost of recovery. These expenses are included in donor relations and operations expenses. Surrey Place and Foundation share common premises and operational staff. The Foundation is not charged for occupancy by Surrey Place.

Amounts due to Surrey Place are unsecured, non-interest bearing and due on demand.

4. Externally Restricted Net Assets

	2018	2017
Research endowment fund	\$ 33,325	\$ 33,325
Education fund	1,590	1,590
Other designated funds	620	620
	<u>\$ 35,535</u>	<u>\$ 35,535</u>

Surrey Place Charitable Foundation Notes to Financial Statements

March 31, 2018

5. Financial Instruments

Other price risk

The Foundation is exposed to other price risk through its investments in publicly traded shares.

The Foundation manages other price risk through asset allocation and maintaining a portfolio that is expected to have a low susceptibility of significant fluctuations in market price.

There have not been any changes in the risk from the prior year.

Liquidity risk

The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Foundation maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.
