

Financial Statements of

**ERINOAKKIDS**  
Centre for Treatment  
and Development

And Independent Auditor's Report thereon

Year ended March 31, 2023



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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

We have audited the financial statements of ERINOAKKIDS Centre for Treatment and Development (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year the ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

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 auditor's report.

We are independent of the Entity 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 opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



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- 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 Entity'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 Entity'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 Entity 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 30, 2023

# ERINOAKKIDS

## Centre for Treatment and Development

### Statement of Financial Position

March 31, 2023, with comparative information for 2022



			2023	2022
	Operating Fund	Capital Fund	Total	Total
<b>Assets</b>				
Current assets:				
Cash	\$ 29,677,074	\$ 1,451,264	\$ 31,128,338	\$ 37,478,018
Accounts receivable (note 10)	833,237	—	833,237	782,280
Prepaid expenses	96,566	—	96,566	93,339
	<u>30,606,877</u>	<u>1,451,264</u>	<u>32,058,141</u>	<u>38,353,637</u>
Investments (note 2)	—	20,142,607	20,142,607	5,337,318
Interfund receivable (payable)	8,245,780	(8,245,780)	—	—
Capital assets (note 3)	—	183,503,495	183,503,495	188,178,177
	<u>\$ 38,852,657</u>	<u>\$ 196,851,586</u>	<u>\$ 235,704,243</u>	<u>\$ 231,869,132</u>

### Liabilities and Net Assets

Current liabilities:				
Accounts payable and accrued liabilities (notes 4 and 10)	\$ 9,952,607	\$ —	\$ 9,952,607	\$ 9,966,377
Deferred revenue	2,690,548	—	2,690,548	3,630,983
	<u>12,643,155</u>	<u>—</u>	<u>12,643,155</u>	<u>13,597,360</u>
Deferred contributions - capital (note 5)	—	168,823,039	168,823,039	173,325,598
	<u>12,643,155</u>	<u>168,823,039</u>	<u>181,466,194</u>	<u>186,922,958</u>
Net assets:				
Internally restricted (note 7)	1,514,034	5,368,030	6,882,064	6,595,596
Invested in capital assets (note 6)	—	18,568,778	18,568,778	18,568,778
Unrestricted	24,695,468	4,091,739	28,787,207	19,781,800
	<u>26,209,502</u>	<u>28,028,547</u>	<u>54,238,049</u>	<u>44,946,174</u>
Contingencies (note 15)				
	<u>\$ 38,852,657</u>	<u>\$ 196,851,586</u>	<u>\$ 235,704,243</u>	<u>\$ 231,869,132</u>

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, 2023, with comparative information for 2022

			2023	2022
	Operating Fund	Capital Fund	Total	Total
<b>Revenue:</b>				
Ministry of Children, Community and Social Services and Ministry of Health (note 11)	\$ 111,682,718	\$ –	\$ 111,682,718	\$ 102,994,512
Other revenue and recoveries (note 12)	9,798,223	–	9,798,223	9,886,069
Amortization of deferred contributions - capital (note 5)	–	6,878,423	6,878,423	6,570,108
Other funding and operating grants (note 13)	2,046,434	–	2,046,434	2,709,181
Donations and fundraising	1,070,436	–	1,070,436	599,129
Investment income	1,014,303	731,047	1,745,350	483,305
	125,612,114	7,609,470	133,221,584	123,242,304
<b>Expenses:</b>				
Salaries and benefits	64,733,891	–	64,733,891	57,197,397
Contracted out services	41,622,297	–	41,622,297	38,752,458
Amortization of capital assets	–	6,878,423	6,878,423	6,570,108
Buildings and grounds	2,734,337	–	2,734,337	3,711,109
Information technology costs	2,284,320	–	2,284,320	2,518,389
Professional fees	2,168,043	–	2,168,043	2,543,539
Supplies	1,182,841	–	1,182,841	1,621,707
Sundry	666,620	17,967	684,587	873,511
Equipment	630,150	–	630,150	409,594
Travel and training	444,008	–	444,008	420,011
Fundraising	391,750	–	391,750	219,883
	116,858,257	6,896,390	123,754,647	114,837,706
	8,753,857	713,080	9,466,937	8,404,598
Unrealized gain (loss) on investments	–	(175,062)	(175,062)	64,455
<b>Excess of revenue over expenses</b>	<b>\$ 8,753,857</b>	<b>\$ 538,018</b>	<b>\$ 9,291,875</b>	<b>\$ 8,469,053</b>

See accompanying notes to financial statements.

