

Financial Statements of

ERINOAKKIDS
Centre for Treatment
and Development

Year ended March 31, 2010



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AUDITORS' REPORT

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

We have audited the statement of financial position of ERINOAKKIDS Centre for Treatment and Development as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Organization derives revenue from donations and fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation and fundraising events revenue, excess (deficiency) of revenue over expenses, current assets and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue from donations and fundraising events referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

May 7, 2010

ERINOAKKIDS

Centre for Treatment and Development

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

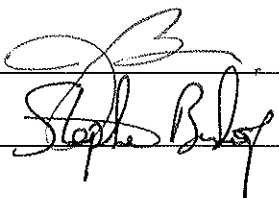
| | | | | 2010 | 2009 |
|--------------------------------|----------------|--------------|------------------|---------------|--------------|
| | Operating Fund | Capital Fund | Segregated Funds | Total | Total |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and short-term deposits | \$ 4,144,020 | \$ 738,605 | \$ - | \$ 4,882,625 | \$ 3,163,002 |
| Accounts receivable | 422,087 | - | - | 422,087 | 683,350 |
| Prepaid expenses | 136,027 | - | - | 136,027 | 131,044 |
| | 4,702,134 | 738,605 | - | 5,440,739 | 3,977,396 |
| Investments (note 3) | - | 2,964,198 | 50,861 | 3,015,059 | 2,819,067 |
| Interfund receivable (payable) | 2,192,901 | (2,237,689) | 44,788 | - | - |
| Capital assets (note 4) | - | 2,779,070 | - | 2,779,070 | 2,637,528 |
| | \$ 6,895,035 | \$ 4,244,184 | \$ 95,649 | \$ 11,234,868 | \$ 9,433,991 |

Liabilities and Net Assets

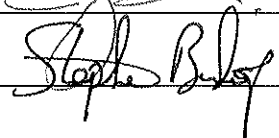
| | | | | | |
|--|--------------|--------------|-----------|---------------|--------------|
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 6,484,891 | \$ 1,360 | \$ - | \$ 6,486,251 | \$ 4,637,283 |
| Deferred revenue | 393,463 | - | - | 393,463 | 411,531 |
| | 6,878,354 | 1,360 | - | 6,879,714 | 5,048,814 |
| Deferred contributions (note 5) | - | 2,711,498 | - | 2,711,498 | 2,730,658 |
| Net assets: | | | | | |
| Invested in capital assets (note 6) | - | 805,722 | - | 805,722 | 888,970 |
| Diana Thomson Award | - | - | 9,927 | 9,927 | 10,427 |
| The Care for the Kids | - | - | 14,938 | 14,938 | 14,938 |
| Restricted | - | - | 70,784 | 70,784 | 69,087 |
| Unrestricted | 16,681 | 725,604 | - | 742,285 | 671,097 |
| | 16,681 | 1,531,326 | 95,649 | 1,643,656 | 1,654,519 |
| Commitments (note 13) | | | | | |
| Contingencies and indemnifications (note 14) | | | | | |
| | \$ 6,895,035 | \$ 4,244,184 | \$ 95,649 | \$ 11,234,868 | \$ 9,433,991 |

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, 2010, with comparative figures for 2009

