

**Surrey Place Charitable Foundation  
Financial Statements  
For the Year Ended March 31, 2020**

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## Independent Auditor's Report

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### To the Directors of Surrey Place Charitable Foundation

#### Qualified Opinion

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, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, 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.

#### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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 fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Newmarket, Ontario  
September 30, 2020

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

March 31	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 23,449	\$ 10,620
Accounts receivable	489	446
Prepaid expenses	1,222	760
	25,160	11,826
Investments - externally restricted, at fair value (Note 2)	35,535	35,535
Investments - unrestricted, at fair value (Note 2)	1,273,359	1,346,812
	\$ 1,334,054	\$ 1,394,173
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 166,920	\$ 132,326
<b>Net Assets</b>		
Externally restricted (Note 4)	35,535	35,535
Unrestricted	1,131,599	1,226,312
	1,167,134	1,261,847
	\$ 1,334,054	\$ 1,394,173

## Surrey Place Charitable Foundation Statement of Operations

For the year ended March 31	2020	2019
<b>Revenue</b>		
Contributions - General	\$ 21,163	\$ 36,143
Investment income	54,945	66,374
	76,108	102,517
<b>Expenses (Note 3)</b>		
Operations	19,851	18,991
<b>Excess of revenue over expenses before other items</b>	<b>56,257</b>	<b>83,526</b>
<b>Other Items</b>		
Contributions to Surrey Place (Note 3)	(34,500)	(34,651)
Unrealized gain (loss) on investments	(116,470)	48,438
	(150,970)	13,787
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (94,713)</b>	<b>\$ 97,313</b>

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

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

Year ended March 31	Externally Restricted	Unrestricted	2020 Total	2019 Total
Balance, beginning of the year	\$ 35,535	\$ 1,226,312	\$ 1,261,847	\$ 1,164,534
Excess (deficiency) of revenue over expenses	-	(94,713)	(94,713)	97,313
Balance, end of the year	\$ 35,535	\$ 1,131,599	\$ 1,167,134	\$ 1,261,847

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

## Surrey Place Charitable Foundation Statement of Cash Flows

Year ended March 31	2020	2019
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ (94,713)	\$ 97,313
Items not affecting cash:		
Gain on sale of investments included in investment income	(14,573)	(3,656)
Unrealized (gain) loss on investments	116,470	(48,438)
	7,184	45,219
Changes in non-cash working capital:		
Accounts receivable	(43)	11
Prepaid expenses	(462)	(48)
Accounts payable and accrued liabilities	34,594	118
	41,273	45,300
<b>Cash flows from investing activities</b>		
Purchase of investments	(326,911)	(429,340)
Proceeds on disposal of investments	298,467	377,664
	(28,444)	(51,676)
<b>Net increase (decrease) in cash</b>	12,829	(6,376)
Cash, beginning of the year	10,620	16,996
<b>Cash, end of the year</b>	\$ 23,449	\$ 10,620

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

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# Surrey Place Charitable Foundation

## Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	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.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Revenue Recognition</b>	<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>
<b>Financial Instruments</b>	<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>
<b>Contributed Services</b>	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.



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## Surrey Place Charitable Foundation Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies (continued)

**Externally Restricted Net  
Assets**

**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.

**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.

**Other designated funds**

Net assets restricted by donors for various purposes.

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### 2. Investments

The investments are comprised of the following:

	2020 Fair Value	2019 Fair Value
Canadian bonds	\$ 560,284	\$ 541,495
Canadian equities	337,802	401,439
International equities	410,808	439,413
	<u>1,308,894</u>	<u>1,382,347</u>
Less: Restricted investments	35,535	35,535
	<u>\$ 1,273,359</u>	<u>\$ 1,346,812</u>

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## Surrey Place Charitable Foundation Notes to Financial Statements

**March 31, 2020**

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### 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 \$34,500 (2019 - \$34,651) measured at the exchange amount.

Included in accounts payable and accrued liabilities of the Foundation is \$159,303 (2019 - \$124,803) measured at cost of recovery. These expenses are included in donor relations and operations expenses. Surrey Place and the 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.

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### 4. Externally Restricted Net Assets

	<u>2020</u>	<u>2019</u>
Research endowment fund	\$ 33,325	\$ 33,325
Education fund	1,590	1,590
Other designated funds	<u>620</u>	<u>620</u>
	<u>\$ 35,535</u>	<u>\$ 35,535</u>

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## Surrey Place Charitable Foundation Notes to Financial Statements

**March 31, 2020**

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### 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.

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### 6. Uncertainty due to COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As a result, the Foundation may see fluctuations in charitable givings. The financial markets have also experienced a significant increase in volatility as a result of the uncertainty related to the COVID-19 pandemic and equity securities have experienced significant declines. This has had a negative effect on the portfolio of publicly traded securities held by the Foundation and may continue as the situation evolves. As the impacts of COVID-19 continue, there could be further impact on the Foundation and its donors, suppliers and other third party business associates. Management is actively monitoring the effect of its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to fully establish the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity as this time.

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### 7. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the presentation of the 2020 financial statements

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