# ERINOAKKIDS

## Centre for Treatment and Development

### Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund		Capital Fund			2023	2022
	Unrestricted	Internally restricted (note 7)	Unrestricted	Invested in capital assets (note 6)	Internally restricted (note 7)	Total	Total
Net assets, beginning of year	\$ 16,228,079	\$ 1,227,566	\$ 3,553,721	\$ 18,568,778	\$ 5,368,030	\$ 44,946,174	\$ 36,477,121
Excess of revenue over expenses	8,753,857	-	538,018	-	-	9,291,875	8,469,053
Interfund transfers (note 8)	(286,468)	286,468	-	-	-	-	-
<b>Net assets, end of year</b>	<b>\$ 24,695,468</b>	<b>\$ 1,514,034</b>	<b>\$ 4,091,739</b>	<b>\$ 18,568,778</b>	<b>\$ 5,368,030</b>	<b>\$ 54,238,049</b>	<b>\$ 44,946,174</b>

See accompanying notes to financial statements.

# ERINOAKKIDS

## Centre for Treatment and Development

### Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 9,291,875	\$ 8,469,053
Items not involving cash:		
Amortization of capital assets	6,878,423	6,570,108
Amortization of deferred contributions - capital	(6,878,423)	(6,570,108)
Unrealized loss (gain) on investments	175,062	(64,455)
Reinvested distribution	(201,258)	(191,085)
Change in non-cash operating working capital	(1,008,390)	(301,119)
	<u>8,257,289</u>	<u>7,912,394</u>
Financing activities:		
Deferred contributions received - capital	2,375,865	1,244,382
Investing activities:		
Purchase of investments	(17,683,093)	(1,263,658)
Proceeds on redemption and sale of investments	2,904,000	1,245,000
Purchase of capital assets	(2,203,741)	(1,522,216)
	<u>(16,982,834)</u>	<u>(1,540,874)</u>
Increase (decrease) in cash	(6,349,680)	7,615,902
Cash, beginning of year	37,478,018	29,862,116
Cash, end of year	<u>\$ 31,128,338</u>	<u>\$ 37,478,018</u>

See accompanying notes to financial statements.



# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements

Year ended March 31, 2023

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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 Canada Handbook.

#### (a) Fund accounting and revenue recognition:

The accounts are maintained using the principles of fund accounting. 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, 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.

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 are recognized as revenue in the year in which the related expenses are recognized.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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### 1. Significant accounting policies (continued):

The Capital Fund accounts for monies received and specified for capital purposes or other special projects and purposes. The monies received to fund 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. Monies received for special projects and purposes are recognized as revenue in the year in which the related expenses are incurred.

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.

#### (b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to ERINOAKKIDS ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

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Land improvements	15 - 20 years
Buildings	40 years
Building service equipment	15 - 40 years
Leasehold improvements	Over lease term
Major equipment	5 - 15 years
Major Information System ("IS") equipment	5 - 15 years

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#### (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.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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### 1. Significant accounting policies (continued):

#### (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. Management considers investments as part of its long-term investment portfolio, regardless of term.

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.

#### (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. Actual results could differ from those estimates.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 2. Investments:

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

	2023	2022
Guaranteed investment certificates	\$ 17,688,457	\$ 2,909,365
Mutual funds:		
Balanced Pooled Fund	2,454,150	2,427,953
	<b>\$ 20,142,607</b>	<b>\$ 5,337,318</b>

The guaranteed investment certificates have an effective interest rate of 2.86% to 4.82% (2022 - 0.60% to 1.75%) and mature between April 2023 and March 2028 (2022 - September 2022 and March 2023).