| | | | | 2010 | 2009 |
|--|----------------|--------------|------------------|---------------|---------------|
| | Operating Fund | Capital Fund | Segregated Funds | Total | Total |
| Revenue: | | | | | |
| Ministry of Children and Youth Services (note 8) | \$ 50,264,316 | \$ - | \$ - | \$ 50,264,316 | \$ 49,014,103 |
| Ministry of Health and Long-term Care (note 9) | 1,884,222 | - | - | 1,884,222 | 2,520,610 |
| Regional Municipality of Peel | 814,810 | - | - | 814,810 | 780,907 |
| Amortization of deferred contributions | - | 631,159 | - | 631,159 | 705,501 |
| Other revenue (note 10) | 1,119,077 | 76,061 | - | 1,195,138 | 1,382,591 |
| Donations and fundraising | 529,103 | - | - | 529,103 | 182,808 |
| Dividend and interest | 13,289 | 47,067 | 1,559 | 61,915 | 178,571 |
| | 54,624,817 | 754,287 | 1,559 | 55,380,663 | 54,765,091 |
| Expenses: | | | | | |
| Salaries and benefits | 36,900,200 | - | - | 36,900,200 | 37,433,915 |
| Special Services At Home purchased services | 2,404,567 | - | - | 2,404,567 | 2,706,167 |
| Other purchased services | 8,639,132 | 633 | - | 8,639,765 | 8,222,221 |
| Professional and other fees | 816,607 | 18,527 | - | 835,134 | 642,067 |
| Supplies and minor equipment | 1,777,892 | 6,546 | - | 1,784,438 | 1,333,247 |
| Training and travel | 694,729 | 32 | - | 694,761 | 911,713 |
| Utilities | 538,730 | 335 | - | 539,065 | 458,084 |
| Rentals | 2,188,288 | - | - | 2,188,288 | 1,859,776 |
| Repairs and maintenance | 221,879 | - | - | 221,879 | 194,922 |
| Recruitment, advertising and promotion | 52,245 | - | - | 52,245 | 93,361 |
| Amortization of capital assets | - | 735,485 | - | 735,485 | 821,024 |
| Loss on sale of investments | - | - | - | - | 42,461 |
| Other | 390,548 | 152,017 | 500 | 543,065 | 185,589 |
| | 54,624,817 | 913,575 | 500 | 55,538,892 | 54,904,547 |
| | - | (159,288) | 1,059 | (158,229) | (139,456) |
| Unrealized gain (loss) on investments (note 3) | - | 147,228 | 138 | 147,366 | (153,890) |
| Excess (deficiency) of revenue over expenses | \$ - | \$ (12,060) | \$ 1,197 | \$ (10,863) | \$ (293,346) |

See accompanying notes to financial statements.

ERINOAKKIDS

Centre for Treatment and Development

Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

| | Operating Fund | | Capital Fund | | Segregated Funds | | 2010 | 2009 |
|---|----------------|-------------------------|--|---|------------------|--------------|--------------|------|
| | Unrestricted | Unrestricted net assets | Invested in capital assets (note 6) | Diana Thomson Award and The Care for the Kids | Restricted | Total | Total | |
| Net assets, beginning of year | \$ 16,681 | \$ 654,416 | \$ 888,970 | \$ 25,365 | \$ 69,087 | \$ 1,654,519 | \$ 1,947,865 | |
| Excess (deficiency) of revenue over expenses | – | 92,266 | (104,326) | (500) | 1,697 | (10,863) | (293,346) | |
| Net change in investment in capital assets (note 6) | – | (21,078) | 21,078 | – | – | – | – | |
| Net assets, end of year | \$ 16,681 | \$ 725,604 | \$ 805,722 | \$ 24,865 | \$ 70,784 | \$ 1,643,656 | \$ 1,654,519 | |

See accompanying notes to financial statements.

ERINOAKKIDS

Centre for Treatment and Development

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

| | 2010 | 2009 |
|---|--------------|--------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Deficiency of revenue over expenses | \$ (10,863) | \$ (293,346) |
| Items not involving cash: | | |
| Amortization of capital assets | 735,485 | 821,024 |
| Amortization of deferred contributions | (631,159) | (705,501) |
| Unrealized loss (gain) on investments | (147,366) | 153,890 |
| Loss on sale of investments | — | 42,461 |
| Gain on disposition of capital assets | — | (8,995) |
| Change in non-cash operating working capital | 2,087,180 | (895,692) |
| | 2,033,277 | (886,159) |
| Financing activities: | | |
| Deferred contributions received | 611,999 | 1,083,858 |
| Investing activities: | | |
| Purchase of investments | (639,739) | (1,527,083) |
| Proceeds of redemption and sale of investments | 591,113 | 1,044,076 |
| Purchase of capital assets | (877,027) | (140,926) |
| Proceeds of disposition of capital assets | — | 33,028 |
| | (925,653) | (590,905) |
| Increase (decrease) in cash and short-term deposits | 1,719,623 | (393,206) |
| Cash and short-term deposits, beginning of year | 3,163,002 | 3,556,208 |
| Cash and short-term deposits, end of year | \$ 4,882,625 | \$ 3,163,002 |
| Supplemental cash flow information: | | |
| Interest paid | \$ 21,784 | \$ 15,020 |
| Interest received | 61,915 | 178,571 |

See accompanying notes to financial statements.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements

Year ended March 31, 2010

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 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:

(a) Fund accounting:

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

The Operating Fund accounts for the client care and administrative and operational costs financed by provincial ministries and other agencies and includes other operating revenue. All assets and liabilities relating to ongoing client care activities are included in the Operating Fund.

The Capital Fund accounts for monies received and specified for capital purposes or other special projects and purposes.

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, 2010

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 Kids Segregated Fund. This fund was created in recognition of Linda Rothney's (former CEO) advocacy for a new building for ERINOAKKIDS. Donations into the fund will go towards the planning or construction of the new facility.

(b) Cash and short-term deposits:

Cash and short-term deposits consist of cash and investments in short-term instruments readily convertible to cash.

(c) Investments:

Investments are classified as held-for-trading, and stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of operations.

Fair values of investments are determined as follows:

Fixed income securities and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities. Transaction costs are expensed as incurred.

The Organization does not enter into any derivative financial instruments for hedging or speculative purposes.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(d) 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 |

The Organization ceases to report fully amortized assets in the period subsequent to when they became fully amortized.

(e) Deferred revenue:

Deferred revenue represents grants, donations and certain fundraising revenue for programs and expenditures to be made in future years. These will be recognized as income in the year the program is held or expenditure is made.

(f) Deferred contributions:

Contributions restricted for the purchase of 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.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(g) Donations:

The Organization accounts for donations as Operating Fund revenue, with the exception of donations specified for capital expenditures, which appear as Capital Fund revenue. Donations are recognized on a cash basis.

(h) 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.

(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 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. Actual results could differ from those estimates.

(j) Financial instruments:

The Organization has designated all of its cash as held-for-trading and carries them at fair market value. Receivables are designated as loans and receivables and carried at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities and carried at amortized cost.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

2. Accounting policies adopted during the year:

Effective April 1, 2009, the Organization adopted The Canadian Institute of Chartered Accountants' amendments to Section 4400, Financial Statement Presentation by Not-for-Profit Organizations. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flows. Also, the amendments establish disclosure standards for entities that choose to classify their expenses by function and allocate expenses from one function to another. Adoption of these recommendations had no significant impact on the financial statements for the year ended March 31, 2010.

3. Investments:

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

| | 2010 | | 2009 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Fair value | Cost | Fair value | Cost |
| Bonds: | | | | |
| Ontario Savings Bond, short-term | \$ 208,266 | \$ 200,000 | \$ 208,365 | \$ 200,000 |
| Ontario Savings Bond, long-term | 879,564 | 875,000 | 504,284 | 500,000 |
| Government Bonds, short-term | 635,909 | 596,783 | 1,211,642 | 1,121,811 |
| Government Bonds, long-term | 408,127 | 402,349 | 169,913 | 164,800 |
| | <u>2,131,866</u> | <u>2,074,132</u> | <u>2,094,204</u> | <u>1,986,611</u> |
| Mutual funds: | | | | |
| Balanced Pooled Fund - 8,180 units held | 883,193 | 900,000 | 724,863 | 900,000 |
| | <u>3,015,059</u> | <u>2,974,132</u> | <u>2,819,067</u> | <u>2,886,611</u> |
| Accrued interest | – | 52,861 | – | 91,756 |
| | <u>\$ 3,015,059</u> | <u>\$ 3,026,993</u> | <u>\$ 2,819,067</u> | <u>\$ 2,978,367</u> |