### 3. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 18,568,778	\$ -	\$ 18,568,778	\$ 18,568,778
Land improvements	2,620,295	836,776	1,783,519	1,917,795
Buildings	179,209,235	25,783,344	153,425,891	158,369,536
Building service equipment	5,045,251	1,502,233	3,543,018	3,419,476
Leasehold improvements	626,890	626,890	-	-
Major equipment	7,752,820	3,752,948	3,999,872	4,523,508
Major IS equipment	4,069,171	2,429,842	1,639,329	1,379,084
Construction in progress	543,088	-	543,088	-
	<b>\$ 218,435,528</b>	<b>\$ 34,932,033</b>	<b>\$ 183,503,495</b>	<b>\$ 188,178,177</b>

In January 2018, the Organization completed its Redevelopment Project, which led to all sites becoming operational. A majority of funding for the acquisition of redevelopment capital assets was received from the Ministry of Children, Community and Social Services ("MCCSS" or "Ministry"). ERINOAKKIDS is therefore not able to dispose of these capital assets or to use the capital assets for other purposes without the consent of the Ministry.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 3. Capital assets (continued):

Effective fiscal 2022-23, ERINOAKKIDS has early adopted AcG-20, Customer's accounting for cloud computing arrangements. Under this guideline, ERINOAKKIDS has made a policy choice to apply the simplification approach. In 2023, included in information technology and equipment expenses on the statement of operations is \$217,166 (2022 - nil) of costs related to cloud computing arrangements.

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$873,778 (2022 - \$822,431), which includes amounts payable for payroll-related taxes.

### 5. Deferred contributions - capital:

	2023	2022
Balance, beginning of year	\$ 173,325,597	\$ 178,651,324
Contributions received	2,375,865	1,244,382
	175,701,462	179,895,706
Less amounts amortized to revenue	6,878,423	6,570,108
<b>Balance, end of year</b>	<b>\$ 168,823,039</b>	<b>\$ 173,325,598</b>

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

Deferred capital contributions related to capital assets represent the unamortized amount of funding received for the purchase of the capital assets. At the end of the year, deferred capital contributions include \$3,888,322 (2022 - \$3,716,198) of funds that are unspent.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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

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

	2023	2022
Capital assets	\$ 183,503,495	\$ 188,178,177
Less amounts financed by deferred contributions - capital, excluding amount unspent	164,934,717	169,609,399
	<u>\$ 18,568,778</u>	<u>\$ 18,568,778</u>

The balance of invested in capital assets represents the land which is not amortized, that was funded by the Ministry in connection with the Redevelopment Project.

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

	2023	2022
Excess of revenue over expenses:		
Amortization of deferred contributions - capital	\$ 6,878,423	\$ 6,570,108
Amortization of capital assets	(6,878,423)	(6,570,108)
	<u>\$ -</u>	<u>\$ -</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 2,203,741	\$ 1,522,216
Amounts funded by deferred contributions - capital	(2,203,741)	(1,522,216)
	<u>\$ -</u>	<u>\$ -</u>

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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### 7. Internally restricted fund:

The Board of Directions has internally restricted the following:

- (a) Operating Fund - represents revenue in excess of expenses from non-Ministry funded services.
- (b) Capital Fund - the Organization's invested in capital assets (note 6) represents donated land and funded capital assets. In addition, the internally restricted funds represents historical gain from sale of a property.

The internally restricted amounts are not available for other purposes without the approval by the Board of Directors.

### 8. Interfund transfers:

Operating Fund:

	Unrestricted	Internally restricted
Restriction of net parking revenue	\$ (286,468)	\$ 286,468

On an annual basis, the Board of Directors has internally restricted parking revenue related to the operation of the parking lots at the sites in excess of expenses to be used for future capital replacements.