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Investments (continued):

During the year ended March 31, 2010, the Organization recognized an unrealized gain of \$147,366 in the statement of operations (2009 - unrealized loss of \$153,890). The accumulated net unrealized loss at March 31, 2010 is \$11,934.

The Organization has investments in bonds and other government secured certificates with varying dates of maturity, as well as investments in equity instruments.

The Organization holds securities 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 securities will vary with developments within specific governments and corporations which issue securities.

The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

4. Capital assets:

| | | | 2010 | 2009 |
|---|--------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | \$ 84,278 | \$ - | \$ 84,278 | \$ 84,278 |
| Buildings and building service equipment | 1,326,940 | 911,856 | 415,084 | 452,654 |
| Leasehold improvements | 1,295,575 | 645,717 | 649,858 | 520,579 |
| Major equipment | 2,145,102 | 1,009,335 | 1,135,767 | 1,149,099 |
| Major IS equipment | 615,582 | 391,100 | 224,482 | 409,001 |
| Site Development Project - construction in progress | 269,601 | - | 269,601 | 21,917 |
| | \$ 5,737,078 | \$ 2,958,008 | \$ 2,779,070 | \$ 2,637,528 |

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

5. Deferred contributions:

Deferred contributions related to capital assets represent the unamortized amount of funding received for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the statement of operations. A grant of \$1,000,000 was received in fiscal 2009 from the Ministry of Children and Youth Services to fund the planning phase of the Site Development Project. At the end of the year, deferred contributions include \$738,151 (2009 - \$982,100) of funds that are unspent.

| | 2010 | 2009 |
|-----------------------------------|--------------|--------------|
| Balance, beginning of year | \$ 2,730,658 | \$ 2,352,301 |
| Contributions received | 611,999 | 1,083,858 |
| | 3,342,657 | 3,436,159 |
| Less amounts amortized to revenue | 631,159 | 705,501 |
| Balance, end of year | \$ 2,711,498 | \$ 2,730,658 |

6. Net assets invested in capital assets:

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

| | 2010 | 2009 |
|---|--------------|--------------|
| Capital assets | \$ 2,779,070 | \$ 2,637,528 |
| Less amounts financed by deferred contributions | 1,973,348 | 1,748,558 |
| | \$ 805,722 | \$ 888,970 |

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

6. Net assets invested in capital assets (continued):

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

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Excess (deficiency) of revenue over expenses: | | |
| Amortization of deferred contributions related to capital assets | \$ 631,159 | \$ 705,501 |
| Amortization of capital assets, net | (735,485) | (821,024) |
| | <u>\$ (104,326)</u> | <u>\$ (115,523)</u> |
| Net change in investment in capital assets: | | |
| Purchase of capital assets, net | \$ 877,027 | \$ 116,893 |
| Amounts funded by deferred contributions | (855,949) | (101,758) |
| | <u>\$ 21,078</u> | <u>\$ 15,135</u> |

7. Contracts with the Ministry of Children and Youth Services:

ERINOAKKIDS has a number of programs with the Ministry of Children and Youth Services. A requirement of these programs is the completion by management of an Annual Reconciliation Report, which shows a summary of all revenue and expenditures and any resulting surplus or deficit related to the programs. The Annual Reconciliation Report will be prepared by management in July 2010. All programs are in a balanced position, except for the following:

| | 2010 | Surplus 2009 |
|---|-----------|-----------------|
| Preschool Autism Intensive Behavioural Intervention Program | \$ 28,382 | \$ 36,189 |
| School Support Program Autism Spectrum Disorder | — | — |
| Infant Hearing Program | — | — |
| Base Operating Grant | — | — |
| Special Services at Home Program | 20,518 | — |