### 9. Credit facility:

On March 15, 2018, the Organization entered into an updated credit facility agreement for a line of credit for up to \$900,000 (2022 - \$900,000). 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. There is no amount drawn on this credit facility as at March 31, 2023 and 2022.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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### 10. Contracts with MCCSS:

ERINOAKKIDS is funded for a number of programs with MCCSS. 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. Programs which are in a surplus are included in accounts payables and accrued liabilities and programs which are in a deficit are recorded in accounts receivable. The balances payable (receivable) are as follows:

	2023	2022
OAP Evidence-based Behaviour Services	\$ 82,331	\$ 593,603
Special Services at Home Program	51,196	101,542
Nursing Retention Incentive	17,610	—
ADP administrative fee	(26,000)	—
Complex Special Needs - Individual Placements	(109,658)	52,221
PSW Pandemic Pay	—	11,348

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# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 11. MCCSS and Ministry of Health ("MOH") revenue:

	2023		2022	
	Revenue	Expenses	Revenue	Expenses
MCCSS programs:				
Autism	\$ 67,847,699	\$ 67,847,699	\$ 61,894,000	\$ 61,894,000
Children's Rehabilitation Services	26,208,650	26,208,650	25,284,513	25,284,513
Early Intervention - PSL/BLV	8,644,752	8,644,752	7,825,726	7,825,726
Early Intervention - IHP	2,566,119	2,566,119	2,521,502	2,521,502
Special Needs Program	2,884,313	2,884,313	2,774,584	2,774,584
Complex Special Needs Coordinated Service Planning	835,400	835,400	835,400	835,400
Respite Services	677,623	677,623	626,814	626,814
One-Time Funding - Nursing Retention Incentive	13,116	13,116	-	-
One-Time Funding - PSW Wage Enhancement Funding	-	-	66,987	66,987
MOH programs:				
Physiotherapy Clinic	63,024	63,024	61,464	61,464
Assistive Devices Leasing Program	26,000	26,000	26,000	26,000
	\$ 111,682,718	\$ 111,682,718	\$ 102,994,512	\$ 102,994,512

### 12. Other revenue and recoveries:

	2023	2022
Sales and rentals	\$ 8,150,350	\$ 8,435,374
Diagnostic hub	1,259,300	1,259,300
Client and other service fees	179,166	117,391
One-time grants and other income	209,407	74,004
	\$ 9,798,223	\$ 9,886,069

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 13. Other funding and operating grants:

	2023	2022
Region of Peel - Early Childhood Resource Services	\$ 1,372,938	\$ 2,090,610
Halton Region - Special needs resourcing	549,715	496,799
Research grants	-	33,273
One-time grants and other income	123,781	88,499
	<b>\$ 2,046,434</b>	<b>\$ 2,709,181</b>

### 14. Pension plan:

Most employees of ERINOAKKIDS are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. The 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 \$4,689,367 (2022 - \$4,188,702) and is included in the statement of operations.

Since the Plan is a multi-employer plan, ERINOAKKIDS' contributions are accounted for as if the Plan were a defined contribution plan, with ERINOAKKIDS' contributions being expensed in the period they come due. Any pension surplus or deficit is a joint responsibility of members and employers and may affect future contribution rates related to members. ERINOAKKIDS' does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify ERINOAKKIDS' share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2020 indicated an actuarial surplus of \$4,059,000.

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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### 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, 2023.

#### (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, 2023 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.

The Foundation has assets and fund balances as at March 31, 2023 of \$10 (2022 - \$10). There was no activity for the year ended March 31, 2023 (2022 - nil).

# ERINOAKKIDS

## Centre for Treatment and Development

Notes to Financial Statements (continued)

Year ended March 31, 2023

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### 17. Financial risk:

Financial risk relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate risk, market price risk, and cash flow risk. These risks will also impact future cash flow streams, including dividends, gains and losses and interest income.

(a) Interest rate risk:

ERINOAKKIDS is exposed to interest rate risk on its fixed interest rate financial instruments.

(b) Market price risk:

Market price risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose ERINOAKKIDS to a risk of loss. ERINOAKKIDS mitigates this risk through controls to monitor and limit concentration levels.