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

8. Ministry of Children and Youth Services revenue:

| | 2010 | 2009 |
|---|---------------|---------------|
| Preschool Autism Intensive Behavioural Intervention Program | \$ 22,089,643 | \$ 20,465,709 |
| Preschool Autism Transitions Support Program | 451,618 | 443,810 |
| Special Services At Home Program | 2,403,367 | 2,716,604 |
| School Support Program Autism Spectrum Disorder | 4,930,900 | 5,110,188 |
| Respite Programs | 559,449 | 675,699 |
| Child Community Support and Case Management Program | 380,465 | 374,461 |
| Base Operating Grant | 12,454,341 | 12,516,329 |
| Preschool Speech Program | 4,997,257 | 4,798,506 |
| Infant Hearing Program | 1,799,772 | 1,715,301 |
| Blind/Low Vision | 197,504 | 197,496 |
| | \$ 50,264,316 | \$ 49,014,103 |

9. Ministry of Health and Long-term Care revenue:

| | 2010 | 2009 |
|--|--------------|--------------|
| School Health Support Services Program | \$ 1,646,944 | \$ 2,294,677 |
| Alternative Funding Program | 121,278 | 119,512 |
| French Language Services Program | 83,000 | 81,416 |
| Assistive Devices Leasing Program | 33,000 | 25,005 |
| | \$ 1,884,222 | \$ 2,520,610 |

10. Other revenue:

| | 2010 | 2009 |
|---|--------------|--------------|
| Preschool Speech Partnership contributions | \$ 98,176 | \$ 339,754 |
| United Way of Peel Region Grants and designated donations | 13,879 | 26,640 |
| Client and other service fees | 368,480 | 275,754 |
| One-time grants and other income | 504,067 | 539,562 |
| Ontario Trillium Foundation grant | 3,292 | 107,222 |
| Sales and rentals | 131,184 | 74,098 |
| Other revenue - capital | 76,060 | 19,561 |
| | \$ 1,195,138 | \$ 1,382,591 |

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

11. 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.

As at December 31, 2009, the Hospitals of Ontario Pension Plan was 102% funded.

Contributions to the plan made during the year by ERINOAKKIDS on behalf of its employees amounted to \$2,497,480 (2009 - \$2,376,532) and is included in the statement of operations.

12. Financial instruments:

The carrying values of cash and short-term deposits, accounts receivable, accrued interest and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items.

13. Commitments:

Under the terms of various operating leases for premises, the Organization is committed at March 31, 2010 to the following approximate minimum annual lease payments:

| | |
|------------|--------------|
| 2011 | \$ 1,242,000 |
| 2012 | 1,175,000 |
| 2013 | 995,000 |
| 2014 | 879,000 |
| 2015 | 340,000 |
| Thereafter | 12,000 |
| | <hr/> |
| | \$ 4,643,000 |

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

14. 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, 2010.

(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 sued 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 of March 31, 2010 with respect to this liability.

15. Site Development Project:

ERINOAKKIDS has received a capital grant of \$1,000,000 from the Ministry of Children and Youth Services. The grant is to undertake planning for site redevelopment to better meet program requirements for children and youth with special needs.

ERINOAKKIDS

Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2010

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 ERINOAKKIDS. The Foundation received its charity status registration from Canada Revenue Agency effective June 9, 2009. During the 2009 - 2010 fiscal year, the fundraising operations were carried under ERINOAKKIDS entity. Effective April 1, 2010, the ERINOAKKIDS Foundation started its operations as a separate legal entity.

ERINOAKKIDS is committed to funding the start-up costs of the Foundation from the capital reserve fund. The total support funded from ERINOAKKIDS as at March 31, 2010 was \$142,788 (2009 - \$49,732).